

Two stylized film strips spiral inward from the top left towards the center. The top spiral is primarily green and yellow, while the bottom spiral is primarily red and orange. Both have black sprocket holes along their edges.

ROLLING COLLECTION

ROLLING GROWTH



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Creating good content is at the heart of TIPS. We began with creating good content in music. We continue creating good content in films.

Content that was enjoyable and that provided wholesome entertainment for the entire family. Content that was always in tune and sync with people's tastes and times.

As the years rolled by, we became proud owners of a good collection comprising of an array of hit music and films - a collection that still reverberates through time and touches hearts of all ages, even today.

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Balance Sheet

At TIPS today, it is our catalogue that makes us stand apart in the industry.

We have the unique and enviable advantage of not only rolling out hit music and films, but also rolling our collection of music and movies across media platforms like television, radio, internet and mobile devices.

At TIPS, we have kept rolling timeless collection and made it appealing and available in every age and to every one, over all these years.

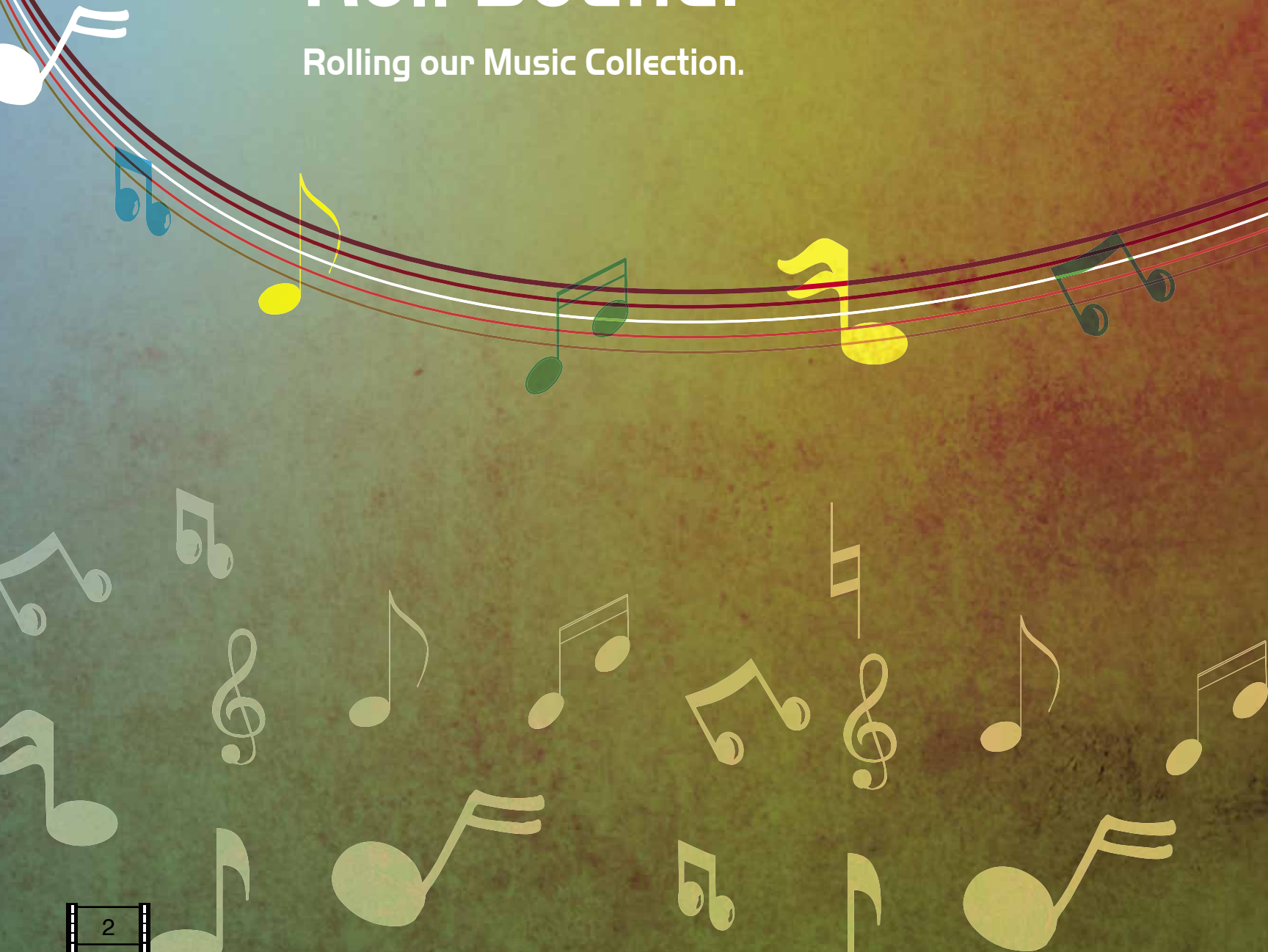
And as we continue rolling good content, as we continue rolling good collection, we are also rolling good value for all our stakeholders - from our audiences to our investors.

Roll Sound. Roll Camera. Roll Success. Roll Growth.



Roll Sound.

Rolling our Music Collection.



At TIPS, our excellent music collection ensures that we keep earning a handsome annuity income through royalty and licensing.

TIPS has a collection of over 4500 albums and 25000 tracks covering all the genres of music – from classical, pop, rock, devotional, ghazals, kids, etc., to compilations, from movies to music albums, instrumental, devotional and re-mixes across over a dozen languages like Hindi, Punjabi, Gujarati, Marathi, Sindhi, Bhojpuri, etc. And this entire collection has a unique quality – it is ever popular and ever-in-demand. Our revenues from licensing/royalty of our music collection is Rs. 3483.27 Lacs, chiefly driven by licensing from rolling of our collection.

The consumption preferences and patterns have changed radically from the humble days of radios and cassette players. Today, music has to be made available to the consumer as she wants it, how she wants it, when she wants it and where she wants it – we live in a 24/7 ALWAYS ON digital age.

At TIPS, we have been at the fore-front in digitisation.

Over 10,000 tracks from our timeless collection of music are available to our audiences in formats, platforms and devices of their choice – from Amazon to iTunes, from YouTube to Flipkart, from Saavn to Dhingana, from Mobile to Radio, Caller Ring Back Tunes, etc.

And because we have taken the lead in digitizing our music collection, we have seen our revenues increase from 24 Crores to 35 Crores over couple of years from our digital initiatives. And this is today when 3G has not been fully exploited! Imagine the potential for growth when 4G is launched this year when a full song will be downloaded almost instantly! Imagine the increase in usage and user-base as prices come down.

At TIPS, we believe that as technology advances to 4G and as tariffs come down, our revenues from this stream are set to grow many folds!

Roll Camera

Rolling successful films.

TIPS released two movies during the year, one Punjabi and one mainstream Hindi. And both were immense hits at the box-office.

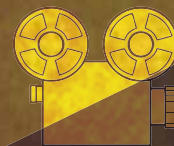
In July, JIHNE MERA DIL LUTIYA was released. It proved to be a huge success at the box office. The film was directed by Mandeep Singh and starring Gippy Grewal, Neeru Singh Bajwa, Daljeet and others. The film was produced with a budget of Rs. 2.30 Crores. It ran for over seven weeks and had a record breaking box-office earning/collection of over Rs. 10 Crores.

The success of JIHNE MERA DIL LUTIYA has made TIPS the only producer to create a hat-trick of three successive hit Punjabi films. Not only these three films have been successful at the box-office, but they have been so successful that they form the TOP 3 all-time Punjabi hit films ever!

What makes this success more relevant and significant is the fact that in none of these three films TIPS repeated either the director or the star-cast. What this success underlines is the expertise and experience of TIPS in making movies that connect with audiences and create records, time and again!



Rolling
more films



Rolling more
entertainment



**Rolling more
success!**

TIPS released its mainstream Hindi film, TERE NAAL LOVE HO GAYA in the month of February.

The film starred the newly married couple Genelia and Ritesh Deshmukh. It was directed by Mandeep Kumar. This is the second TIPS film directed by Mandeep Kumar, who is under contract with TIPS to direct a total of 5 films for the company.. The film was one of the top success stories at the box-office of the year with a collection of over Rs. 25 Crores .

The year also saw launch of two new movies by TIPS – RACE 2 and JAYANTABHAI KI LOVE STORY, both scheduled for release in the current financial year.

RACE2 is a sequel to RACE, a super-hit film released in 2008. With a stunning star cast of top names in Bollywood like Saif Ali Khan, Deepika Padukone, John Abraham, Anil Kapoor, Amisha Patel and Jacqueline among others. RACE2 is the biggest film to be made by TIPS, and one of the biggest hindi films to be made in recent times, and it is also one of the most eagerly awaited films of 2012. RACE2 was launched in

October 2011. The production of the film is on schedule and is 80-85% complete, and is tentatively slated for release on 25th January 2013. TIPS is confident it will be one of the biggest films in recent times.

Another film under production is JAYANTABHAI KI LOVE STORY, starring Vivek Oberoi, Neha Sharma and others. It is a relatively smaller film, but has an excellent plot and entertaining ROM. COM with underworld background. The film is almost complete and is scheduled for release in October 2012.

TIPS has ambitious plans to roll out quality, wholesome entertainment films on a more regular basis. By 2013-14, TIPS will release 3-4 films per year, with a target to increase film production by one incremental year, every year, and achieve a target of six films per year by 2016-17.

Rolling more films...Rolling more entertainment...Rolling more success!

Rolling Digitisation

Streaming Revenues

Digitisation has changed the face of M&E industry forever. The maximum impact of this change has been in the dramatically new consumption demand.

Armed with new devices like smartphones and tablets, the consumer today dictates her 'demand' – how, where, and when she wants to listen to a song or watch a movie. Content has to be customised and made available in any format, platform or media that the consumer chooses.

At TIPS, we have always moved with times and technology. When CD and DVDs took over audio and video cassettes as the primary music medium, we were one of the first in the industry to convert our collection into this new medium. Today, we are in sync with the new digital revolution as we have already more than 10,000 tracks on multiple platforms, multiple formats and multiple media. You can listen and watch our collection on your smartphone, on your laptop computers or even on your tablet.

And because of our digitisation efforts, our revenues from new media have been increasing at the rate of 10%.

At TIPS, we believe that the true power and potential of technology will be unleashed with the launch of 4G services. Already started in Kolkata on a trial basis, 4G is expected to rollout across other cities shortly. Where 4G will become a game-changer for the M&E industry will be in the high-speeds of data transfers and affordability. Combined with advances in technology like smart televisions, you will be able to watch any film of your choice by just pressing a few buttons on the remote-control of your TV!

Another advantage of digitisation is in better control of piracy, which has been plaguing both the music and the film industries. With digitisation, illegal hosting can be much easily tracked (through their ISP) and thus, blocked.

The background of the page is a textured, mottled green and brown. Overlaid on this are several wavy, concentric lines in shades of yellow, orange, and red, creating a sense of motion or signal waves. Scattered throughout the upper half of the page are various electronic devices, including smartphones, laptops, and tablets, some in solid colors and others as wireframe outlines.

TIPS in Social Media

The audiences today live more inside their screens than outside; they have more online friends than real friends.

Indeed, social media is the new place where audiences of today and tomorrow connect and interact, form opinions and choices, voice concerns and compliments. For almost anything, their first touch-point is the social media.

At TIPS, we have always strived to stay connected with our audiences. And we do so on social media too. Our cumulative direct reach on Facebook is with over 25,00,000 Fans.

The Facebook page of TERE NAAL LOVE HO GAYA attracted over 8.5 Lac fans and followers.

The TIPS MUSIC and TIPS FILMS pages on

Facebook already have over 2,00,000 fans, and we plan to increase this to a fan-base of 1 million each for TIPS MUSIC and TIPS FILMS.

Our social media presence and our digitisation drive open new avenues for cross marketing and cross selling across platforms like Saavn, Dhingana, Flipkart, iTunes and Amazon.

View a trailer of our movie on YouTube, download music from iTunes and download CD/DVD from Flipkart!

At TIPS, we have as our partners leading brands and players to leverage this tremendous opportunity and open more revenue streams.



Chairman's Message

KUMAR S. TAURANI

Dear Shareholders,

I am pleased to present before you Annual Report for the year 2011-12. The year was indeed a successful and a significant year for TIPS. Both the two mainstay businesses of the company, namely – music and films, did well in a year that saw much better content in the year compared to the previous year.

In the music business, we continued with our drive to digitise our collection so that it is available across the various platforms and formats, ready for consumption via an array of new-age devices like the smartphones and tablets and other gadgets. Today, more than 10,000 tracks from our collection have been digitised. Our revenues from royalty during the year were Rs. 34.83 Crores. The music industry is going through many changes like the TRAI guidelines which are affecting our revenues. However, we are confident that our music business is all set for a bigger leap as internet rentals go down making downloading of content cheaper, and as 4G gets launched in the country, enabling downloading almost instantaneously.

During the year, we also took the decisive step to write off obsolete machinery, non-recoverable debtors and advances and thereby, cleaned up our balance sheet. In the film business, we released one Punjabi film JIHNE MERA DIL LUTIYA in the month of July 2011 and one hindi film TERE NAAL LOVE HO GAYA in February 2012. JIHNE MERA DIL LUTIYA was a big hit and completed a hat-trick of hits in Punjabi cinemas for TIPS. Today, the top three all time Punjabi films belong to TIPS – a proud achievement indeed for all of us at TIPS! The film grossed over Rs. 10 Crores and successfully ran for 7 weeks.

TERE NAAL LOVE HO GAYA was released in February 2012, coinciding with the wedding of the two main stars, Genelia and Ritesh Deshmukh. The film was light-hearted comedy providing the trade-mark TIPS wholesome entertainment for the entire family. The film grossed over 25 Crores globally, making it one of the top hindi movies of the year.

Backed by the success of both these films, the total revenue from the Film Production/Distribution income rose to Rs. 36.21 Crores for the year, compared to Rs. 29.06 Crores for the previous year.

In line with its two films, TIPS also had a successful year of financial performance. Total revenues for the year were Rs. 77.13 Crores against Rs. 67.24 Crores in the previous year, an increase of Rs. 9.89 Crores. Net profit for the year is Rs. 8.8 Crores which has increased from Rs. 2.98 Crores for the earlier year, indicating an increase of 5.82 Crores. Earning per share (both basic and diluted) for the year stood at Rs. 5.52 as against Rs. 1.81 in 2010-11.

Looking forward, 2012-13 is expected to be a much better year for TIPS. RACE2 – a sequel to the 2008 hit RACE, is in the final stages of production. It is a multi-starrer thriller, with a top star cast consisting of Saif Ali Khan, John Abraham, Deepika Padukone, Anil Kapoor, Amisha Patel, Jacqueline. Set for release in January 2013, RACE2 is expected to be one of the biggest hits of the year. TIPS has already sold distribution rights to UTV, while marketing rights remain with TIPS. JAYANTABHAI KI LOVE STORY is another hindi film that is almost complete and scheduled for release in October 2012. Starring Vivek Oberoi and Neha Sharma, the film is out and out a family entertainer.

TIPS is well on its way to achieve its mission to be one of the leading producers of entertaining and wholesome family entertainment. The company is fully geared to produce 3-4 movies per year by 2013-14, and 6 movies per year by 2016. On the music front, the company continues its aggressive drive to unlock value from its unmatched collection of 25000 tracks by speeding up digitisation of content and opening more revenue streams through cross-marketing opportunities with new partners and alliances.

We assure of rolling more success in 2012-13...and beyond.

