



Tips Industries Limited

Annual Report 2018-19

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...we have 16.74 million followers on Facebook and 1.06 million on Twitter. Our YouTube channel has over 23.64 million subscribers/followers. This entire digital focus and impetus has ensured our music business continues to accelerate from year to year.”

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear Shareholders,

It is always a pleasure and privilege to present before you the performance of your Company as well as share with you a strategic overview for the future.

The Indian Media and Entertainment (M&E) industry is one of the most vibrant and dynamic in the world. It is the largest in terms of number of films produced. The advent of digitization has led every aspect of the M&E industry has been re-defined, and today, the Indian M&E industry has re-invented itself to be at the forefront of new digital world.

Nowhere has the impact of digitization been more conspicuous than in the music segment in India. From delivery to consumption, the entire gamut of music has now embraced digital platform. Driven by falling data rates - India has the cheapest data rates in the world, growing proliferation of smart phone which are getting more and more feature-rich and, at the same time, becoming more and more affordable, explosion of streaming platforms and an expanding user user-base, the digital music in India is galloping.

At Tips, we are quite excited by this!

We had foreseen how digitization would profoundly change music consumption in India, and had been amongst the first in the industry to start digitizing our music collection. We have a collection of over 25,000 songs spanning both the film and the non-film genres - from ghazals to bhajans to pop and remixes. Our collection appeals

to every generation across major languages and regions - making it truly evergreen. All our songs are available in all digital formats across all major global platforms like iTunes and GooglePlay as well as top Indian music streaming platforms like Jio-Saavn, Gaana, WYNK and others. Complimenting our digitized music library is our dominant presence across social media. We have 16.74 million followers on Facebook and 1.06 million on Twitter. Our YouTube channel has over 23.64 million subscribers/followers. This entire digital focus and impetus has ensured our music business continues to accelerate from year to year.

Let me now update you on the Company's film business. This year, we also released RACE3 - the third franchise of the hit RACE series. The film was produced in association with Salman Khan Ventures P. Ltd. The film was released in June and was well-received by audiences. There has been an increasing demand for content-rich films, particularly in the last year. This trend is on the rise. At TIPS, we have been producing content-rich films that deliver wholesome family entertainment. This places us at an excellent position to leverage this trend. We are evaluating many interesting scripts and have short-listed a few for further consideration. Plans are in place to produce at least two to three films every year that provide wholesome entertainment for the entire family. Similarly, we are also evaluating scripts for Punjabi films, where too we have a proven track-record of producing some of the biggest hits.

The highlights of this year's financial performance was as under:

Our Total Income for the year was Rs.207.72 crores compared to Rs.49.93 crores last year. EBITDA for the year was Rs.10.78 crores against Rs.12.02 crores last year, while PAT for the year was Rs.2.85 crores against Rs 3.13 crores last year. This year, our revenues from music were Rs.66.74 crores compared to Rs.42.59 crores last year - a clear validation of our digital focus.

The Directors have recommended a final dividend of 10% (Re.1/- per share) subject to approval of shareholders.

All in all, I am quite positive and optimistic about the future. With digital music poised to continue with its growth trajectory, and with interesting film projects under consideration, the Company is looking at new opportunities and new horizons in the days and years to come.

I thank you all for your trust and faith in TIPS. A special note of gratitude to all our stakeholders: our employees, investors, partners, bankers and vendors.

Yours sincerely,

Kumar S. Taurani

Chairman & Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Kumar S. Taurani
Chairman & Managing Director

Mr. Ramesh S. Taurani
Managing Director

Mr. Amitabh Mundhra
Independent Director

Ms. Radhika Pereira
Independent Director

Mr. Venkitaraman S. Iyer
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Sunil Chellani

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Bijal R. Patel

SENIOR MANAGEMENT

Mr. Ishwar Gursahani
Vice President – Legal & Corporate Affairs

Mrs. Varsha Taurani
Vice President – Administration

Mr. Girish Taurani
Chief Operating Officer – Music

Ms. Jaya Taurani
Chief Operating Officer – Film Production

Ms. Kavita Lakhani
Vice President – Film Production & Promotions

REGISTERED OFFICE

601, Durga Chambers, Linking Road,
Khar (West), Mumbai - 400 052

Contact No.: +91 22 6643 1188
E-mail I.D: response@tips.in
Website: www.tips.in

ACCOUNTS OFFICE

1st Floor, Asara Co.op Housing Society Ltd,
(Virkar Apartments), 17th Road,
Khar (West), Mumbai - 400 052

STATUTORY AUDITORS

M/s. SSPA & Associates
Chartered Accountants
1st Floor, Arjun, Plot No. 6A, V. P. Road,
Andheri (West), Mumbai - 400 058

INTERNAL AUDITORS

M/s. Maheshwari & Co.
Chartered Accountant
3rd Floor, Esplanade Building,
3, Amrut Keshav Naik Marg
Fort, Mumbai - 400 001

SECRETARIAL AUDITORS

NL Bhatia & Associates
Practising Company Secretaries
507, C-wing, Skyline Wealthspace
Skyline Oasis Complex,
Near Vidyavihar Station,
Premier Road, Ghatkopar (West),
Mumbai - 400 086

REGISTRAR & SHARE TRANSFER AGENT:

Link Intime India Private Limited
C - 101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400 083

BANKERS:

Bank of Baroda

Everest Building, Tardeo Road,
Mumbai - 400 034

HDFC Bank Limited

2nd Floor, Maneckji Wadia Bldg.,
Nanik Motwane Marg, Fort,
Mumbai - 400 001

ICICI Bank Limited

Ground Floor, Indraprastha,
Linking Road, Santacruz West,
Mumbai - 400 054

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Tips Industries Limited will be held on **Monday, September 23, 2019 at 11.00 a.m.** at the Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai - 400049, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the Financial Year ended March 31, 2019.*
3. To appoint a Director in place of Mr. Kumar Taurani (DIN: 00555831), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee of the Board of Directors, M/s. SSPA & Associates, Chartered Accountants (Firm Registration No. 131069W), be and are hereby re-appointed as Statutory Auditors of the Company, to hold the office for a period of five (5) consecutive years commencing from the conclusion of this Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in the year 2024, at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Members be and is hereby accorded for ratification of contribution/ donation made for amount of ₹ 87,88,701.00/- (Rupees Eighty Seven Lakhs Eighty Eight Thousand Seven Hundred and One only) to bona fide charitable and other funds.

RESOLVED FURTHER THAT consent of the Members be and is hereby accorded to the Board of Directors of the Company to make contributions or donations to any bona fide charitable, social, benevolent and other funds, body, university, institute, society, trust, etc., in any financial year, exceeds five percent of the Company's average net profits of the three immediately preceding financial years.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

Place: Mumbai
Date: August 9, 2019

By Order of the Board of Directors

Registered Office:
601, Durga Chambers, Linking Road,
Khar (West), Mumbai 400 052

Bijal R. Patel
Company Secretary

*The actual equity dividend to be declared by the shareholders at the 23rd Annual General Meeting will be for only equity shares other than the equity shares in respect of which the equity shareholder(s) has/ have waived/forgone his/their right to receive the dividend for the financial year ended March 31, 2019 in accordance with the Rules framed by the Board as per Note No.10 hereinafter appearing.

Notes:

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item No. 5 is annexed hereto. The relevant details of the Directors seeking appointment under Item No. 3, pursuant to Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India, are annexed.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF.** A proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than forty-eight hours before commencement of the AGM. Proxies submitted on behalf of companies, societies, partnership firms etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. A Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.
4. Body Corporate members intending to send their authorized representative to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the Resolution authorizing their representative to attend and vote at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members, Proxies and Authorised Representatives are requested to bring their attendance slip along with their copy of Annual Report to the Meeting. **Copies of the Annual Report will not be distributed at the Meeting.**
7. A route map showing directions to reach the venue of the 23rd AGM is given at the end of this Report.
8. The Register of Members and Share Transfer Books of the Company will remain closed from September 17, 2019 to September 23, 2019 (both days inclusive), for determining the names of members eligible for dividend on Equity Shares, if declared at the AGM.
9. Dividend, if approved by the members at the Annual General Meeting will be paid within a period of 30 days from the date of declaration, to the Members whose names appear on the Register of Members and Register of Beneficial Owners as on September 16, 2019 as per details furnished by the Company's Share Registrar and Transfer Agent and the Depositories for this purpose.
10. Members had passed the Special Resolution through postal ballot on January 15, 2018 for Alteration of Article of Association relating to waive/forgo his/their right to receive the dividend (interim or final) by the Members of the Company for any financial year effective from the dividend recommended by the Board of Directors of the Company for the year ended March 31, 2018 or any year thereafter, as per the rules framed by the Board of Directors of the Company from time to time for this purpose.

Members, if so wishes to waive/forgo the right to receive dividend for the year ended March 31, 2019 shall fill up the form and send it to the Company's Registrar on or before September 16, 2019 (record date). The form prescribed by the Board of Directors of the Company for waiving/forgoing the right to receive dividend for any year shall be available for download on the Company's website www.tips.in under section "Corporate- Annual Report -2018-19" or can also be obtained from the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited.