Yours faithfully,

Kumar S. Taurani
Chairman and Managing Director



**TIPS is well on its way
to achieve its mission
to be one of the leading
producers of entertaining
and wholesome family
entertainment.**



Rolling Growth

Rolling Success

Top 10 Films



Top 10 Music



Opportunity Size of Indian M&E market

Music

Future Outlook

| Segment (INR billion) | 2012P | 2013P | 2014P | 2015P | 2016P | CAGR (2011-16) |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Physical | 2.2 | 1.8 | 1.5 | 1.3 | 1.1 | -16.5% |
| Digital | 6.4 | 7.8 | 9.6 | 11.7 | 14.3 | 22.4% |
| Radio & TV | 0.7 | 0.8 | 0.9 | 1.0 | 1.2 | 15.0% |
| Public Performance | 0.7 | 0.9 | 1.1 | 1.3 | 1.6 | 22.0% |
| Total | 10.0 | 11.3 | 13.1 | 15.3 | 18.2 | 15.1% |

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2012

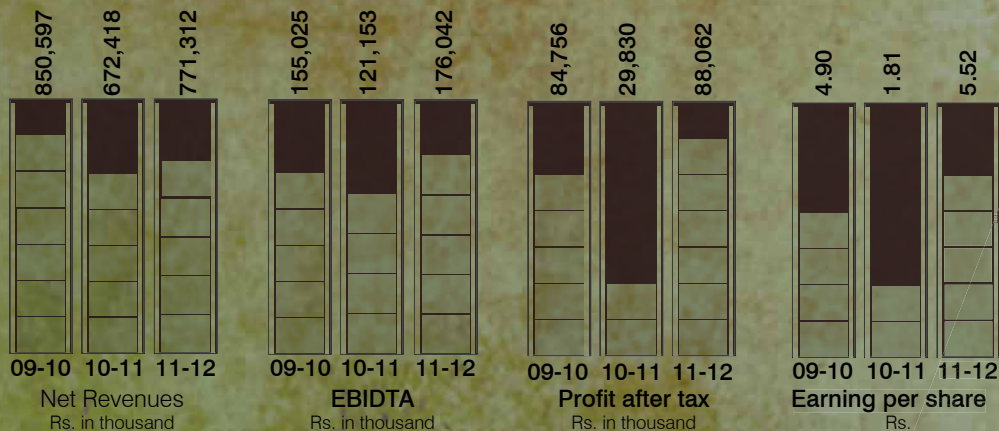
FILMS

Future Outlook

| Film Industry (INR billion) | 2012P | 2013P | 2014P | 2015P | 2016P | CAGR (2011-16) |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Domestic Theatrical | 73.5 | 80.2 | 88.0 | 97.2 | 108.0 | 9.4% |
| Overseas Theatrical | 7.5 | 8.3 | 9.2 | 10.2 | 11.5 | 10.5% |
| Home Video | 1.7 | 1.4 | 1.2 | 1.0 | 0.9 | -15.0% |
| Cable & Satellite Rights | 12.0 | 13.7 | 15.6 | 17.8 | 20.3 | 14.2% |
| Ancilliary Revenue Streams | 5.4 | 6.2 | 7.2 | 8.3 | 9.6 | 15.4% |
| Total Industry Size | 100.1 | 109.8 | 121.2 | 134.5 | 150.3 | 10.1% |

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2012

Top Financial Numbers



TIPS INDUSTRIES Ltd.
presents

Coming Soon



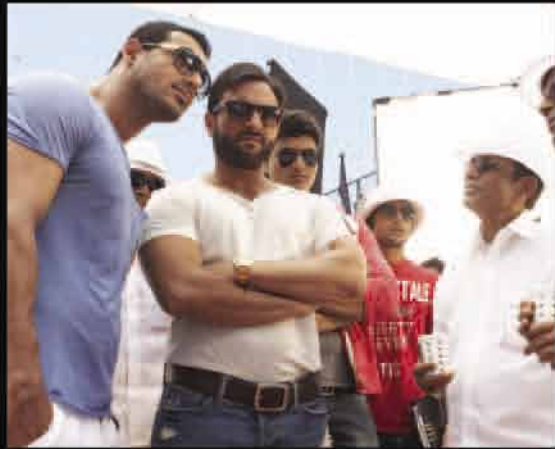
KUMAR TAURANI'S

JAYANTABHAI KI LUV STORY

DIRECTOR VINNIL MARKAN MUSIC SACHIN JIGAR WRITTEN BY KIRAN KOTRIAL
DOP SANTOSH THUNDYIL EDITOR MANISH MORE

RELEASING OCTOBER 2012





Coming Soon





Our Partners

YouTube

iTunes

Flipkart

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 |
| Ms. Sunita Menon | Independent Director |

Company Secretary

Ms. Bhoomi R. Thakker

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

Registered Office

601, Durga Chambers,
278/E, Linking Road, Khar (West),
Mumbai 400 052

Accounts & Secretarial Dept.

202, Glacis Tower,
Linking Road, Khar (West),
Mumbai 400 052

Internal Auditors

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

Senior Management

| | |
|----------------------|---|
| Mr. Shyam Lakhani | Sr. Vice President – Administration |
| Ms. Varsha Taurani | Vice President – Administration |
| Mr. Ishwar Advani | Vice President – Operations |
| Mr. I. T. Gursahani | Vice President – Legal & Corporate Affairs |
| Mr. Raju Hingorani | Distribution Head – Films |
| Mr. Sahas Malhotra | Sr. Vice President – Music |
| Mr. Jay Shewakramani | Executive Producer |

Chartered Accountants

M/s B.K. Khare & Co.
706/708, Sharda Chambers,
New Marine Lines,
Mumbai 400 020

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai 400 078

Factory

Plot No. 22,
Survey No. 126, Amla,
Silvassa – 396 230,
Dadra & Nagar Haveli (UT)

Notice of the Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of Tips Industries Limited will be held on Friday July 27, 2012 at 4 p.m at the Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400 049 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- 2) To declare dividend for the financial year ended March 31, 2012.
- 3) To re-appoint Mr. Ramesh S. Taurani as a Director of the Company, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To re-appoint M/s. B.K. Khare & Co., Chartered Accountants, as the Statutory Auditors of the Company and to fix their remuneration for the financial year 2012-2013.

SPECIAL BUSINESS:

- 5) To consider and, if thought fit, pass, with or without modification(s), following resolution as Special Resolution.

“RESOLVED THAT, in supercession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on September 26, 2008 and pursuant to provisions of Section 198, 269 read with Schedule XIII, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any amendment, modification, variation or re-enactment thereof (hereinafter referred to as “the said Act”), and subject to the approval from the Central Government, wherever required, if necessary, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Kumar S. Taurani as the Chairman and Managing Director of the Company for a period of three years w.e.f. June 1, 2012 to May 31, 2015 on the terms and conditions as mentioned in the draft Agreement between Mr. Kumar S. Taurani and the Company including remuneration as mentioned below and as specifically approved

by the Remuneration Committee and the Board of Directors of the Company; provided, however, that the remuneration payable to Mr. Kumar S. Taurani shall not exceed the limits specified in the said agreement and the limits prescribed under Schedule XIII to the said Act, whichever is higher, including any amendment, modification, variation or re-enactment thereof.

(A) Salary:

Minimum of Rs. 12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month i.e. Rs. 1,50,00,000/- (Rupees One Crore Fifty Lacs) per annum or 5% of net profit of the Company, whichever is higher during the year or if there are more than 1 (one) Managing Director and/or Whole Time Directors, then 10% of net profits of the Company during the year for all of them taken together, as laid down in Section 309 of the said Act.

(B) Perquisites:

In addition to the above, Mr. Kumar S. Taurani shall be provided with a car and reimbursement of petrol and maintenance expenses.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

The aforesaid remuneration shall be payable, subject to necessary approval from the Central Government and/or other competent authority, if any, to Mr. Kumar S. Taurani even in the event of loss or inadequacy of profits in any financial year.

Mr. Kumar S. Taurani shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof

The above remuneration is subject to the limits of 5% or 10% of the net profits of the Company as the case may be, as laid down in Section 309 of the said Act, and the overall limit of 11% of the net profit as laid down in Section 198 of the said Act, unless approval from Central Government is

obtained in case the remuneration exceeds the aforesaid limits.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Kumar S. Taurani, he shall be paid a minimum remuneration of Rs. 12,50,000/- per month by way of salary, allowance, commission, perquisites and other benefits for which the Company shall seek the approval of Central Government on exceeding the limits prescribed under Schedule XIII and other applicable provisions of the said Act, including any amendment, modification, variation or re-enactment thereof.

RESOLVED FURTHER THAT as per the Articles of Association of the Company, Mr. Kumar S. Taurani shall not be subject to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said re-appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolution."

- 6) To consider and, if thought fit, pass, with or without modification(s), following resolution as an Special Resolution.

"RESOLVED THAT, in supercession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on September 26, 2008 and pursuant to provisions of Section 198, 269 read with Schedule XIII, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any amendment, modification, variation or re-enactment thereof (hereinafter referred to as "the said Act"), and subject to the approval from the Central Government, wherever required, if necessary, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Ramesh S. Taurani as the Managing Director of the Company for a period of three years w.e.f. June 1, 2012 to May 31, 2015 on the terms and conditions as mentioned in the draft Agreement between

Mr. Ramesh S. Taurani and the Company including remuneration as mentioned below and as specifically approved by the Remuneration Committee and the Board of Directors of the Company; provided, however, that the remuneration payable to Mr. Ramesh S. Taurani shall not exceed the limits specified in the said agreement and the limits prescribed under Schedule XIII to the said Act, whichever is higher, including any amendment, modification, variation or re-enactment thereof.

(A) Salary:

Minimum of Rs. 12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month i.e. Rs. 1,50,00,000/- (Rupees One Crore Fifty Lacs) per annum or 5% of net profit of the Company, whichever is higher during the year or if there are more than 1 (one) Managing Director and/or Whole Time Directors, then 10% of net profits of the Company during the year for all of them taken together, as laid down in Section 309 of the said Act.

(B) Perquisites:

In addition to the above, Mr. Ramesh S. Taurani shall be provided with a car and reimbursement of petrol and maintenance expenses.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

The aforesaid remuneration shall be payable, subject to necessary approval from the Central Government and/or other competent authority, if any, to Mr. Ramesh S. Taurani even in the event of loss or inadequacy of profits in any financial year.

Mr. Ramesh S. Taurani shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof

The above remuneration is subject to the limits of 5% or 10% of the net profits of the Company as the case may be, as laid down in Section 309 of the said Act, and the overall limit of 11% of the net profit as laid down in Section 198 of the said Act, unless approval from Central Government is obtained in case the remuneration exceeds the aforesaid limits.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Ramesh S. Taurani, he shall be paid a minimum remuneration of Rs. 12,50,000/- per month by way of salary, allowance, commission, perquisites and other benefits for which the Company shall seek the approval of Central Government on exceeding the limits prescribed under Schedule XIII and other applicable provisions of the said Act, including any amendment, modification, variation or re-enactment thereof.

RESOLVED FURTHER THAT as per the Articles of Association of the Company, Mr. Ramesh S. Taurani shall not be subject to retire by rotation unless the total number of Directors (including the Managing Directors) as are not subject to retirement by rotation exceeds one-third of total number of Directors. In such case, Mr. Ramesh S. Taurani shall be liable to retire by rotation so that the total number of Directors not liable to retire by rotation does not exceed one third of total number of Directors and after re-appointment Mr. Ramesh S. Taurani shall automatically continue to hold the office of the Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said re-appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolution."

By Order of the Board of Directors

Place: Mumbai
Date: May 18, 2012

Bhoomi R. Thakker
Company Secretary

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Proxy shall not vote except on a poll.
3. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 relating to the special business as set out at Item Nos. 5 and 6 above, is annexed hereto.
4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members and Transfer Books will be closed from July 20, 2012 to July 27, 2012 (both days inclusive)
6. Dividend, if approved by the Members at the Annual General Meeting will be paid on or before August 26, 2012 to the Members whose names appear on the Register of Members and Register of Beneficial Owners as on July 19, 2012 as per details furnished by the R&T & the Depositories for this purpose.
7. The members can avail of the facility of nomination. In terms of Section 109A of the Companies Act, 1956, members are entitled to make nominations in respect of shares held by them in physical form. Members desirous of making nominations are requested to file their nomination in respect of their shareholdings in prescribed Form 2B (in duplicate), which is available with the Secretarial Department at the Corporate Office of the Company and with R & T Agent.
8. Members are requested to:
 - a. Intimate changes, if any, in their registered addresses to the Company or the Registrar at an early date.

- b. Quote folio nos. / DP ID & Client ID in all their correspondence.
 - c. Bring their copy of the Annual Report to the Annual General Meeting.
 - d. Bring the Attendance slip sent herewith, duly filled in, for attending the meeting (Mandatory).
9. In order to avail the facility of Electronic Clearing Service (ECS), Members holding shares in physical form are requested to provide bank account details to the Company or the Registrar & Share Transfer Agent, before book closure. Members holding shares in dematerialised mode are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive the dividends. The Company / Registrar & Share Transfer Agent will not act on any direct request received from Members holding shares in dematerialised form for change / deletion of such bank details.
 10. The Company has designated an exclusive email ID viz. response@tips.in to enable the investors to post their grievances, if any, and monitor its redressal.
 11. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least seven days before the date of the meeting. Replies will be provided at the meeting in respect of such queries received.
 12. Ministry of Corporate Affairs (MCA) vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a company would be deemed to have complied with provisions of sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports etc. are sent in electronic form to its members.

Accordingly, the said documents of the Company for the financial year ended March 31, 2012 have been sent in electronic form to those Members who have registered their email address with their DP and made available to the Company by the Depositories.

Members holding shares in physical form are requested to submit their email address to the R & T Agents, duly quoting their Folio number. Members holding shares in electronic form and who have not registered their email address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the initiative of the MCA.

Please note that the said documents will be uploaded on the website of the Company viz. www.tips.in and made available for inspection at the Registered Office of the Company during business hours. However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to response@tips.in, duly quoting his DP ID and Client ID or the Folio number, as the case may be or write to the Company at its registered office or its Registrars & Transfer Agents – Link Intime India Private Limited at C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.

By Order of the Board of Directors

Place: Mumbai
Date: May 18, 2012

Bhoomi R. Thakker
Company Secretary

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

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item Nos. 5

Mr. Kumar S. Taurani (54) is the Promoter – Director of the Company and is associated with the Company since its very inception and has laid down the foundation of Tips Industries Limited. Under the guidance of Mr. Kumar S. Taurani, Tips has achieved its current leadership position. With his constant untiring efforts to take Tips to new heights and his significant contribution till date, his vision and direction is essential for the progress of the Company.

Mr. Kumar S. Taurani was re-appointed as the Chairman & Managing Director of the Company for a period of 5 years from 1-4-2008 to 31-3-2013 on a remuneration of Rs. 7,50,000/- (Rupees Seven Lacs Fifty Thousand only) per month i.e. Rs. 90,00,000/- (Rupees Ninety Lacs only) per annum. His term of office is expiring on 31st March, 2013. However, considering his contribution to the Company, the Remuneration Committee at its meeting held on May 18, 2012 recommended the re-appointment of Mr. Kumar Taurani for a period of 3 years w.e.f 1st June, 2012 to 31st May, 2015 at an increased remuneration of Rs. 12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month i.e. Rs. 1,50,00,000/- (Rupees One Crore Fifty Lacs) per annum by way of salary and other benefits which was approved by the Board of Directors at its meeting held on May 18, 2012. The Board of Directors further recommends the resolution for approval of shareholders.

In the event of any loss, absence or inadequacy of profits in any financial year, during the term of office, Mr. Kumar S. Taurani shall be paid a minimum remuneration of Rs. 12,50,000/- per month for which the Company shall seek the approval of Central Government as prescribed under Schedule XIII and other applicable provisions of the said Act, including any amendment, modification, variation or re-enactment thereof.

This may be treated as an abstract of the terms and conditions governing the re-appointment and payment of remuneration of Mr. Kumar S. Taurani, pursuant to Section 302 of the said Act.

Mr. Kumar S. Taurani, alongwith Mr. Ramesh S. Taurani, being his relative, is interested in the resolution at the item no. 5. None of the

other Directors of the Company are in any way concerned or interested in the said resolution.

The information required to be given along with the Notice of Annual General Meeting as per proviso (iv) of Para (B) of Section II of Part II of the Schedule XIII to the Companies Act, 1956 is given as attachment to the Notice and this Explanatory Statement. The draft Agreement between the Company and the Chairman & Managing Director is available for inspection of the members of the Company between 11.00 a.m. and 1.00 p.m. on any of the working days upto the date of the previous day of the 16th AGM.

Item Nos. 6

Mr. Ramesh S. Taurani (52) is one of the founders of Tips Industries Limited and comes with a rich experience of almost 31 years in the entertainment industry. During his association with the Company all these years, the Company has seen remarkable success with many blockbuster films. His stewardship has moulded Tips into one of India's leading media company.

Mr. Ramesh S. Taurani was re-appointed as the Managing Director of the Company for a period of 5 years from 1-4-2008 to 31-3-2013 on a remuneration of Rs. 7,50,000/- (Rupees Seven Lacs Fifty Thousand only) per month i.e. Rs. 90,00,000/- (Rupees Ninety Lacs only) per annum. His term of office is expiring on 31st March, 2013. However, considering his expertise, the Remuneration Committee at its meeting held on May 18, 2012 recommended the re-appointment of Mr. Ramesh Taurani for a period of 3 years w.e.f 1st June, 2012 to 31st May, 2015 at an increased remuneration of Rs. 12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month i.e. Rs. 1,50,00,000/- (Rupees One Crore Fifty Lacs) per annum by way of salary and other benefits which was approved by the Board of Directors at its meeting held on May 18, 2012. The Board of Directors further recommends the resolution for approval of shareholders.

In the event of any loss, absence or inadequacy of profits in any financial year, during the term of office, Mr. Ramesh S. Taurani shall be paid a minimum remuneration of Rs. 12,50,000/- per month for which the Company shall seek the approval of Central Government

as prescribed under Schedule XIII and other applicable provisions of the said Act, including any amendment, modification, variation or re-enactment thereof.

This may be treated as an abstract of the terms and conditions governing the re-appointment and payment of remuneration of Mr. Ramesh S. Taurani, pursuant to Section 302 of the said Act.

Mr. Ramesh S. Taurani, alongwith Mr. Kumar S. Taurani, being his relative, is interested in the resolution at the item no. 6. None of the other Directors of the Company are in any way concerned or interested in the said resolution.

The information required to be given along with the Notice of Annual General Meeting as per proviso (iv) of Para (B) of Section II of Part II of the Schedule XIII to the Companies Act, 1956 is given as attachment to the Notice and this Explanatory Statement. The draft Agreement between the Company and the Managing Director is available for inspection of the members of the Company between 11.00 a.m. and 1.00 p.m. on any of the working days upto the date of the previous day of the 16th AGM.

By Order of the Board of Directors

Place: Mumbai

Date: May 18, 2012

Bhoomi R. Thakker

Company Secretary

THE INFORMATION AS PER PROVISIO (iv) OF PARA (B) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION

1. Nature of the Industry – The Company is in the Media & Entertainment Industry. The Company is in the business of production and distribution of Cinematographic Films and exploitation of its content on various platforms.
2. Date of expected date of commencement of commercial production: N. A.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - N. A.

4. Financial Performance - (Based on the audited Accounts for the year ended 31.03.2012)

(Rs. in Lacs)

| | |
|-----------------------|---------|
| Turnover | 7232.03 |
| Other Income | 481.09 |
| Total Expenditure | 6650.42 |
| Net Profit before tax | 1062.7 |

5. Export performance and net foreign exchange collections:

(Rs. in Lacs)

| | |
|----------------------|--------|
| FOB value of Exports | 1.43 |
| Royalty | 257.34 |

6. Foreign Investments or Collaborators, if any : NIL

II. INFORMATION ABOUT THE APPOINTEE

• Kumar S. Taurani

1. Background details:

Mr. Kumar S. Taurani is a Promoter of the Company and since then has been guiding the Company to the path of success. He is among the First Directors of the Company and is the Chairman & Managing Director since more than a decade. His 32 years of experience in the industry has brought the Company to its current prominence.

2. Past Remuneration :

The total remuneration paid to Mr. Kumar S. Taurani during the period 1st April, 2008 to 31st March, 2012 is Rs.90,00,000/- (Rupees Ninety Lacs only) per annum.

3. Recognition or awards:

Mr. Kumar S. Taurani is the Director of Phonographic Performance Limited (PPL) and is a Chairman of its Board, which is a copyright society in respect of sound recording, registered with the Government of India.

4. Job profile and his suitability :

Overall control, management and superintendence of the business of the Company in the ordinary course of business and exercise and perform such powers and duties as the Board may determine from time to time.

5. Remuneration proposed :

The Abstract containing details of remuneration proposed to be paid to the Chairman & Managing Director are contained in the Resolution No. 5 of the Notice of the 16th Annual General Meeting.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person:

The remuneration proposed is comparatively lower than what is being paid to the persons holding similar positions in the companies in the media & entertainment industry operating in India taking into consideration the experience of Mr. Kumar S. Taurani

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel if any :-

Mr. Kumar S. Taurani is holding 17.09% shares of the Company as on 18th May, 2012. Apart from this, he does not have any other pecuniary transactions with the Company except by way of his contract of employment with the Company.

He is relative of Mr. Ramesh S. Taurani – Managing Director of the Company.

• Mr. Ramesh S. Taurani

1. Background details:

Mr. Ramesh S. Taurani is a Promoter of the Company and is among the First Directors of the Company. He is the Managing Director of the Company since past few years. He possesses enriched experience of 31 years in the industry. His leadership and sheer excellence in the field are the attributes of his success as an industrialist which has taken the Company to an immense echelon.

2. Past Remuneration :

The total remuneration paid to Mr. Ramesh S. Taurani during the period 1st April, 2008 to 31st March, 2012 is Rs.90,00,000/- (Rupees Ninety Lacs only) per annum.

3. Recognition or awards:

Under the stewardship of Mr. Ramesh S. Taurani, Tips has released quality films which are remembered and appreciated till date.

4. Job profile and his suitability :

Overall control, management and superintendence of the business of the Company in the ordinary course of business and exercise and perform such powers and duties as the Board may determine from time to time.

5. Remuneration proposed :

The Abstract containing details of remuneration proposed to be paid to the Chairman & Managing Director are contained in the Resolution No. 6 of the Notice of the 16th Annual General Meeting.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person:

The remuneration proposed is comparatively lower than what is being paid to the persons holding similar positions in the companies in the media & entertainment industry operating in India taking into consideration the experience of Mr. Ramesh S. Taurani

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel if any :-

Mr. Ramesh S. Taurani is holding 17.05% shares of the Company as on 18th May, 2012. Apart from this, he does not have any other pecuniary transactions with the Company except by way of his contract of employment with the Company.

He is relative of Mr. Kumar S. Taurani – Chairman & Managing Director of the Company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profit:

The Company operates in the Film Industry which is highly impulsive. The success and earning of a film depends on

the audience response to the film which is unpredictable. The Film Industry was experiencing a slow down since 2 years which has affected the Company to certain extent.

2. Steps taken for improvement:

The Company is focused on creating high quality movies which appeals to the masses. The Company also has 4-5 films in pipeline to be released in the next 2 years time. With regard to music, the Company exploits its wide repertoire of music through various digital platforms which is undergoing continuous innovations thereby enhancing the scope for the Company.

3. Expected increase in productivity and profits in measurable terms:

As expressed above, the Company already has a few films

in pipeline which are expected to release in the near future. The Company also has active participation in exploitation of its music content digitally In India and overseas.

IV. DISCLOSURES

- 1. The ‘Abstract’ containing details of remuneration proposed to be paid to the Chairman & Managing Director & Managing Director are being circulated among the Shareholders of the Company and it is contained in the Notice convening the 16th Annual General Meeting.
- 2. All the relevant information pertaining to remuneration of the Managing Director and other Directors required to be disclosed in the Directors’ Report under the heading “Corporate Governance”, are attached to the Annual Report.

Director's Report

TO THE MEMBERS

In accordance with section 217 of the Companies Act, 1956 and with the view to give the shareholders a glimpse of the activities which took place during the previous year along with the financials and to enlighten them regarding the future outlook of the Company, your Directors hereby present their Report as on 31st March, 2012.

Financial Highlights

(Rs. in 'Lacs')

| Particulars | 2011-12 | 2010-11 |
|---|---------|---------|
| Income | 7713.12 | 6724.18 |
| Profit/(Loss) before Depreciation, Interest, Provision for Contingencies and Taxation | 1760.42 | 1211.53 |
| Less: Depreciation and Interest | 695.20 | 804.21 |
| Profit/(Loss) before Provision for Taxation, Extraordinary and Prior Period year items | 1065.22 | 407.32 |
| Less: Provision for Taxation | | |
| Current Tax | 154.67 | 90.46 |
| Wealth Tax | 2.52 | 0.83 |
| Excess / Short Provisions | 23.27 | 0.35 |
| Profit/(Loss) after Provision for Taxation but before Extraordinary and Prior Period year items | 884.76 | 315.68 |
| Less: Prior Period Expenses | 4.14 | 17.38 |
| Profit/(Loss) after Taxation | 880.62 | 298.30 |
| Add: Balance Brought Forward | 2987.54 | 2936.01 |
| Profit/(Loss) after Taxation available for Appropriation | 3868.16 | 3234.31 |
| Dividend | 319.17 | 199.48 |
| Dividend Tax | 51.77 | 32.36 |
| General Reserves | 376.50 | 310.50 |
| Share Capital | 1595.87 | 1595.87 |
| Reserves & Surplus | 6861.56 | 6351.89 |

Dividend

Your Directors recommend a dividend of @ 20% i.e. Rs. 2/- per share on 15958700 fully paid-up Equity Shares of Rs. 10/- each of the Company for the year ended March 31, 2012. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of Rs. 319.17 lacs (Previous Year being Rs. 199.48 lacs) and Dividend Tax of Rs. 51.77 lacs (Previous Year being Rs. 32.36 lacs). The Dividend Tax is provided at the rate applicable on the day on which the Accounts were approved by the Board of Directors.

Transfer to Reserves

An amount of Rs. 66 Lacs is transferred to General Reserves in the Balance Sheet.

Review of Operations

(a) Turnover:

There has been an upward revision in the turnover of the Company during the year under review as compared to previous year. The figures for 2011-12 in comparison with the previous year 2010-11 are as under:

Rs. in Lacs

| Particulars | FY 2011-12 | FY 2010-11 |
|--------------------------------|----------------|----------------|
| Royalty | 3483.27 | 3672.90 |
| Film Production & Distribution | 3621.62 | 2906.25 |
| Audio Product Sales | 24.30 | 78.08 |
| Other Income | 34.85 | 50.33 |
| Artiste Management | 68.00 | — |
| Total Turnover | 7232.02 | 6662.27 |

(b) Business Spheres:

Your Company operates dynamically in two spheres viz., Film Production & Distribution and Exploitation of Music

➤ Film Production and Distribution:

During the year under review, the Company had acquired the entire copyrights worldwide in perpetuity of the Punjabi Film “Jihne Mera Dil Lutiya” starring Gippy Grewal, Diljit Dosanjh, Neeru Bajwa, Jaswinder Bhalla and produced by Batra Showbiz Pvt. Ltd. The movie saw the biggest opening ever for a Punjabi movie. It went on to run successfully for over 7 weeks in the theatres and made a record breaking box office collection of over Rs. 10 crores.

On 24th February, 2012 Tips came up with its production, a romantic comedy - “Tere Naal Love Ho Gaya” featuring the couple Ritish and Genelia Deshmukh and directed by Mandeep

Kumar. The film being very entertaining, received a good response from the viewers with the box office collection of over Rs. 25 crores globally.

➤ Music:

Tips has been venturing and exploring new avenues for exploitation of music digitally in India and across the globe. It has been contracting with various websites and licensing its extensive repertoire for exploitation through streaming and download service. Tips has made its presence on iTunes globally across the markets of United Kingdom, Canada, Australia, Germany, New Zealand, USA, Belgium, Netherlands. Also, exploitation through mobile services like caller ring back tones, full track downloads, videos of the songs, dialogues, wallpapers, etc continues to be a significant constituent in the revenues of the Company. Television has also been an added source of revenue through licensing of song videos to channels for broadcast.

(c) Sale of Machinery:

The Company owned a machinery for manufacture of Audio Cassettes, the Net Asset Value of which was Rs. 3,76,17,524/-. Since, the audio cassettes no longer exist, the machine had no utility. Hence, the machinery was sold for Rs. 4,69,000/-.

Acquisitions by the Promoters

During the year, the promoters have acquired 717,794 equity shares of the Company from open market thereby raising the promoter holding to 1,02,27,528 shares representing 64.09% of the paid up capital of the Company as against 9,517,084 shares representing 59.64% of the paid up capital during the previous year. Details of the acquisitions are given in the Corporate Governance Report which forms a part of this Annual Report.

Future Outlook

India has the potential to be one of the world's leading markets for the creative industries – both foreign and domestic. The country produces the greatest number of films in the world and boasts a creative and diverse music market and is continuously growing. Hence, the scope of expansion of the Company in this industry is

alluring with the penetration of the Company in diversified areas of production, distribution as well as music. With constant technology improvements and introduction of more areas of exploitation in films and music, the Company's outlook includes keeping pace with the advancements in the industry and absorbing the same.

The Company is currently in process of shooting of the film "Race 2" starring Saif Ali Khan, John Abraham, Deepika Padukone, Amisha Patel, Anil Kapoor and others and being directed by Abbas-Mutan. It is also in process of producing a film titled "Jayantabhai ki Love Story" starring Vivek Oberoi, Neha Sharma & others and being directed by Vinnyl Markan. The Company has already sold the distribution rights of Race 2 to UTV Motion Pictures. Other projects starring Abhishek and to be directed by Mohit Suri and starring Shahid Kapur to be directed by Siddharth Anand are yet to commence.

On the music front, availability of quality audio cd's and digital music has enhanced the end users experience in listening to music. With internet playing the most significant role in purchase of music, the Company has been expanding its scope by licensing its repertoire to various websites.

The growing dominance of the mobile as a music playing device with its potential to go beyond the current rage of caller ringback tones, its ability to explore the long tail of music with the search and explore features, the Company aims at increasing exploitation of its music through mobile services.

Directors

In accordance with the provision of the Companies Act, 1956, and the Company's Article of Association, Mr. Ramesh Taurani, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. His detailed profile forms a part of this Annual Report.

Mr. Kumar Taurani was appointed as Chairman & Managing Director and Mr. Ramesh Taurani was appointed as Managing Director for the period from 01-04-2008 to 31-3-2013 on a remuneration of Rs. 90,00,000/- (Rupees Ninety Lacs only) per annum. The

Remuneration Committee and the Board has approved their re-appointment for a period of 3 years w.e.f. 01-06-2012 to 31-5-2015 at an increased remuneration of Rs. 1,50,00,000/- (One Crore Fifty Lacs only) per annum i.e. Rs. 12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month. Approval of the shareholders is sought for the same in the ensuing Annual General Meeting.

Public Deposits

During the year, under review, the Company had accepted deposits from public within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder and that none of matured deposits have been unpaid to the depositor(s). Moreover, most of the deposits have been repaid which has brought the outstanding deposits as on 31st March 2012 to Rs. 276 lacs as against Rs. 2119 lacs as on 31st March, 2011.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, holds office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished the necessary certificate as required under Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

Internal Control

The Company has appointed M/s. Maheshwari & Co. – Chartered Accountants as its Internal Auditors to check the internal controls and functioning of the activities and recommend ways of improvement. The Internal Audit is carried out quarterly and the report is placed in the Audit Committee Meeting and the Board Meeting for their consideration and direction. Their scope of work is as decided by the Audit Committee and the Board of Directors.

Particulars of Employees

Particulars of employees required in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are mentioned in the table below:

| Sr. No | Full Name | Current Designation & Nature of Duties | Gross Remuneration p.a. (Rupees) | Qualification | Date of Joining | Experience | Age | Previous Employment |
|--------|----------------|--|----------------------------------|------------------|-----------------|------------|----------|--------------------------------|
| 1. | Kumar Taurani | Chairman & Managing Director | Rs.90,00,000 | B.Com | 08/05/96 | 32 | 54 Years | N.A. |
| 2. | Ramesh Taurani | Managing Director | Rs.90,00,000 | B.Com | 27/09/05 | 31 | 52 Years | N.A |
| 3. | Sahas Malhotra | Sr. V.P.Music | Rs.60,00,000 | Economics (Hons) | 08/10/10 | 18 | 37 Years | Sony Music Entertainment India |

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your directors based on the representation received from the management state that:

1. In the preparation of the accounts, the applicable accounting standards have been followed and there are no material departures
2. Accounting policies selected were applied consistently. Reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The annual accounts of the Company have been prepared on a going concern basis.

Conservation Of Energy

Our operations are not energy intensive. However significant measures have been taken to reduce the energy consumption by purchasing latest technology energy efficient equipments.

Technology Absorption, Adoption and Innovation

During the year, Company has not absorbed or imported any technologies.

Foreign Exchange Earnings & Outgoings

During the year ended March 31, 2012, the Company has incurred/ received foreign exchange towards the following:

| Particulars | 2011-12 | 2010-11 |
|-----------------------------|---------------|---------------|
| | (Rs. in Lacs) | (Rs. in Lacs) |
| Outgoings: | | |
| (A) Traveling Expenses | 59.92 | 26.06 |
| (B) Payments to Artistes | 50.05 | — |
| (C) Music Expenses | — | 10.56 |
| Earnings: | | |
| (A) F.O.B. value of Exports | 1.43 | 27.02 |
| (B) Royalty (net) | 257.34 | 122.68 |

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance is annexed hereto and forms part of this Report. A certificate from M/s. B. K. Khare & Co, Chartered Accountants, and Statutory Auditors of the Company, regarding compliance of conditions of corporate governance stipulated by the Stock Exchanges is annexed to this Report. The Company also submits to the stock exchange quarterly corporate governance report as required by Clause 49 of the Listing Agreement.

The Company publishes on its website various information relating to business of the Company, quarterly results, balance sheet & profit & loss account, Directors Report, Auditors Report, Shareholding



pattern to keep the shareholders updated about the Company Affairs.

Management Discussion and Analysis

In accordance with the Listing Agreement, the Management Discussion and Analysis Report is annexed hereto and forms part of this Report.

Auditors' Report

In the opinion of the Directors, the notes to accounts are self-explanatory and adequately explain the matters, which are dealt within the Auditors' Report.

Appreciation

The Directors firstly, would like to acknowledge and appreciate the efforts of the employees of the Company which they recognize as

one of the prime factors in growth of the Company. Secondly, the Directors give their sincere thanks to the shareholders for their support and trust in the Company. Lastly, the Directors are grateful to the bankers, lenders, customers and associates of the Company for their co-operation at all times. The Directors strongly believe the Company has been able to reach its current level because of the constant support and best wishes of all these people.

For and on behalf of the Board of Directors

Place: Mumbai

Date: May 18, 2012

Kumar S. Taurani

Chairman & Managing Director

Management Discussion and Analysis (Fy 2011-2012)

Global economy

2011 has been a challenging year not only for the larger world economy but also for the Indian economy and the Indian Media & Entertainment Industry. Challenges faced by key global economies were reflected in the US sovereign rating downgrade and continued weakness in the Eurozone, this impacted India through a trickledown effect. In addition, the RBI's interest rate hikes to battle inflation impacted GDP growth as did some other structural and regulatory issues that limited the reforms process and investment growth

Indian economy

While India is still expected to grow at a healthy pace, growth may be lower than earlier expectations. The Central Statistical Organization's (CSO's) advance estimates indicate a 6.9% real GDP growth rate for the year 2011-12. This is lower than the actual growth of 8.4 percent in 2010-11, and substantially lower than the 9 percent growth for 2011-12 projected by the finance minister in the union budget in Feb 2011.

Outlook for Indian economy

Going forward, the outlook for the economy in the next 1-2 years is muted vis-à-vis earlier expectations, and real GDP growth is expected

to reach 8 percent in 2013-14. Despite the outlook impacting advertising budgets, projections of private consumption still remain strong and are a positive sign for the Media & Entertainment Industry.

Indian Media & Entertainment Industry

The Indian Media & Entertainment industry grew from INR 652 billion in 2010 to INR 728 billion in 2011 (calendar year), registering an overall growth of 12 percent, backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media and fast increasing new media businesses.

2011 has been a dynamic year for the Indian Media & Entertainment (M&E) industry - A year in which the transformation of the industry began to take hold. It was also a year of mixed fortunes, with advertising growth being robust in the first half (January to June), and muted in the second (July to December). In terms of performance, 2011 proved to be a year with mixed results across different sub sectors. The traditional media businesses experienced a slow down compared to last year, especially in the second half of the year. However, the new media segments like animation and VFX, online and gaming witnessed strong growth rates.

Overall Industry size in INR billion

| (Calendar year) | 2007 | 2008 | 2009 | 2010 | 2011 | Growth in 2011 over 2010 | 2012P | 2013P | 2014P | 2015P | 2016P | CAGR (2011-16) |
|---------------------|------------|------------|------------|------------|------------|--------------------------|------------|------------|-------------|-------------|-------------|----------------|
| TV | 211.0 | 241.0 | 257.0 | 297.0 | 329.0 | 10.8% | 380.0 | 435.0 | 514.0 | 618.0 | 735.0 | 17% |
| Print | 160.0 | 172.0 | 175.2 | 192.9 | 208.8 | 8.3% | 226.0 | 246.8 | 270.0 | 294.9 | 323.4 | 9% |
| Film | 92.7 | 104.4 | 89.3 | 83.3 | 92.9 | 11.5% | 100.0 | 109.7 | 121.1 | 134.5 | 150.3 | 10% |
| Radio | 7.4 | 8.4 | 8.3 | 10.0 | 11.5 | 15.0% | 13.0 | 16.0 | 20.0 | 24.0 | 29.5 | 21% |
| Music | 7.4 | 7.4 | 7.8 | 8.6 | 9.0 | 4.7% | 10.0 | 11.3 | 13.1 | 15.4 | 18.2 | 15% |
| OOH | 14.0 | 16.1 | 13.7 | 16.5 | 17.8 | 7.6% | 19.5 | 21.5 | 23.6 | 26.0 | 29.0 | 10% |
| Animation and VFX | 14.0 | 17.5 | 20.1 | 23.6 | 31.0 | 31.2% | 36.3 | 43.0 | 51.1 | 61.0 | 69.0 | 17% |
| Gaming | 4.0 | 7.0 | 8.0 | 10.0 | 13.0 | 30.0% | 18.0 | 23.0 | 29.0 | 37.0 | 46.0 | 29% |
| Digital Advertising | 4.0 | 6.0 | 8.0 | 10.0 | 15.4 | 54.0% | 19.9 | 25.8 | 33.5 | 43.7 | 57.0 | 30% |
| Total | 514 | 580 | 587 | 652 | 728 | 11.7% | 823 | 932 | 1076 | 1254 | 1457 | 14.90% |

The year saw important developments in terms of growing commitment from the cable industry to pursue digitization as per the government's mandate, regional markets defying recessionary trends in terms of growth of television and print, the government's commitment towards phase 3 for radio and the growth of new media.

Outlook

Going forward 2012, is ought to be a relatively more buoyant year in terms of growth for the industry. Since there will be action in the television distribution space, and in radio, as both industries undergo regulatory changes. It will also be interesting to see print players adapt to the growing challenge being posed due to new media and changing news consumption habits. Lastly, new media such as Animation / VFX, digital advertising, and gaming are expected to

- Positive Impact of regulatory changes,
- Emphasis to focused consumer research,
- Innovation in content, marketing and delivery platforms to serve different niches,
- Increasing device penetration like mobiles, tablets, PCs etc.,

Films

The Indian Film industry in 2011 recovered from a two year slowdown. Last year there were only 40 weekends available for film releases since first four months of the year were taken up by the cricket world cup and IPL. There were 5 films ("Bodyguard", "Singham", "Ready", "Ra.One" and "Don 2") which crossed the INR 100 cr. mark in Domestic theatrical collection. In terms of size and growth, the Indian film Industry was estimated to be INR 93 bn. in 2011 as compared to 83.3 bn. in 2010, registering a growth of 11.5%.

Size of India Film Industry

| Film Industry (INR billion) | 2007 | 2008 | 2009 | 2010 | 2011 | CAGR (2007-11) | 2012P | 2013P | 2014P | 2015P | 2016P | CAGR (2011-16) |
|-----------------------------|-------------|--------------|-------------|-------------|-------------|-------------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Domestic Theatrical | 71.5 | 80.2 | 68.5 | 62.0 | 68.8 | -1.0% | 73.5 | 80.2 | 88.0 | 97.2 | 108.0 | 9.4% |
| Overseas Theatrical | 8.7 | 9.8 | 6.8 | 6.6 | 6.9 | -5.5% | 7.5 | 8.3 | 9.2 | 10.2 | 11.5 | 10.5% |
| Home Video | 3.3 | 3.8 | 4.3 | 2.3 | 2.0 | -12.0% | 1.7 | 1.4 | 1.2 | 1.0 | 0.9 | -15.0% |
| Cable & Satellite Rights | 6.2 | 7.1 | 6.3 | 8.3 | 10.5 | 14.0% | 12.0 | 13.7 | 15.6 | 17.8 | 20.3 | 14.2% |
| Ancillary Revenue Streams | 2.9 | 3.5 | 3.5 | 4.1 | 4.7 | 12.3% | 5.4 | 6.2 | 7.2 | 8.3 | 9.6 | 15.4% |
| Total Industry Size | 92.6 | 104.4 | 89.4 | 83.3 | 92.9 | 0.1% | 100.1 | 109.8 | 121.2 | 134.5 | 150.3 | 10.1% |

continue their growth momentum.

The overall Media & Entertainment market in India is expected to achieve a growth of 13 percent in 2012 to touch INR 823 billion and to reach INR 1.4 trillion in 2016 at a compounded annual growth rate of 15 percent per annum over the next five years.

The Indian Media & Entertainment Industry is poised to grow in the future with the following developments -

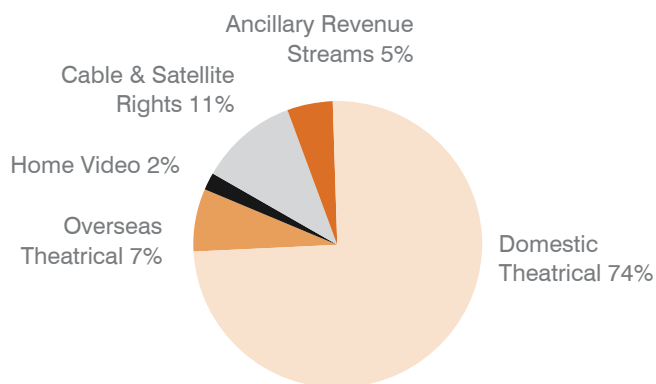
- Potential for increase in media penetration
- Growing importance of regional markets
- Increasing consumption in tier 2 and 3 cities

2012 is expected to be a good year for the Indian Film Industry with several high budget hindi films like "Ek tha tiger", "Joker", "Dabangg 2" etc. set to be released in this year. It is expected to grow to INR 150 billion in 2016. Domestic theatrical revenue is expected to dominate the overall pie in the future with C&S rights and ancillary revenue stream is expected to increase its share as a part of the total revenue. Overseas theatrical revenue is poised to grow with increase in overseas marketing.

Music

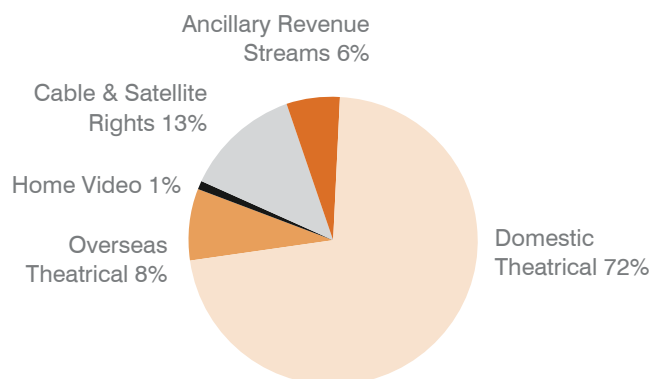
The Indian music industry achieved revenues of INR 9 billion in 2011, registering a growth of 5 percent over 2010. Last year provided

Revenue Split - 2011



Source: KPMG in India Analysis and industry interviews

Revenue Split - 2016P



Source: KPMG in India Analysis and industry interviews

users viable options of music consumption through different digital platforms such as pay per download, unlimited music streaming and subscription based music services as viz-a-viz 2010 in which the structural shift from physical formats to digital ones took place. The music industry is estimated to grow to INR 18.2.bn. by 2016 with digital music dominating the industry by having ~79% market share.

Future outlook.

company has taken pro active steps to take advantage of the next phase of growth coming with increase in digitalization. The company has digitalised and rolled out more than 10000 tracks in different formats, platforms and devices to capture the growing market of internet, mobile and other music playing devices.

The revenues from music which comprises of royalty received is Rs. 3483.26 lacs as on March 2012. This income is further expected to increase with growth in digitalization and more exploitation of the

| Segment (INR billion) | 2012P | 2013P | 2014P | 2015P | 2016P | CAGR (2011-16) |
|-----------------------|-------------|-------------|-------------|-------------|-------------|----------------|
| Physical | 2.2 | 1.8 | 1.5 | 1.3 | 1.1 | -16.5% |
| Digital | 6.4 | 7.8 | 9.6 | 11.7 | 14.3 | 22.4% |
| Radio & TV | 0.7 | 0.8 | 0.9 | 1.0 | 1.2 | 15.0% |
| Public Performance | 0.7 | 0.9 | 1.1 | 1.3 | 1.6 | 22.0% |
| Total | 10.0 | 11.3 | 13.1 | 15.3 | 18.2 | 15.1% |

Source: KPMG in India Analysis

Business overview

TIPS is in the business of music promotion and film production and is among the leading media companies in the country.

Digitalization is the key to future growth in the M&E industry and the

music library through ever growing formats and revenue streams.

In 2011 the company hit the box office with two successful films. First the company released a Punjabi movie "JIHNE MERA DIL LUTIYA" which was a super hit and this success created a hat trick of three consecutive successful Punjabi movies released by the company

with the distinction of having not repeated the same actors in any of the three films. The movie had a total box office collection of about Rs 10 Crores against a cost of Rs 2.3 Crores. Second film released by the company was a Hindi film named “TERE NAAL LOVE HO GAYA” starring Genelia and Ritesh Deshmukh. The film was well accepted at the box office and registered a total collection of over Rs 25 Crores. The success of these two films in the last year has increased the revenue for the company in the film segment from Rs. 2906.25 Lacs in 2011 to Rs. 3621.62 Lacs 2012.

In future the company plans to launch quality films with the aim of releasing 3-4 films every year for the next 2 years and then increase the number of releases in the coming years to achieve its target of releasing 6 films per year by 2016-17.

In the current financial year the company plans to release two films which are RACE 2 and JAYANTABHAI KI LOVE STORY. The company, to entice the audience as it did in 2009 with the release of “RACE” will be releasing “RACE 2” in January 2013 with star studded star cast and believes it to be a great success. The movie is one of the big budget awaited movie of recent times. The second movie slated to be released by the company in this year is a romantic comedy named “JAYANTABHAI KI LOVE STORY”, the movie has a star cast comprising of Vivek Oberoi and Neha Sharma and is scheduled to release in October 2012.

Opportunities

New Media-

Increasing importance of new media along with customers increasingly adapting their preferences to the new media devices and technologies, the media and entertainment sector certainly is marching towards new horizons of growth.

Regulations-

The next growth wave in the industry is expected to come from the implementation of recently enacted regulations on digitization for cable. The other awaited events are copyright clarification and Phase 3 for Radio. The Phase 3 license would extend FM radio services to about 227 new cities and would result in coverage of all cities with a population of one lakh and above through private FM channels, this in turn will increase the consumption of music and will benefit companies like TIPS which have a vast music content library. Roll

out of 4G will also be a positive for the industry since it will increase the consumption of music and video viewing with increase in Internet speed.

Regionalisation-

Regional media consumption is expected to grow phenomenally in foreseeable future. Realizing the potential and power of regional media, many national and foreign players have already forayed into the segment, and many others are likely to follow suit, going forward this foray will increase regional media consumption.

Consumer preferences-

There is a huge demand for premium and special interest content like comedy , thriller, horror and action movies and demand for different type of music is also increasing. This can be seen with so many dedicated music channels coming up on television. To tap this niche market and understand the preferences of the consumer in this market through user behaviour, creating/ repurposing content for different platform is needed and this will effectively open more channels to monetize content leading to growth of the industry and the company.

Risk Management

Economy risk

The downturn in Economy as a whole will have an adverse effect on the Media & Entertainment industry since the consumer spending will reduce, negatively impacting the Media & Entertainment industry.

Since Films is the most popular form of mass media and demand for quality films will always exist. TIPS with its aim to create quality films will not be highly affected with the downturn in the economy.

High Talent cost

There has been a constant increase in the talent cost leading to increase in cost of production and making it difficult to recover the cost.

TIPS has deep relationships with artists at every level which help them sign stars at correct costs, thereby keeping a check on unreal production costs.

Competition

The company can face competition from other players in the film and music industry from both within and outside the country

Poor content and unrealistic budget harm the industry more than the effect of recession. Thus TIPS is focussed on creating high quality movie which appeal to the masses. The Company has its finger on the pulse of the audience which is evident from the library of successful movies and music that it has created over the last few decades. Besides, Indians have an insatiable appetite for movies. Thus as long as the product entertains, there will always be a market for the same.

High Production cost

Production cost is ever increasing and this is forcing producers to look for innovative ways to cut cost and improve the production efficiency. Production houses are getting involved right from the scripting stage till release for large budget films to control costs, where as they continue to directly source quality smaller budget films from independent producers all this is being done to reduce the cost.

TIPS has a robust budget control business model. Also the Company has made XX movies in the past which gives it the required experience to keep a check on the cost of production.

Piracy

The Problem of piracy has been a pain-point for years leaving players across the value chain with low realization.

Steps taken to curb piracy include setting up of formal alliances and associations such as Motion Pictures Distributor's Association of India, Alliance Against Copyright Theft (AACT). Though these initiatives have taken concerted steps to curb piracy and spread awareness, government intervention is required to set up targeted anti-piracy measures that help effective enforcement.

TIPS has also taken measures to prevent loss by piracy. The Company had entered into an understanding with an anti-piracy solution provider during the period of theatrical exhibition of the film "Tere Naal Love Ho Gaya" to avoid unscrupulous downloads over internet of the said Film. This shall be a continued practice for the Company to reduce losses due to piracy

Shrinking theatrical window

Shrinking theatrical window is making it difficult for films to recover its cost since the first 3 days are crucial for films success

TIPS recognises the importance of marketing and promotion. It undertakes an integrated marketing campaign involving producers, distributors and exhibitors to attract audiences and enhance monetisation within the limited available theatrical window.

Internal control systems

The company recognises the importance of internal controls and their adequacy and has taken commensurate steps in this regard. The company has in process the systems that are needed to manage the business of the scale and size which the company has evolved into. Risks and controls are regularly viewed by senior and responsible officers of the company that assure strict adherence to budgets and effective and optimal use of resources

Discussion of financial analysis

There has been a substantial jump in the EBIDTA and PAT of the company in FY 2011-2012 mainly due to the success of its movie "Jihne Mera Dil Lutiya" which was distributed by TIPS and saw the biggest opening ever for a Punjabi movie , Secondly, good response received for "Tere Naal Love Ho Gaya" which was produced by TIPS and on the music front, revenues increased due to royalty income from PPL and income from licensing of TIPS content to various websites for exploitation through streaming and download service in India and abroad.

Income: The Company recorded total income of INR 77.1 crore in 2011-12, as compared to INR 67.24 crore in the previous year an increase of 15% on Year-on-Year basis.

EBIDTA: The Company's EBIDTA stood at INR 17.6 crore in 2011-12 as against INR 12.11 crore in 2010-11.

PAT: Profit after tax stood at INR 8.8 crore in 2011-12 as against INR 3 crore in the previous year a jump of almost 3 times.

Human resources

TIPS firmly believes in and has consistently practiced progressive HR values. The Company's philosophy is reflected by the values



of transparency, professionalism and accountability. The Company endeavours to improve on these aspects on an ongoing basis and thereby perpetuate it to generate long-term, socio-economic values for its shareholders, customers and employees.

At TIPS, people from divergent disciplines work in perfect harmony to attain greater growth and development. This has been made possible through a consistent emphasis on every individual's sense of responsibility and ability to exercise initiative and judgment while working as a member of the team. As on 31st March, 2012, the number of employees on payroll was 50.

Cautionary statement

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risk inherent in the company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

Corporate Governance Report

(As required under Clause 49 of Listing Agreement entered into with the Stock Exchanges)

Company's Philosophy on Corporate Governance:

To Triumph, good corporate governance has to be in the bones and bloodstream of the organization. Before Investment, the Investors normally gauge the risk involved and the rate of return attached to the investment. Good corporate governance practices reduces the risk by ensuring transparency, accountability, and enforceability which boosts up the trust of the investors in the Company. The Company acknowledges investor's expectations with the Board and the Management and strives to fulfill them and to act in their best interests at all times.

Your Company believes that through ethics and enlightened self-interest, its governance will emerge. Your Company aims at aligning as nearly as possible the interests of Company and that of its stakeholders, creditors, customers, the State, employees and society. To keep pace with an evolving global environment, the Company continuously innovates and adapts good governance practices to meet new demands.

Your Company follows a strong disclosure regime which is fundamental to good corporate governance. Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to assess the stewardship of management and make informed decisions about the valuation, ownership and voting of shares. The Company has duly made all the disclosures as required under the Listing Agreement and through this Annual Report also disseminates information with regard to functioning and other updates about the Company.

Board of Directors:

➤ Executive Directors:

The Taurani Brothers:

- ✓ Mr. Kumar S. Taurani – Chairman & Managing Director
- ✓ Mr. Ramesh Taurani – Managing Director

Mr. Kumar S. Taurani and Mr. Ramesh Taurani, leading media industry veterans are the Founders of Tips Industries Limited, having guided the Company since inception to its current leadership position. The Taurani brothers started their musical journey in the early 1980s with a repertoire of regional and devotional music titles, venturing into popular Hindi film music at a later stage.

Because of their untiring efforts, TIPS today is a force to reckon with as it has a music bank of more than 450 Hindi Film titles, 200 regional film titles and more than 2500 non film hindi and regional albums. Having witnessed phenomenal success in this venture, they decided to foray into film production in 1995. Since then, Tips has churned out one hit film after another under the leadership of Mr. Kumar Taurani and Mr. Ramesh Taurani.

➤ Non-Executive & Independent Directors:

✓ Mr. Amitabh Das Mundhra:

Mr. Amitabh Mundhra is an entrepreneur and has vast experience in Corporate Finance and Management. Simplex Infrastructures Ltd, a name which everyone would be well familiar with, one of the largest infrastructure solutions providers in the country has Mr. Amitabh Mundhra as its Whole Time Director. Mr. Mundhra comes to Tips with a lot of value addition as its Independent Director and the Chairman of its Audit Committee since 2003.

✓ Ms. Radhika Pereira:

Ms. Radhika Pereira, a law graduate from the University of Bombay and a Post-graduate from the University of Cambridge as well as the University of Harvard. After earning experience from well known firms like M/s. Mulla & Mulla and Craigie Blunt & Caroe, she set up Dudhat Pereira & Associates in 1996 and has been its Managing Partner. Ms. Radhika Pereira is a Fellow of the Cambridge Commonwealth Society and Member Scholar of the Pegasus Commonwealth Trust. She is also the author of "Right to Information" The Indian Advocate 24 (1992)

and "Legal Risk Management – An Overview" Asia Law, Volume II, June 2004.

She joined Tips in the year 2002 and with her wide range experience in the areas of intellectual property rights and transactions relating to entertainment, information technology, alternate dispute mechanism strategy among others, her contribution to Tips has always been colossal.

✓ **Ms. Sunita Menon:**

Ms. Sunita Menon is associated with Tips since the year 2005. She is an Arts Graduate with Psychology and Sociology as the principal subjects. Having completed her graduation, Ms. Menon completed 10 years of her professional career in the hospitality industry and served high profile organizations viz. Oberoi Hotels, Gulf Air and Jet Air. Subsequent to this Ms. Menon specialized the art of tarot reading and went on to attain professional expertise in this segment. Ms. Menon is a Clairvoyant, healer, tarot card reader, counsellor, psychic, guide, philosopher and mentor.

The Board of the Company has an optimum combination of executive and non-executive directors. Since the Chairman of the Board, Mr. Kumar S. Taurani is an Executive Director, the Board comprises of 3 Non-Executive – Independent Directors which is more than 50% of the strength of its Board of Directors.

The Board performs the following major functions among others:

- (a) Confirmation of Minutes of meetings of the Board, audit committee, Shareholders Grievance & Share Transfer Committee and other committees of the board.
- (b) Reviewing the Related Party Transactions
- (c) Reviewing and approving quarterly/half yearly and annual results of the company alongwith the Limited Review Reports by Auditors
- (d) Reviewing and approving the financial statements along with the Audit Report

- (e) Reviewing and approving the various contents of the Annual Report
- (f) Review the Risk Management and Minimization procedures
- (g) Recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- (h) Compliance status of various regulatory authorities and laws applicable. A quarterly certificate by the Chairman & Managing Director is placed before the Board confirming compliance with all the Acts, Rules and Regulations applicable including the Income Tax Act, Companies Act, Listing Agreement, SEBI Laws, Labour Laws, etc
- (i) Other relevant business transactions which needs consideration and approval by the Board

All the Directors except the Chairman & Managing Director are liable to retire by rotation. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he/she is a Director. All the directors annually inform the Company about the Directorships and Committee positions held by them in other companies/firms.

Hence, the Company is in compliance with the Clause 49 pertaining to Composition of Directors.

During the financial year under review, 4 (four) Board Meetings were held on the following dates May 11, 2011, July 20, 2011, October 18, 2011, and February 9, 2012.

Attendance of the Directors at Board Meetings during the year and at the last Annual General Meeting and the number of directorships and committee memberships held by them in other Companies is given below. Other directorships do not include alternate directorships, directorships of private limited Companies, Section 25 Companies and foreign Companies. Chairmanship / membership of Board Committees include only Audit and Shareholders / Investors Grievance Committee.

| Name | Category | Board Meetings during the Year | | Attendance at the Last AGM held on July 29, 2011 | No. of Directorships in other public Companies | | No. of outside Committee Positions | |
|------------------------|-----------------------------|--------------------------------|----------|--|--|--------|------------------------------------|--------|
| | | Held | Attended | | Chairman | Member | Chairman | Member |
| Mr. Kumar Taurani | Promoter & Executive | 4 | 4 | Yes | Nil | Nil | Nil | Nil |
| Mr. Ramesh Taurani | Promoter & Executive | 4 | 3 | Yes | Nil | 1 | Nil | Nil |
| Mr. Amitabh Mundhra | Independent & Non-Executive | 4 | 4 | Yes | Nil | 10 | Nil | Nil |
| Ms. Radhika C. Pereira | Independent & Non-Executive | 4 | 4 | Yes | Nil | 3 | 1 | Nil |
| Ms. Sunita Menon | Independent & Non-Executive | 4 | 0 | No | Nil | Nil | Nil | Nil |

Details of shares held by Directors of the Company as on March 31, 2012:

| Name | No. of Shares |
|------------------------|---------------|
| Mr. Kumar Taurani | 2639297 |
| Mr. Ramesh Taurani | 2633295 |
| Mr. Amitabh Mundhra | NIL |
| Ms. Radhika C. Pereira | NIL |
| Ms. Sunita Menon | NIL |

Code of Conduct

In accordance with Clause 49 of the Listing Agreement and SEBI (Prohibition of Insider Trading) Regulations, 1992 the company has adopted a Code of Conduct for its Directors, Senior management and designated employees laying down various provisions & restrictions for trading in securities of the Company by Directors, Senior management and designated employees. The Company has received affirmation of compliance with the Code of Conduct from all the Board members and Senior Management personnel. The Code of Conduct is circulated among all the Directors, Senior management and designated employees and also made available on the company's corporate website under the category Investors – Board of Directors for the information of shareholders.

Committees of Board

➤ Audit Committee:

The Company has constituted an Audit Committee in accordance with Clause 49 of the Listing Agreement with the

Stock Exchanges read with Section 292A of the Companies Act, 1956 comprising of the following members:

- ✓ Mr. Amitabh Mundhra, the Chairman - Independent, Non-Executive Director
- ✓ Ms Radhika C. Pereira - Independent, Non-Executive Director
- ✓ Ms Sunita Menon - Independent, Non-Executive Director

The following major functions are performed by them:

- (a) To review the quarterly/half-yearly and annual financial results of the Company alongwith the Limited Review Report before submission to the Board
- (b) To review the Annual Financial Statements alongwith the Audit Report, Directors Report, Directors Responsibility Statement before the Board's review.
- (c) To review the internal control systems and adequacy of internal control systems
- (d) To review the Internal Audit Report quarterly given by the Internal Auditors and consider their recommendations in order to strengthen the internal control systems.
- (e) To recommend the appointment, re-appointment and removal of statutory auditors' / Internal Auditors and fixation of their remuneration.
- (f) To review the related party transactions i.e., transactions of the Company with promoters or the directors of the Company.
- (g) To review the Company's financial and risk management policies.

During the year, the Committee met 4 times i.e on May 11, 2011, July 20, 2011, October 18, 2011, and February 9, 2012.

The attendance of the members at the meetings are as follows:

| Name of the Director | Category | Number of Meetings | |
|------------------------|----------|--------------------|----------|
| | | Held | Attended |
| Mr. Amitabh Mundhra | Chairman | 4 | 4 |
| Ms. Radhika C. Pereira | Member | 4 | 4 |
| Ms. Sunita Menon | Member | 4 | 0 |

Ms. Bhoomi R. Thakker, the Company Secretary acted as Secretary to the Committee.

➤ Remuneration Committee:-

In compliance with one of the non-mandatory requirements of Clause 49 of the Listing Agreement, the Company has constituted the Remuneration Committee which comprises of the following Directors:

- ✓ Ms. Radhika C. Pereira, Chairperson - Independent, Non-Executive Director
- ✓ Ms. Sunita Menon - Independent, Non-Executive Director
- ✓ Mr. Amitabh Mundhra - Independent, Non-Executive Director

The major role of the Committee includes the following:

- (a) To determine on behalf of Board of Directors and on behalf of the shareholders, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
- (b) To determine and review the remuneration of the relatives of directors appointed on a place of profit in the Company.

Since, there was no transaction which required a meeting of Remuneration Committee, no meeting was held during the year.

Details of Remuneration paid to the Directors for the year ended March 31, 2012:

✓ Executive Directors:

Details of the remuneration paid to the Executive Directors for the financial year ended March 31, 2012 are as follows:

| Terms of Agreement | Mr Kumar S. Taurani | Mr Ramesh S. Taurani |
|---------------------------|----------------------|----------------------|
| Date of Appointment | April 1, 2008 | April 1, 2008 |
| Period of Agreement | 5 years | 5 years |
| Valid Upto | March 31, 2013 | March 31, 2013 |
| Salary & other allowances | Rs. 90,00,000/- p.a. | Rs. 90,00,000/- p.a. |
| Perquisites | - | - |
| Notice Period | 30 days | 30 days |

Notes:

1. Mr. Kumar S. Taurani was re-appointed as the Chairman & Managing Director of the Company for the period of 5 (Five) years w.e.f April 1, 2008 at a gross remuneration of Rs. 90,00,000/- per annum and approval from the shareholders for the same was obtained in the Annual General Meeting held on 26-9-2008. Application to Central Government was made to obtain approval for payment of aforesaid remuneration to Mr. Kumar Taurani and approval dated 11th May, 2011 was received to pay the aforesaid remuneration upto 31.03.2012.
2. Mr. Ramesh S. Taurani was re-appointed as the Managing Director of the Company for the period of 5 (Five) years w.e.f April 1, 2008 at a gross remuneration of Rs. 90,00,000/- per annum and approval from the shareholders for the same was obtained in the Annual General Meeting held on 26-9-2008. Approval from Central Government vide their letter dated 27th April, 2011 was obtained to pay aforesaid remuneration to Mr. Ramesh Taurani upto 31-3-2010. Application to pay the remuneration of Rs. 90,00,000/- p.a. for the remaining period from 1-4-2010 to 31-3-2013 was made to Central Government vide our letter dated May 23, 2011. Approval for the same is awaited.

✓ Non-executive Directors:

Sitting fees of Rs. 11,000/- for attendance at each meeting of Board, Audit and Shareholders Grievance & Share Transfer Committee is paid to the Non-Executive Independent Directors. No remuneration other than sitting fees is paid to them. The total sitting fees paid to the Non-Executive Independent Directors are as stated below:

| Name | Salary (Rs.p.a) | Sitting Fees (Rs. p.a) | Total (Rs. p.a) |
|---------------------|--------------------|---------------------------|--------------------|
| Mr. Amitabh Mundhra | – | 44,000/- | 44,000/- |
| Ms. Radhika Pereira | – | 44,000/- | 44,000/- |
| Ms. Sunita Menon | – | NIL | NIL |

The Company did not have any pecuniary relationship or transactions with the non executive directors.

➤ **Shareholder's Grievance and Share Transfer Committee:**

The Company has constituted a Shareholders Grievance and Share Transfer Committee which comprises of the following members:

- ✓ Ms. Radhika C. Pereira, Chairperson – Independent & Non-Executive Director
- ✓ Mr. Kumar S Taurani – Executive Director
- ✓ Mr. Ramesh S. Taurani – Executive Director

The major functions of the Committee includes reviewing the status and monitoring the redressal of Shareholder/Investor complaints relating to shares, non-receipt of Annual Reports, issue of duplicate certificates and all other matters in respect of investor complaints / grievances.

The Company has appointed Link Intime Pvt Ltd as its Registrars and Transfer Agents to consider, approve or reject the share transfer, transmission, consolidations, splitting, demat & remat of shares and to carry out related functions and to carry out all documentation and procedures in connection with the same.

During the year, the Committee met 4 times i.e on May 11, 2011, July 20, 2011, October 18, 2011, and February 9, 2012.

The attendance of the members at the meetings are as follows:

| Name of the Director | Category | Number of Meetings | |
|------------------------|-------------|--------------------|----------|
| | | Held | Attended |
| Ms. Radhika C. Pereira | Chairperson | 4 | 4 |
| Mr. Kumar S. Taurani | Member | 4 | 4 |
| Mr. Ramesh S. Taurani | Member | 4 | 3 |

During the financial year 2011-2012, a total of 5 queries /complaints were received by the Company from Shareholders/Investors as detailed below.

| Particulars | Number of Complaints |
|---|----------------------|
| No. of Complaints resolved as on March 31, 2012 | 5 |
| No of Complaints pending as on March 31, 2012 | Nil |
| No. of pending share transfers as on March 31, 2012 | Nil |

Name, Designation & Address of Compliance Officer:

Ms. Bhoomi R. Thakker
Company Secretary
202, Glacis Towers, Linking Road, Khar (W), Mumbai – 400 052
Tel: 022-61271668, E-mail: response@tips.in

➤ **Buy- Back Committee:**

The Board of Directors in its meeting dated June 27, 2009 had constituted a Buy- Back Committee comprising of the following members:

- ✓ Mr. Kumar Taurani, Executive Director,
- ✓ Mr. Amitabh Mundhra, Independent Director, and
- ✓ Mr. Ishwar Gursahani, Vice President – Legal and Corporate Affairs.

The said Committee is authorized to do or cause to be done all such acts, deeds, matters and things and to exercise all such powers as may be necessary, expedient, usual or proper to implement the Buy- Back of its equity shares.

No meeting was held during the year.

General Body Meetings:

The details of the last three Annual General Meetings held are as under:

✓ **Financial Year 2010-11:**

Date: 29th July, 2011

Time: 4 p.m

Location: The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400049

Special Resolutions: NIL

✓ **Financial Year 2009-10:**

Date: 5th August, 2010

Time: 4 p.m

Location: The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400049

Special Resolutions: NIL

✓ **Financial Year 2008-09:**

Date: 29th August, 2009

Time: 4 p.m

Location: The Jubilee Room, Hotel Sun-N-Sand, Juhu, Mumbai- 400049

Special Resolutions: i) Appointment of Mr. Kunal Taurani and Mrs. Varsha R. Taurani as Vice President – Music and Vice President – Administration respectively and fixing their remuneration.
ii) Increase in borrowing limits of the Company pursuant to section 293 (1) (d) of the Companies Act, 1956.

All the resolutions at the last Annual General Meeting were passed by show of hands by members attending the meeting.

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

Disclosures:

- 1) There are no material transactions with Directors or the Management or their relatives having potential conflict with the interest of the Company at large. Further all the related party transactions have been disclosed in Note No.31(d) of Notes to Accounts of the financial statements.
- 2) The Company has complied with all requirements of the Listing Agreement with the Stock Exchanges (BSE & NSE). No penalties

were imposed against the Company by Stock Exchange or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

- 3) As required by SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code for prevention of insider trading by any personnel of the Company. Ms Bhoomi R. Thakker, Company Secretary acted as the Compliance Officer.
- 4) i) **Mandatory Requirements:** The Company has complied with all the mandatory requirements as prescribed in Annexure I C to Clause 49 of the Listing Agreement.
ii) **Non – Mandatory Requirements:**
 - ✓ The Board has constituted a Remuneration Committee of Directors, details of which form part of this report.
 - ✓ The Company moves towards a regime of unqualified financial statements.
 - ✓ The quarterly financial results of the Company are extensively published in leading financial newspapers and uploaded on the Company's website.
 - ✓ The boards of directors are well versed with the business of the Company and are also updated on current information required to discharge their fiduciary responsibilities.

As regards the other non-mandatory requirements, the board has taken cognizance of the same and may consider adopting them as and when deemed appropriate.

Share Acquisitions by Promoters:

During the year, the Promoters have acquired shares of the Company representing 4.49% of the total paid up capital of the Company on various dates since October 2011. The number of shares acquired by them till 31st March, 2012 are as follows:

| Name of the Promoter | Shareholding before acquisition i.e as on 31 st March, 2011 | No. of shares acquired during the year | Shareholding after acquisition i.e as on 31 st March, 2012 |
|----------------------|---|---|--|
| Kumar Taurani | 2372184 – 14.86% | 267113 – 1.67% | 2639297 – 16.54% |
| Ramesh Taurani | 2375684 – 14.89% | 257611 – 1.61% | 2633295 – 16.50% |
| Renu Taurani | 2376933 – 14.89% | 91785 – 0.58% | 2468718 – 15.47% |
| Varsha Taurani | 2373433 – 14.87% | 101285 – 0.63% | 2474718 – 15.51% |
| TOTAL | 9498234 – 59.52% | 717794 – 4.5% | 10216028 – 64.02% |

The Promoter Holding pursuant to the aforesaid acquisitions is as under:

| Name of the Promoter | Shareholding as on 31st March, 2011 | Shareholding as on 31st March, 2012 |
|-----------------------------|---|---|
| Kumar Taurani | 2372184 – 14.86% | 2639297 – 16.54% |
| Ramesh Taurani | 2375684 – 14.89% | 2633295 – 16.50% |
| Renu Taurani | 2376933 – 14.89% | 2468718 – 15.47% |
| Varsha Taurani | 2373433 – 14.87% | 2474718 - 15.51% |
| Shyam Lakhani | 7000 – 0.04% | 7000 – 0.04% |
| Kavita Lakhani | 4500 – 0.28% | 4500 – 0.28% |
| Rajeev Sogani | 7350 – 0.05% | NIL |
| TOTAL | 9517084 – 59.64% | 10227528 – 64.09% |

All the necessary disclosures as per the Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 and Securities And Exchange Board Of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 were duly made to the stock exchanges. Timely disclosures were also given by the Promoters to the Company and the promoters had obtained necessary pre-clearances as and when required under the Code of Conduct of Tips Industries Limited.

Certification of Financial Reporting and Internal Controls:

In accordance with Clause 49 V of the listing agreements, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee was taken on record at the board meeting convened for approval of the audited financial results of the Company for the year under review.

Green Initiative

The Company supporting the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 whereby they have allowed the Companies to send various notices and documents, including Annual Report, to its shareholders through electronic mode, had requested its shareholders to join the Ministry and the Company in its initiative by registering their e-mail id's with their Depository participants (DPs)/ Company/Registrars & Share Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs/ Company/Registrars & Share Transfer Agents. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Company/Registrars & Share Transfer Agents, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

Address for correspondence with Depositories /Company/Registrars & Share Transfer Agents are as follows:-

National Securities Depository Limited

Trade World, A Wing,
4th & 5th Floors, Kamala Mills
Compound, Lower Parel,
Mumbai-400 013.
Telephone : (022) 2499 4200
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai-400 001.
Telephone : (022) 2272 3333
E-mail : investors@cdslindia.com
Website : www.cdslindia.com

Tips Industries Limited

Ms. Bhoomi R. Thakker
Company Secretary
202, Glacis Towers,
Linking Road, Khar (W),
Mumbai - 400 052
Tel: 022-61271668
E-mail: response@tips.in

Registrars & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills
Compound, LBS Marg,
Bhandup (West),
Mumbai - 400 078.
Tel: 022 2596 3838
Fax: 022 2594 6969
Email: rnt.helpdesk@linkintime.co.in

Means of Communication:

Quarterly, Half yearly and Annual results are generally published in Asian Age/Business Standard/Financial Chronicle and Mumbai Lakshadeep. It is also published in prominent daily newspapers viz., The Economic Times and Maharashtra Times. The Financial Results are made available on the Corporate website of the Company: www.tips.in under the head Investors. The Company has not made any presentation to Institutional Investors or to the analysts.

General Shareholders Information:

I) Annual General Meeting:

| | |
|-------|--|
| Date | Friday, July 27, 2012 |
| Time | 4 p.m. |
| Venue | Jubilee Room, Sun N Sand, Juhu, Mumbai - 400 049 |

II) Financial Calendar:

| | |
|-----------------------|--|
| Financial Year | March 31, 2012 |
| Date of Book Closure | July 20, 2012 - July 27, 2012 (Both days inclusive) |
| Dividend Payment Date | On or before August 26, 2012 |

III) Listing:

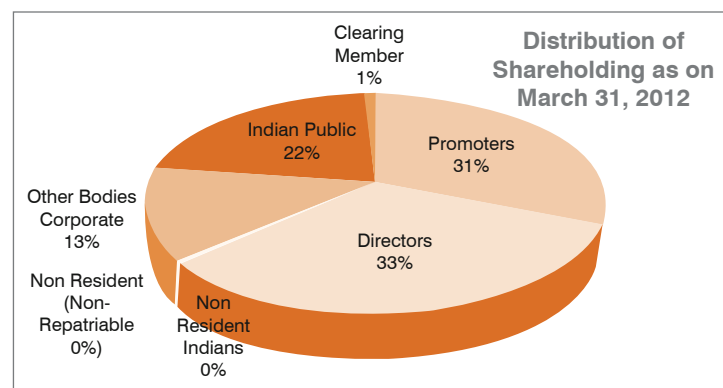
The Company's shares are listed on Bombay Stock Exchange (BSE) and The National Stock Exchange of India Ltd. (NSE). The Stock Exchange Codes assigned to your Company by the respective Stock Exchanges are as under:

| Stock Exchange | Code |
|----------------|----------------|
| BSE | 532375 |
| NSE | TIPSINDLTD- EQ |

ISIN No : INE716B01011

IV) Distribution of Shareholding as on March 31, 2012:

| Number of Equity Shareholdings | Number of Shareholders | Percentage (%) of shareholders | Number of Shares | Percentage (%) of shareholding |
|--------------------------------|------------------------|--------------------------------|------------------|--------------------------------|
| 1 - 500 | 6055 | 86.40 | 823145 | 5.16 |
| 501 -1000 | 479 | 6.84 | 397160 | 2.49 |
| 1001 -2000 | 181 | 2.58 | 279638 | 1.75 |
| 2001 -3000 | 82 | 1.17 | 211947 | 1.33 |
| 3001 - 4000 | 46 | 0.66 | 165657 | 1.04 |
| 4001 - 5000 | 48 | 0.68 | 227186 | 1.42 |
| 5001 - 10000 | 60 | 0.86 | 444999 | 2.79 |
| 10001-above | 57 | 0.81 | 13408968 | 84.02 |
| Total | 7008 | 100 | 15958700 | 100 |



V) Shareholding Pattern as on March 31, 2012:

| Category | Total no. of shares held | % to Capital |
|---------------------------------|--------------------------|---------------|
| Promoters | 4954936 | 31.05 |
| Promoter & Directors | 5272592 | 33.04 |
| Non Resident Indians | 29929 | 0.19 |
| Non Resident (Non- Repatriable) | 7725 | 0.05 |
| Other Bodies Corporate | 2054930 | 12.88 |
| Indian Public | 3522964 | 22.07 |
| Clearing Member | 115624 | 0.72 |
| Total | 15958700 | 100.00 |

VI) Top Ten Shareholders as on March 31, 2012:

| Name of shareholder | No. of shares held | % of paid up capital |
|--|--------------------|----------------------|
| Renu K Taurani | 2468718 | 15.47 |
| Ramesh S Taurani | 2633295 | 16.50 |
| Varsha R Taurani | 2474718 | 15.51 |
| Kumar S Taurani | 2639297 | 16.54 |
| Pasha Finance Pvt. Ltd. | 666000 | 4.1733 |
| Shastha Advisors Pvt. Ltd. | 787167 | 4.93 |
| Amit Ashok Thawani | 212821 | 1.3336 |
| Prithviraj Saremal Kothari | 207299 | 1.2990 |
| Kiran J. Gokalgandhi | 133714 | 0.8379 |
| Inga management and Investment Private Limited | 112097 | 0.7024 |

VII) Dematerialization of Shares:

The shares of the Company are compulsorily traded in electronic mode and are available for trading with both the depositories in India namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2012, 1,59,36,088 shares representing 99.86% of the Company's paid-up share capital (including 64.09% held by the Promoters) were held in dematerialized form.

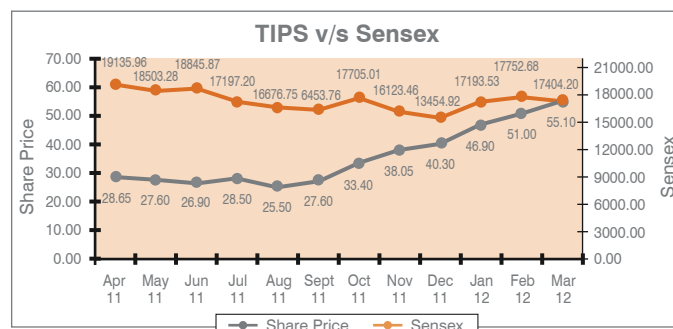
VIII) Market Price Data:

The monthly high and low closing prices and the volume of shares traded on the Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE) are as under:

| Month | Share Prices on the BSE (Rs.) | | Volume of Shares traded | Share Prices on the NSE (Rs.) | | Volume of Shares traded |
|----------|-------------------------------|--------|-------------------------|-------------------------------|--------|-------------------------|
| | Highest | Lowest | | Highest | Lowest | |
| Apr – 11 | 33.7 | 25.85 | 359951 | 33.4 | 28.35 | 580423 |
| May- 11 | 29.9 | 26.05 | 187346 | 29.65 | 26.1 | 150984 |
| Jun – 11 | 30.6 | 25.5 | 171986 | 30.5 | 25.7 | 230217 |
| Jul – 11 | 32.4 | 27.15 | 460702 | 32.2 | 27.05 | 312969 |
| Aug – 11 | 29.45 | 23.7 | 117628 | 29 | 23.05 | 125152 |
| Sep – 11 | 32.5 | 24.75 | 254711 | 32.5 | 25 | 162434 |
| Oct – 11 | 34.5 | 27.1 | 129476 | 34.5 | 27.2 | 150123 |
| Nov – 11 | 38.9 | 30.05 | 164872 | 38.75 | 29.15 | 238848 |
| Dec – 11 | 42.25 | 37 | 217408 | 41.95 | 36.75 | 239879 |
| Jan - 12 | 51.95 | 40 | 181536 | 49.1 | 39.1 | 253900 |
| Feb – 12 | 58.85 | 43.75 | 623713 | 58.95 | 44 | 232623 |
| Mar – 12 | 57.3 | 47.4 | 497117 | 58 | 50 | 226739 |

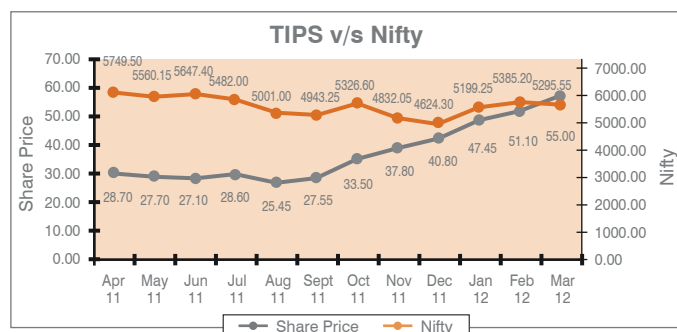
IX) Performance of share price of the Company in comparison to the Sensex:

| Months | Share Price (Closing) | BSE Sensex (Closing) |
|----------|-----------------------|----------------------|
| Apr – 11 | 28.65 | 19,135.96 |
| May – 11 | 27.6 | 18,503.28 |
| Jun – 11 | 26.9 | 18,845.87 |
| Jul – 11 | 28.5 | 18,197.20 |
| Aug – 11 | 25.5 | 16,676.75 |
| Sep – 11 | 27.6 | 16,453.76 |
| Oct – 11 | 33.4 | 17,705.01 |
| Nov – 11 | 38.05 | 16,123.46 |
| Dec – 11 | 40.3 | 15,454.92 |
| Jan – 12 | 46.9 | 17,193.55 |
| Feb – 12 | 51 | 17,752.68 |
| Mar – 12 | 55.1 | 17,404.20 |



X) Performance of share price of the Company in comparison to the Nifty:

| Months | Share Price (Closing) | Nifty (Closing) |
|----------|--------------------------|--------------------|
| Apr – 11 | 28.7 | 5749.5 |
| May – 11 | 27.7 | 5560.15 |
| Jun – 11 | 27.1 | 5647.4 |
| Jul – 11 | 28.6 | 5482 |
| Aug – 11 | 25.45 | 5001 |
| Sep – 11 | 27.55 | 4943.25 |
| Oct – 11 | 33.5 | 5326.6 |
| Nov – 11 | 37.8 | 4832.05 |
| Dec – 11 | 40.8 | 4624.3 |
| Jan – 12 | 47.45 | 5199.25 |
| Feb – 12 | 51.1 | 5385.2 |
| Mar – 12 | 55 | 5295.55 |



XI) Plant Location:

Plot No. 22, Survey No. 126,
Amli, Silvassa – 396 230,
UT of Dadra & Nagar Haveli

XII) Address for Correspondence : Tips Industries Limited

Registered Office:
601, Durga Chambers,
6th Floor, Linking Road,
Khar (W), Mumbai-400 052
Tel : 022-66431188
Fax: 022-66431189
Email: response@tips.in

Accounts & Secretarial Dept.:
202, Glacis Towers,
Linking Road,
Khar (W), Mumbai - 400 052
Tel: 022-61271668

Registrar and Share Transfer Agent:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.
Tel: 022 2596 3838 Fax: 022 2594 6969
Email: rent.helpdesk@linkintime.co.in

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 18, 2012

Kumar S. Taurani
Chairman & Managing Director

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

Name of Director : Mr. Ramesh S. Taurani

Date of Birth : January 17, 1960

Date of appointment : September 27, 2005

Qualification : B.Com.

Expertise :

Mr. Ramesh Taurani, promoter of the Company has been associated with the Company since its inception and has been nurturing the Company ever since. He started his musical journey in the early 1980s with a repertoire of regional and devotional music titles, venturing into popular Hindi film music at a later stage after which he entered into Film production and distribution. With all this vast experience in the media industry, he has managed to multiply the Company's growth.

Directorships in other Public Companies as on March 31, 2012

Tips Films Limited

Memberships / Chairmanships of Committees in Public Companies : NIL

CEO and CFO Certification

[Pursuant to Clause 49(V) of the Listing Agreement]

We, Kumar S. Taurani, Chairman and Managing Director of Tips Industries Limited and I.T.Gursahani, V.P. – Legal & Corporate Affairs of Tips Industries Limited, do hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or

operation of such internal controls, if any, of which we are aware and the steps we have taken or we propose to take to rectify these deficiencies.

- d. We have indicated to the auditors and the Audit Committee;
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Kumar S. Taurani
Chairman & Managing Director

Ishwar T. Gursahani
V.P. – Legal & Corporate Affairs

Place: Mumbai
Date: May 18, 2012

Place: Mumbai
Date: May 18, 2012

Declaration from the Chairman and Managing Director

[Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement]

To

All the Members,

I, Kumar S. Taurani, Chairman and Managing Director of the Company hereby affirm that the Members of the Board and the Senior Management personnel have complied with the Tips Industries Code of Conduct for the financial year ended on March 31, 2012.

Place: Mumbai
Date: May 18, 2012

Kumar S. Taurani
Chairman & Managing Director

Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of Tips Industries Limited

1. We have examined the compliance of the conditions of Corporate Governance by Tips Industries Limited (the company) for the year ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.
2. The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has

complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. K. Khare and Co.

Chartered Accountants
Firm Registration No. 105102W

Sunil Bhandari

Partner

Membership No. 37388

Place : Mumbai

Dated : May 18, 2012

Auditors' Report

To
THE MEMBERS OF TIPS INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of TIPS INDUSTRIES LIMITED as at 31st March 2012 and the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as it appears from our examination of these books.

- (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow dealt with by this Reports are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012,
 - (ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date, and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. 105102W

Sunil Bhandari
Partner
Membership No. 37388

Place : Mumbai
Dated : May 18, 2012

Annexure to the Auditors' Report

Referred to in paragraph (3) of our report of even date on the accounts of **Tips Industries Limited** for the year ended 31st March 2012

(i) FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has carried out physical verification of fixed assets in accordance with the verification programme. According to information and explanation given to us and in our opinion, discrepancies noticed on such verification were not material and have been appropriately dealt with in the books of accounts of the company.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.

(ii) INVENTORY

- (a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories.

(iii) LOANS AND ADVANCES GRANTED /TAKEN FROM CERTAIN ENTITIES:

- (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the order are not applicable.

- (b) According to the information and explanations given to us, during the year ended March 31, 2012 the Company has taken unsecured loan from five parties covered in the register maintained under section 301 of the act, aggregating to Rs 195 lacs. The maximum amount of loan outstanding during the year was 535 lacs and balance outstanding at the end of the year is Rs. 260 lacs.
- (c) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loans taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company. The repayment of principal and interest is regular.

(iv) INTERNAL CONTROL SYSTEM

In our opinion and according to the information and explanations given to us, there are adequate internal control systems to commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.

(v) CONTRACTS OR ARRANGEMENT REFERRED TO IN THIS SECTION 301 OF THE COMPANIES ACT, 1956:

- (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, in respect of transactions which have been made in pursuance of contracts or arrangement

entered in the register maintained under Section 301 and exceeding the value of Rs.5,00,000 in respect of any party during the period, we are not in the position to compare the prices with the prevailing market prices or prices charged to other parties as there have been no other such purchases or sales of exact type of goods, materials or sales of services and hence we have relied on managements representation as to reasonableness of such prices.

(vi) ACCEPTANCE OF DEPOSITS:

The Company had accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and the relevant provisions of the Companies Act, 1956 and rules framed thereunder, where applicable, have been complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vii) INTERNAL AUDIT SYSTEM:

In our opinion, the company has adequate internal audit system commensurate with the size and the nature of its business.

(viii) COST RECORDS:

The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

(ix) STATUTORY DUES:

- (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty,

Excise duty and Cess are in arrears, as on 31st March 2012 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute.

(x) ACCUMULATED LOSSES:

The Company has no accumulated losses as at 31st march 2012 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) DUES TO FINANCIAL INSTITUTIONS, BANKS AND DEBENTURE HOLDERS:

According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in the repayment of dues to any Financial Institutions and Banks.

(xii) SECURITY FOR LOANS & ADVANCES GRANTED:

According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) SPECIAL STATUTE:

In our opinion and according to the information and explanation given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/societies.

(xiv) DEALINGS/TRADING IN SHSRES, SECURITIES, DEBENTURES AND OTHER INVESTMENTS:

The Company does not deal or trade in shares, securities, debentures and other investments.

(xv) GUARANTEES GIVEN:

The Company has given guarantee for loans taken by Managing Directors from banks aggregating to Rs. 28.55 lacs as on

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|

balance sheet date. According to information and explanations given to us, the terms and conditions of guarantees given are not prima-facie prejudicial to the interest of the company.

(xvi) TERM LOANS:

According to information and explanation given to us, term loans obtained were applied for the purpose for which the loans were obtained.

(xvii) UTILISATION OF FUNDS:

According to the information and explanations given to us, on an overall examination of the Balance Sheet and the Cash Flow of the Company, we report that the company has not utilized funds raised on short-term basis for long-term investment.

(xviii) PREFERENTIAL ALLOTMENT OF SHARES:

During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) SECURITY FOR DEBENTURES ISSUED:

The Company has not issued any debentures during the year.

(xx) PUBLIC ISSUE OF EQUITY SHARES:

During the year the Company has not raised any money by way of public issue.

(xxi) FRAUDS NOTICED:

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For B. K. Khare and Co.

Chartered Accountants
Firm Registration No. 105102W

Sunil Bhandari

Partner

Membership No. 37388

Place : Mumbai

Dated : May 18, 2012



Balance Sheet As At March 31, 2012

(Amount in Lacs)

| Particulars | Note No. | As at March 31, 2012 | As at March 31, 2011 |
|------------------------------------|----------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share capital | 2 | 1,596 | 1,596 |
| (b) Reserves and surplus | 3 | 6,862 | 6,352 |
| | | 8,457 | 7,948 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 2,054 | 1,109 |
| (b) Long-term provisions | 5 | 2 | - |
| | | 2,056 | 1,109 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 6 | 1,389 | 3,387 |
| (b) Trade payables | 7 | 1,026 | 699 |
| (c) Other current liabilities | 8 | 4,649 | 1,479 |
| (d) Short-term provisions | 9 | 371 | 232 |
| | | 7,434 | 5,796 |
| TOTAL | | 17,948 | 14,853 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed Assets | 10 | | |
| (i) Tangible assets | | 2,919 | 3,281 |
| | | 2,919 | 3,281 |
| (b) Non-current investments | 11 | 1 | 1 |
| (c) Long-term loans and advances | 12 | 1,606 | 1,815 |
| | | 4,525 | 5,096 |
| (2) Current Assets | | | |
| (a) Inventories | 13 | 6,517 | 5,443 |
| (b) Trade receivables | 14 | 2,511 | 2,290 |
| (c) Cash and Bank Balances | 15 | 2,232 | 70 |
| (d) Short-term loans and advances | 16 | 2,154 | 1,948 |
| (e) Other Current assets | 17 | 8 | 6 |
| | | 13,422 | 9,757 |
| TOTAL | | 17,948 | 14,853 |

Significant Accounting Policies
Notes to Financial Statements

1
2 - 34

In terms of our report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Sunil Bhandari
Partner
Membership No. 37388

For and on behalf of the Board of Directors of
TIPS INDUSTRIES LIMITED

Kumar S. Taurani
Chairman & Managing Director

Radhika Pereira
Director

Bhoomi Thakker
Company Secretary

Place: Mumbai
Date: 18th May 2012

Place: Mumbai
Date: 18th May 2012

Statement of Profit and Loss for the Year Ended March 31, 2012

(Amount in Lacs)

| Particulars | Note No. | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|----------|------------------------------|------------------------------|
| I. Revenue from operations | 18 | 7,232 | 6,662 |
| II. Other income | 19 | 481 | 62 |
| III. Total Revenue (I + II) | | 7,713 | 6,724 |
| IV. Expenses: | | | |
| Cost of materials consumed | 20 | 82 | 53 |
| Changes in inventories of finished goods, work-in-progress | 21 | 38 | 125 |
| Cost of Production / Distribution of Expenses | 22 | 2,229 | 3,900 |
| Employee benefits expense | 23 | 445 | 353 |
| Finance costs | 24 | 537 | 642 |
| Depreciation and amortization expense | | 158 | 162 |
| Other expenses | 25 | 3,159 | 1,083 |
| Wealth Tax | | 3 | 1 |
| Total Expenses | | 6,650 | 6,318 |
| V. Profit before Tax | | 1,063 | 406 |
| VI. Prior Period Expenses | | 4 | 17 |
| VII. Profit Before Tax | | 1,059 | 389 |
| VIII. Tax Expenses: | | | |
| (1) Current Tax | | 155 | 90 |
| (2) (Excess) / Short Provision | | 23 | 0 |
| IX. Profit / (Loss) for the year | | 881 | 298 |
| X. Earnings per equity share: | 31(b) | | |
| (1) Basic | | 5.52 | 1.81 |
| (2) Diluted | | 5.52 | 1.81 |

Significant Accounting Policies
Notes to Financial Statements

1
2 - 34

In terms of our report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Sunil Bhandari
Partner
Membership No. 37388

Place: Mumbai
Date: 18th May 2012

For and on behalf of the Board of Directors of
TIPS INDUSTRIES LIMITED

Kumar S. Taurani
Chairman & Managing Director

Radhika Pereira
Director

Bhoomi Thakker
Company Secretary

Place: Mumbai
Date: 18th May 2012

Cash Flow Statement For the Year Ended March 31, 2012

(Currency: Indian Rupees in Lacs)

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------------------------------|------------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before taxation | 1,059 | 389 |
| Adjustments for: | | |
| Depreciation on fixed assets | 158 | 162 |
| Loss on sale of fixed assets | 375 | 7 |
| Reversal of Dividend | – | 0 |
| Provision for Doubtful Debts/Advances | (89) | 112 |
| Interest expenses | 543 | 691 |
| Foreign Exchange Loss | 6 | (5) |
| Interest income | 61 | 1 |
| Operating Profit before Working Capital changes | 1,990 | 1,354 |
| Adjustments for : | | |
| (Increase) / Decrease in inventories | (1,074) | 2,465 |
| (Increase) / Decrease in trade receivables | (137) | (1,511) |
| (Increase) / Decrease in Short Term loans and advances | (203) | (498) |
| (Increase) / Decrease in Long Term loans and advances | 209 | 461 |
| Increase/(Decrease) in liabilities | 3,837 | (810) |
| Increase/(Decrease) in provisions | 2 | – |
| CASH GENERATED FROM OPERATIONS | 4,625 | 1,461 |
| Income tax Paid | (181) | (158) |
| Net Cash inflow from/ (outflow) from Operating activities | 4,444 | 1,302 |
| B. Cash Flow from Investing Activities | | |
| Purchase of investments | – | – |
| Purchase of fixed assets | (177) | (61) |
| Sale Proceeds from investments | – | – |
| Sale Proceeds from fixed assets | 6 | 0 |
| Interest received | 58 | 1 |
| Dividend received | – | – |
| Net Cash inflow from/ (outflow) from Investing activities | (112) | (60) |

(Currency: Indian Rupees in Lacs)

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------------------------------|------------------------------|
| C. Cash Flow from Financing Activities | | |
| Repayments/Proceeds from issue of shares including premium | – | (641) |
| Proceeds from borrowings | – | – |
| Repayment of Long Term borrowings | 613 | (1,253) |
| Repayment of Short Term Borrowings | (1,998) | 1,168 |
| Interest paid | (553) | (654) |
| Dividend paid | (198) | (212) |
| Corporate Dividend Tax Paid | (32) | (36) |
| Net Cash inflow from/ (outflow) from Financing activities | (2,169) | (1,629) |
| Net increase / (decrease) in cash and cash equivalents | 2,162 | (387) |
| Opening Cash and Cash Equivalents | | |
| Cash in hand | 19 | 3 |
| Bank balances | 51 | 453 |
| | 70 | 457 |
| Closing Cash and Cash Equivalents | | |
| Cash in hand | 23 | 19 |
| Bank balances | 2,210 | 51 |
| | 2,232 | 70 |

Non cash transactions:

1. Interest on loans, deposits etc is classified as cash flow from financing activities.
2. The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
3. Previous year figures have been regrouped wherever necessary, to correspond with the figures of the current year.
4. Cash and cash equivalents include unclaimed dividend Rs. 412250/- (Previous year Rs Nil) which are not available for use by company (Ref Sch No 15)

In terms of our report of even date

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Sunil Bhandari

Partner

Membership No. 37388

Place: Mumbai

Date: 18th May 2012

For and on behalf of the Board of Directors of

TIPS INDUSTRIES LIMITED

Kumar S. Taurani

Chairman & Managing Director

Radhika Pereira

Director

Bhoomi Thakker

Company Secretary

Place: Mumbai

Date: 18th May 2012

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

1. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting Convention:

The accompanying financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in all material respects with Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act 1956.

ii. Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimate results. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

iii. Presentation & Disclosure of Financial Statement:

For the purpose of preparation and presentation of Financial Statements for the year ended 31st March 2012 the Company has adopted revised schedule VI notified under the Companies Act 1956. Though, the adoption of revised schedule VI has no impact on the recognition and measurement principles consistently followed by the Company, it has significant impact on presentation and disclosures made in the financial statements. Accordingly, all assets & liabilities have been classified as current & non – current as per the operating cycle (3 years estimated by the Company for films business) and other criteria set out in the Schedule VI of the Companies Act, 1956. Further, the Company, in preparing financial statements including Notes to Accounts, has maintained balance between providing excessive details that may not assist users of financial statements and not providing important information as a result of too much aggregation.

iv. Revenue recognition:

(a) Turnover:

Audio Product Sale:

Sale of goods to intermediate parties (distributors) and others is recognised when the significant risks and rewards of ownership are transferred and is disclosed net of returns and trade discount. Revenue from sale of audio rights is recognised on transfer / assignment of the rights as per the contracts /arrangements with the parties.

Royalties from Music Rights:

Royalty is recognised only when it is reasonably certain that the ultimate collection will be made.

Revenue from films:

Income from production of films is recognised in the statement of Profit and Loss on release of films as per the contracts / arrangements with distributors. Revenue from distribution of motion pictures is recognized based on ticket sales on exhibition of motion pictures at exhibition theatres. Recoveries from films as overflows are recognized on the basis of business statements received from the distributors. Revenues from terrestrial rights, video rights, satellite rights etc are recognized on transfer / assignment of respective rights in accordance with the respective agreement or on realization of the substantial consideration whichever is earlier and on delivery of the specified telecasting material.

Although revenues are accounted on accrual basis as aforesaid, the cost is charged to profit and loss account based on the amortisation principles stated in the accounting policy under the head 'cost of feature films'.

(b) Artist Management Receipts:

Artist Management Receipts are recognised in the statements of Profit & Loss A/c on accrual basis as per the Contracts entered by the Artists with respective parties.

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

(c) Interest Income:

Interest Income is accounted on accrual basis, at the contracted rates.

(d) Others:

Revenue in respect of insurance/other claims is recognised only when it is reasonably certain that the ultimate collection will be made.

v. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its current location and condition.

vi. Impairment of Assets

Carrying amount of cash generating units/ assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever the carrying amount exceeds the recoverable amount.

vii. Investments

All long term investments are valued at cost. Provision for diminution in the value of each long term investments is made to recognize a decline other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline if any, is charged to revenue.

viii. Copyrights (audio film albums)

The cost of copyrights (audio film albums) is charged to revenue on the date of release of audio, considering the uncertainty of future economic benefits and the short duration over which such benefits may accrue.

ix. In-house music production (Audio non-film albums):

In-house music production costs are charged to revenue on completion/release of albums, considering the uncertainty of

future economic benefits and the short duration over which such benefits may accrue.

x. Depreciation:

Depreciation is provided for on Straight Line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

In respect of depreciable assets for which impairment loss is recognized, depreciation / amortization is charged on the revised carrying amount over remaining useful life of the assets.

Improvements to Leasehold Premises are amortized over the period of lease.

xi. Inventories:

Items of inventory are valued on the basis as given below:

(a) Raw Materials & Packing Materials

Raw materials and Packing Materials are valued at cost (on First In First Out basis) or net realisable value whichever is lower.

(b) Work-In-Progress

Work-In-Progress is valued at cost of Raw Materials consumed / used.

(c) Finished Goods

Finished Goods are valued at cost or net realisable value whichever is lower. Cost comprises of cost of purchase, cost of copyrights (audio/video films), cost of in-house music productions (audio/video-non-films/films), cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

(d) Cost of Feature Films

- The Company amortizes 60% of the cost of movie rights acquired or produced by it, on first theatrical release of the movie. The said amortization is made proportionately based on Management's estimates of

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

revenues pertaining to Domestic Theatrical Rights, International Theatrical Rights, Television Rights, Video Rights and others over a period of 12 months from the date of theatrical release of the movie.

- Balance 40% of COP is amortized as per the management estimate / review of future revenues but not exceeding nine years and subject to a minimum of 4.4% in any year.

(e) Cost of under Production Films

Expenses of under production films incurred till the films are ready for release are inventorised.

The production of films requires various types of materials in different qualities and quantities. Considering the peculiar nature of those items including their multiplicity and complexity, it is not practicable to maintain quantitative records of those items. Further, in the absence of certainty of reusability of such items, the same are not valued.

- (f) The Company reassesses the realizable value and / or revenue potential of inventory based on market condition and future demand and appropriate write down is made in cases where accelerated write down is warranted.

xii. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected. Exchange differences arising on settlement are recognised in the profit and loss account.

Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the profit and loss account.

xiii. Borrowing Costs:

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such

assets. Borrowing costs that are directly attributable to production of feature films are inventorised as part of cost of production of films. Other borrowing costs are recognised as expense in the period in which they are incurred.

xiv. Employee Benefits:

- Contribution to Provident Fund is charged to revenue.
- Defined Benefit Plan

Company's liabilities towards gratuity is determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

xv. Income Taxes:

Provision for current income tax is made on current tax rate based on assessable income computed under the Income Tax Act 1961 or Book Profit computed under section 115JB (MAT), whichever is higher. MAT credit is recognized subject to requirement of virtual certainty that sufficient future taxable income will be available for set off.

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

xvi. Provisions and Contingent Liabilities:

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the company.

xvii. Segment Accounting

Company considers Business segment as the Primary segment.

Based on similarity of activities / products, risk and reward structure, organization structure and internal reporting systems, the Company has structured its operations into the following business segments.

- Audio / Video productions
- Film Productions / Distribution.

Operations of the Company do not qualify, for reporting as geographic segments, under the criteria set out under Accounting Standard 17 on segment reporting issued by The Institute of Chartered Accountants of India.

xviii. Earning Per Share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share are computed using the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where the results would be anti-dilutive.

xix. Cash Flow

Cash Flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

xx. Leases

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Notes to the Balance Sheet

2 - SHARE CAPITAL

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|---|-------------------------|-------------------------|
| Authorised Capital | | |
| 20,000,000 Equity Shares of Rs. 10/- each fully paid (Previous Year 20,000,000 Equity Shares of Rs. 10/- each fully paid) | 2,000 | 2,000 |
| Issued, Subscribed and Paid up Capital | | |
| 15,958,700 Equity Shares of Rs. 10/- each fully paid (Previous Year 15,958,700 Equity Shares of Rs. 10/- each fully paid) | 1,596 | 1,596 |
| | 1,596 | 1,596 |

a. Rights/Terms attached to Equity Shares

Company has only one class of shares referred to as equity shares having par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors in their meeting held on 18th May 2012, proposed dividend of Rs2/- per equity share (in previous year Rs1.25 per equity share). In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential shares amounts. However no such preferential shares amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Reconciliation of number of shares

(Amount in Rupees)

| Particulars | As at March 31, 2012 | | As at March 31, 2011 | |
|--|----------------------|-------------|----------------------|-------------|
| | Number | Rs. | Number | Rs. |
| Equity Shares outstanding at the beginning of the year | 15,958,700 | 159,587,000 | 17,305,900 | 173,059,000 |
| Equity Shares Issued during the year | - | - | - | - |
| Equity Shares bought back during the year | - | - | 1,347,200 | 13,472,000 |
| Equity Shares outstanding at the end of the year | 15,958,700 | 159,587,000 | 15,958,700 | 159,587,000 |

c. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

During the previous Financial Year 2010 - 11, the Company had bought back 13,47,200 Equity Shares of Rs.10/- each from open market at an average price of Rs. 47.50/-.

d. Details of Shareholders holding more than 5% shares in the company

(Amount in Rupees)

| Particulars | 31st March 2012 | | 31st March 2011 | |
|-------------------|------------------|---------------------------|------------------|---------------------------|
| | No. of Shares | % holding in the class | No. of Shares | % holding in the class |
| Renu K. Taurani | 2,468,718 | 15.47 | 2,376,933 | 14.89 |
| Ramesh S. Taurani | 2,633,295 | 16.50 | 2,375,684 | 14.89 |
| Varsha R. Taurani | 2,474,718 | 15.51 | 2,373,433 | 14.87 |
| Kumar S. Taurani | 2,639,297 | 16.54 | 2,372,184 | 14.86 |

Notes to the Balance Sheet

3 - RESERVES AND SURPLUS

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| a. Capital Redemption Reserve | | |
| Opening Balance | 135 | - |
| (+) Transfer from Share Premium on A/c of Buyback of Equity Shares | - | 135 |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 135 | 135 |
| b. Securities Premium Account | | |
| Opening Balance | 2,919 | 3,560 |
| Less : Premium Utilised for various reasons | | |
| For Creation of Redemption Reserve for Buyback of Equity Shares | - | 135 |
| For Payment of Premium for Buyback of Shares | - | 506 |
| Closing Balance | 2,919 | 2,919 |
| c. General Reserves | | |
| Opening Balance | 311 | 296 |
| (+) Transfer from Surplus | 66 | 15 |
| Closing Balance | 377 | 311 |
| d. Surplus | | |
| Opening | 2,988 | 2,936 |
| (+) Net Profit/(Net Loss) For the current year | 881 | 298 |
| (-) Proposed Dividends | (319) | (199) |
| (-) Tax on Proposed Dividends | (52) | (32) |
| (-) Reversal of Proposed Dividend of F. Y. 2009 - 10 | - | 0 |
| (-) Transfer to General Reserves | (66) | (15) |
| Closing | 3,431 | 2,988 |
| GRAND TOTAL | 6,862 | 6,352 |

Notes to the Balance Sheet

4 - LONG-TERM BORROWINGS

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|-------------------|-------------------------|-------------------------|
| SECURED | | |
| Term loans | | |
| From Banks | 2,054 | 1,109 |
| Total | 2,054 | 1,109 |

TERM LOANS FROM BANKS

1. Term Loan from Axis Bank is repayable in 36 monthly Instalments of Rs.101646/- each from the date of loan viz. 07/08/2009. The Loan is secured by hypothecation of related Vehicle.
2. Term Loan from ICICI Bank is repayable in 36 monthly Instalments of Rs.109340/- each from the date of loan viz. 15/10/2010. The Loan is secured by hypothecation of related Vehicle.
3. Term Loan from HDFC Bank is repayable in 48 monthly Instalments of Rs.37,50,000/- each plus Interest from the date of loan viz. 16/08/2010. The Loan is secured by hypothecation of Commercial Premises of the Company at Mumbai. Further the Loan has been guaranteed by the personal guarantee of one of the Director and Pledge of 5,00,000 Equity Shares of the Company.
4. Term Loan from BMW India Financial is repayable in 36 monthly Instalments of Rs.65,771/- each from the date of loan viz. 01/09/2011. The Loan is secured by hypothecation of related Vehicle. Further the Loan has been guaranteed by the personal guarantee of one of the Director
5. Term Loan from Future Capital Holding Ltd is repayable in 120 monthly Instalments of Rs.6,65,775/- each from the date of loan viz. 07/05/2011. The Loan is secured by hypothecation of Residential Premises and personal guarantee of one of the Director.
6. Term Loan from Religare Finvest Ltd. is repayable in 129 monthly Instalments of Rs.8,06,675/- each from the date of loan viz. 01/07/2011. The Loan is secured by hypothecation of Commercial Premises at Mumbai. Further the Loan has been guaranteed by the personal guarantee of one of the Director
7. Term Loan from ICICI Bank is repayable in 36 monthly Instalments of Rs.3,18,705/- each from the date of loan viz. 15/03/2012 and is secured by hypothecation of related Vehicle.
8. Term Loan from Kotak Mahindra Bank is repayable in 36 monthly Instalments of Rs.38,644/- each from the date of loan viz. 28/03/2012 and is secured by hypothecation of related Vehicle.

Notes to the Balance Sheet

5 - LONG-TERM PROVISIONS

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|----------------------------------|-------------------------|-------------------------|
| Provision for Employee Benefits: | | |
| Gratuity | 2 | - |
| Total | 2 | - |

6 - SHORT-TERM BORROWINGS

(Amount in Lacs)

| | | |
|--|--------------|--------------|
| SECURED | | |
| (a) Loans repayable on demand | | |
| Cash Credit facility from Banks | 1,113 | 1,033 |
| TOTAL | 1,113 | 1,033 |
| Cash Credit Limit from Bank of Baroda | | |
| Cash Credit from Bank of Baroda is secured against Book Debts and Inventories. It is further secured by mortgage of Land and Building situated at Silvassa and Palghar and by personal guarantee/ mortgage of properties owned by one of the directors of the company/relatives. | | |
| UN-SECURED | | |
| (a) Loans from parties other than Banks | 16 | 1,964 |
| (b) Loans and advances from related parties | 260 | 390 |
| TOTAL | 276 | 2,354 |
| Loans from parties other than banks Rs.16,00,000/- (previous year Rs. Nil) are guaranteed by Directors | | |
| Loans and advances from related parties | | |
| Loans and advances from related parties include Loans from Directors and relatives of Directors | | |
| GRAND TOTAL | 1,389 | 3,387 |

Notes to the Balance Sheet

7 - TRADE PAYABLES

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| Trade Payables * | | |
| Due to Micro and Small Enterprises | - | - |
| Other than Micro and Small Enterprises | 1,026 | 699 |
| | 1,026 | 699 |

* Based on the Information available, no creditors have been identified as "Suppliers" within the meaning of Micro, Small and Medium Enterprises Development Act, 2006

8 - OTHER CURRENT LIABILITIES

(Amount in Lacs)

| | | |
|--|--------------|--------------|
| Current maturities of long-term debt * | 554 | 886 |
| Interest accrued and due on borrowings | 30 | 40 |
| Unpaid dividends | 5 | 4 |
| Advance from Customers | 63 | 143 |
| Advance against Films under Production | 3,900 | - |
| Tax Deducted at Source | 78 | 20 |
| Service Tax | - | 383 |
| Wealth Tax | 3 | 1 |
| Others | 15 | 2 |
| Total | 4,649 | 1,479 |

* Refer Note 4 for details of Securities and Terms of Repayment

9 - SHORT-TERM PROVISIONS

(Amount in Lacs)

| | | |
|--------------------------|------------|------------|
| Proposed dividend | 319 | 199 |
| Tax on proposed dividend | 52 | 32 |
| Total | 371 | 232 |

Notes to the Balance Sheet

10 - FIXED ASSETS

(Amount in Lacs)

| PARTICULARS | Gross Block | | | | Accumulated Depreciation | | | Net Block | | |
|------------------------|---------------------|---------------------------|---|----------------------|--------------------------|----------------------------------|-------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2011 | Additions during the Year | Deletions / Adjustments during the Year | As at March 31, 2012 | As at April 1, 2011 | Depreciation charge for the year | Adjustments / disposals | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| Tangible Assets | | | | | | | | | | |
| Land - Owned | 2,810 | - | - | 2,810 | 194 | 94 | - | 288 | 2,522 | 2,616 |
| Plant & Machinery | 684 | | 647 | 38 | 260 | 26 | 271 | 15 | 23 | 425 |
| Furniture & Fixtures | 36 | 2 | 3 | 34 | 12 | 7 | 3 | 16 | 18 | 24 |
| Vehicles | 253 | 169 | - | 421 | 84 | 24 | - | 107 | 314 | 169 |
| Office Equipment | 101 | 6 | 9 | 98 | 54 | 7 | 5 | 56 | 42 | 47 |
| Total | 3,883 | 177 | 659 | 3,401 | 603 | 158 | 279 | 482 | 2,919 | 3,281 |
| Previous Year | 3,838 | 61 | 16 | 3,883 | 449 | 162 | 9 | 603 | 3,281 | 3,389 |

11 - NON-CURRENT INVESTMENTS

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|---|----------------------|----------------------|
| Trade Investments | | |
| Investment in Equity Shares (Unquoted) | | |
| 5000 Equity Shares of Label Mobile Media Pvt. Ltd. of Rs.10/- each fully paid | 1 | 1 |
| TOTAL | 1 | 1 |

12 - LONG-TERM LOANS AND ADVANCES

(Amount in Lacs)

| | | |
|---|--------------|--------------|
| a. Security Deposits | | |
| Unsecured, considered good | | |
| Security Deposit against Premises - Related Party | 900 | 900 |
| Others | 30 | 20 |
| | 930 | 920 |
| b. Other loans and advances | | |
| Unsecured, considered good | | |
| Advances for Forthcoming Films | 543 | 674 |
| Others | 133 | 221 |
| | 676 | 895 |
| TOTAL | 1,606 | 1,815 |

Notes to the Balance Sheet

13 - INVENTORIES (Valued at Cost or Net Relisable Value whichever is lower)

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|-----------------------------------|-------------------------|-------------------------|
| a. Raw Materials and components | 4 | 64 |
| b. Work-in-progress | - | 5 |
| c. Finished goods | 5 | 38 |
| d. Unamortised Cost of Production | 3,951 | 4,949 |
| e. Cost of Films under Production | 2,556 | 387 |
| TOTAL | 6,517 | 5,443 |

14 - TRADE RECEIVABLES

(Amount in Lacs)

| | | |
|--|--------------|--------------|
| Trade receivables outstanding for a period exceeding six months | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 162 | 348 |
| Doubtful | 23 | 112 |
| | 185 | 460 |
| Less: Provision for Doubtful debts | (23) | (112) |
| | 162 | 348 |
| Trade receivables outstanding for a period less than six months | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 2,349 | 1,942 |
| Doubtful | - | - |
| Less: Provision for Doubtful debts | - | - |
| | 2,349 | 1,942 |
| TOTAL | 2,511 | 2,290 |

Notes to the Balance Sheet

15 - CASH AND BANK BALANCES

(Amount in Lacs)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| a. Balances with banks* | | |
| - In Current Accounts | 1,383 | 37 |
| - In EEFC Accounts | 4 | 4 |
| - Deposits with maturity of less than three months | 811 | - |
| - On Unpaid Dividends | 5 | 4 |
| b. Cash on hand | 23 | 19 |
| c. Margin Money Deposit | 6 | 6 |
| TOTAL | 2,232 | 70 |

16 - SHORT-TERM LOANS AND ADVANCES

(Amount in Lacs)

| | | |
|--|--------------|--------------|
| Unsecured, considered good | | |
| Advance Income Tax (Net of Provision for taxation) | 414 | 411 |
| Loans to Employess | 21 | 29 |
| Advances for Film Projects in Hand | 919 | 682 |
| Inter Corporate Deposits | 600 | 535 |
| Prepaid Expenses | 79 | 36 |
| Others | 121 | 255 |
| TOTAL | 2,154 | 1,948 |

17 - OTHER CURRENT ASSETS

(Amount in Lacs)

| | | |
|---|----------|----------|
| a. Interest Accrued on Loans / Fixed Deposits / Investments | 8 | 6 |
| TOTAL | 8 | 6 |



Notes to the Statement of Profit and Loss

18 - REVENUE FROM OPERATIONS

(Amount in Lacs)

| Particulars | Year Ended March 31, 2012 | Year Ended March 31, 2011 |
|---|------------------------------|------------------------------|
| Sale of Audio Products | 24 | 78 |
| Revenue from Film Production & Distribution | 3,622 | 2,906 |
| Royalty Receipts (Net) | 3,483 | 3,673 |
| Other operating income | | |
| – Artist Management Fees | 68 | - |
| – Audio Right Receipts | 5 | 3 |
| – Scrap Sales | 30 | 3 |
| | 7,232 | 6,662 |

19 - OTHER INCOME

(Amount in Lacs)

| | | |
|---|------------|-----------|
| Interest Income | 61 | 1 |
| Other non-operating income (net of expenses directly attributable to such income) | 420 | 52 |
| – Foreign Exchange Gain | - | 9 |
| | 481 | 62 |

20 - COST OF MATERIAL CONSUMED

(Amount in Lacs)

| | | |
|--------------------------------------|-----------|-----------|
| Opening Stock of Raw Materials | 64 | 89 |
| Add: Purchases of Raw Materials | 22 | 28 |
| Less: Closing Stock of Raw Materials | 4 | 64 |
| | 82 | 53 |

Notes to the Statement of Profit and Loss

21 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

(Amount in Lacs)

| Particulars | Year Ended March 31, 2012 | Year Ended March 31, 2011 |
|--------------------------|------------------------------|------------------------------|
| Opening Inventory | | |
| Finished Goods | 38 | 161 |
| Work-In-Progress | 5 | 6 |
| | 43 | 168 |
| Closing Inventory | | |
| Finished Goods | 5 | 38 |
| Work-In-Progress | - | 5 |
| | 5 | 43 |
| | 38 | 125 |

22 - COST OF PRODUCTION / DISTRIBUTION OF FILMS

(Amount in Lacs)

| | | |
|---|--------------|--------------|
| Cost of Under Production films | 387 | 4,738 |
| Unamortised cost at beginning of the year | 4,949 | 2,913 |
| Add: Cost incurred during the year | 3,040 | 1,585 |
| Less: Unamortised cost at the close of the year | (3,951) | (4,949) |
| Less: Cost of underproduction films carried forward | (2,556) | (387) |
| Add: Acquisition of film Rights | 361 | - |
| COST OF PRODUCTION / DISTRIBUTION OF FILMS | 2,229 | 3,900 |

23 - EMPLOYEE BENEFIT EXPENSES

(Amount in Lacs)

| | | |
|-------------------------|------------|------------|
| Salaries and incentives | 410 | 336 |
| Contributions to - | | |
| Provident fund | 6 | 5 |
| Labour Fund | 0 | - |
| Gratuity fund | 20 | 5 |
| ESIC | 1 | 1 |
| Staff welfare expenses | 7 | 6 |
| | 445 | 353 |

Notes to the Statement of Profit and Loss

24 - FINANCE COST

(Amount in Lacs)

| Particulars | Year Ended March 31, 2012 | Year Ended March 31, 2011 |
|------------------|------------------------------|------------------------------|
| Interest expense | 537 | 642 |
| Others | - | - |
| | 537 | 642 |

25 - OTHER EXPENSES

(Amount in Lacs)

| | | |
|---|--------------|--------------|
| Power and Fuel | 11 | 10 |
| Rent | 132 | 122 |
| Repairs & Maintenance to Building and Machinery | 9 | 4 |
| Insurance | 57 | 80 |
| Rates and Taxes | 30 | 16 |
| Legal and Professional | 225 | 129 |
| Audio , Video Rights & Digital Rights | 311 | 4 |
| In-house Music Production Cost (audio / video non film & censor exps of albums) | 69 | 6 |
| Films Publicity and Distribution Expenses | 754 | 204 |
| Acquisition of Film Rights | - | - |
| Advertisement Expenses | 47 | 91 |
| Travelling and Conveyance | 54 | 63 |
| Artist Management Expenses | 61 | - |
| Audit Fees | 13 | 14 |
| Auditors Out of Pocket Expenses | 0 | 0 |
| Donation | 56 | 6 |
| Loss on sale of fixed assets / Assets written off | 379 | 7 |
| Loss on foreign currency transaction and translation | 7 | - |
| Inter Corporate Deposit written off | 300 | - |
| Bad Debts and Advances Written Off | 555 | 53 |
| Add: Prov for Doubtful Debts & Advances | 23 | 112 |
| Less: Provision for Doubtful Debts/Advances reversed | (112) | (48) |
| | 466 | 117 |
| Others | 177 | 210 |
| | 3,159 | 1,083 |

Payment to Auditors

| | | |
|-----------------------------|-----------|-----------|
| Statutory Audit Fees | 10 | 10 |
| Certification Fees | 2 | 2 |
| Management Consultancy Fees | 2 | 2 |
| | 13 | 14 |

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

26. Contingent Liabilities:

| | As on 31-03-12 | As on 31-03-11 |
|--|-------------------|-------------------|
| a) Counter Guarantees given to a Bank on behalf of Managing Director | 28.55 | 54.98 |
| b) Penalty under FEMA Act * | 90.00 | 90.00 |

* The Company is hopeful of favorable decisions for the appeal pending before the Hon'able Supreme Court. The Hon'ble Supreme Court has granted stay until disposal of petition.

27. Mr. Ramesh S. Taurani was re-appointed as the Managing Director of the Company for the period of 5 (Five) years w.e.f April 1, 2008 at a gross remuneration of Rs. 90/- per annum and approval from the shareholders for the same was obtained in the Annual General Meeting held on 26-9-2008. In September 2009, since the remuneration was exceeding the limits prescribed in Sch XIII of the companies Act, 1956, the Company made an application to the Central Government for payment of remuneration of Rs. 90/- for a period of 5 years till 31-3-2013. The Central Government vide its order dated 27th April, 2011 gave the approval to pay the aforesaid remuneration till 31-3-2010. A fresh application for the remaining term of his office for the period 01-04-2010 to 31-03-2013 was made on 23rd May 2011. Pending approval of the Central Government, remuneration of Rs. 180/- for the Financial Years 2010-11 & 2011-12 is paid by the company.

28. Note on Fixed Assets sold:

- a) The company during the F.Y. 2008-09 had made provision for write-off of audio cassettes duplicating machines of the gross value of which was Rs. 4,63,68,335/- and the Net Assets Value was Rs. 2,08,16,492/-. The realizable value of the machines were determined at Rs. 5,00,000/- and the same was shown in the Balance Sheet under the heading "Assets Held For Disposal". The Profit & Loss

Account was debited with Rs. 2,03,16,492/- under the heading "Loss on Assets Awaiting Disposal". During the current financial year the entire machinery was sold (refer Para B hereunder).

- b) Due to change in the technology, the audio cassette machine had become obsolete hence the entire Audio Cassettes machines (including the earlier machines held for disposal as mentioned in Para A above) have been sold in the current financial year. The total value realized from the sale of entire machinery (including the earlier machinery held for disposal as mentioned in Para A above) is Rs. 4,69,000/-. In the current financial year the Profit & Loss Account has been debited with Rs. 3,76,16,524/- under the heading "Loss on Sale of Assets"

29. Sundry Debtors, Sundry Creditors and balances of advances are subject to confirmations and reconciliation, if any.