THE BOARD OF DIRECTORS OF THE COMPANY AT ITS MEETING HELD ON NOVEMBER 29, 2017 HAVE FRAMED THE FOLLOWING RULES UNDER ARTICLE 111A OF THE ARTICLES OF ASSOCIATION OF THE COMPANY FOR EQUITY SHAREHOLDERS WHO WANT TO WAIVE/ FORGO THE RIGHT TO RECEIVE DIVIDEND IN RESPECT OF FINANCIAL YEAR 2017-18 OR FOR ANY YEAR THEREAFTER.

- a. A Shareholder can waive/forgo the right to receive the dividend (either final and/or interim) to which he is entitled, on some or all the Equity Shares held by him in the Company as on the Record Date/Book Closure Date fixed for determining the names of Members entitled for such dividend. However, the shareholders cannot waive/forgo the right to receive the dividend (either final and/or interim) for a part of percentage of dividend on share(s).
- b. The Equity Shareholder(s) who wish to waive/forgo the right to receive the dividend for any year shall inform the Company in the form prescribed by the Board of Directors of the Company only.
- c. In case of joint holders holding the Equity Shares of the Company, all the joint holders are requested to intimate to the Company in the prescribed form their decision of waiving/forgoing their right to receive the dividend from the Company.
- d. The Shareholder, who wishes to waive/forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving/ forgoing dividend so as to reach the Company before the Record Date/Book Closure Date fixed for the payment of such dividend. Under no circumstances any instruction received for waiver/forgoing of the right to receive the dividend for any year after the Record Date/Book Closure Date fixed for the payment of such dividend for that year shall be given effect to.
- e. The instruction once given by a Shareholder intimating his waiver/forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and cannot be withdrawn for that particular year for such waived/forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder

before the Record Date/Book Closure Date fixed for the payment of such dividend, the instruction once exercised by such earlier Shareholder intimating his waiver/forgoing the right to receive dividend will be invalid for the next succeeding Shareholder(s) unless such next succeeding Shareholder(s) intimates separately in the prescribed form, about his waiving/forgoing of the right to receive the dividend for the particular year.

- f. The Equity Shareholder who wish to waive/forgo their right to receive the dividend for any year can inform the Company in the prescribed form only after the beginning of the relevant financial year for which the right to receive the dividend is being waived/forgone by him.
 - g. The instruction by a Shareholder to the Company for waiving/forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder. There is a no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive/forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will automatically receive dividend as and when declared.
 - h. The decision of the Board of Directors of the Company or such person(s) as may be authorized by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and/or implementation of these Rules.
 - i. These Rules can be amended by the Board of Directors of the Company from time to time as may be required.
11. All unclaimed dividends up to the final dividend for FY 2010-11 paid by the Company have been transferred to Investor Education and Protection Fund (IEPF) of the Central Government. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company (www.tips.in), and also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). Unclaimed

dividend for the FY 2011-12 will fall due for transfer to the IEPF on August 29, 2019. Those Members, who have not encashed their dividends for the FY 2011-12, are requested to claim it from the RTA of the Company immediately. Those Members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Company or the RTA of the Company.

12. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") as amended from time to time all equity shares of the Company on which dividend has not been paid or claimed for seven consecutive years or more as on August 29, 2019 shall be transferred by the Company to Investor Education and Protection Fund ("IEPF"). The Company has also written to the concerned Shareholders intimating them their particulars of the equity shares due for transfer. These details are also available on the Company's website www.tips.in. Shareholders are requested to claim the dividend on these equity shares latest by August 29, 2019 to avoid aforesaid transfer of shares. No claim shall lie against the Company in respect of these equity shares post their transfer to IEPF. Upon transfer, the Shareholders will be able to claim these equity shares only from the IEPF Authority by making an online application the details of which are available at www.iepf.gov.in.
13. Members holding shares in Electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or the Company's Share Registrars and Transfer Agents.
14. As per the provisions of the Companies Act, 2013 facility for making nomination is available for the Members in respect of the shares held by them. Nomination forms can be obtained from the Company's Share Registrar and Transfer Agent by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company and Company's Share Registrars and Transfer Agents.
16. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
17. Members seeking any information or clarification on the accounts are requested to send in writing queries to the Company at least seven days before the date of the meeting to enable the Management to keep the information ready at the Meeting. Replies will be provided at the meeting in respect of such queries received.
18. **Electronic copy of the Annual Report for 2018-19 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2018-19 are being sent in the permitted mode.**
19. To support "Green Initiative", Members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the Share Registrar & Transfer Agent, giving reference of their Folio Number.
20. **Voting through electronic means:**

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration)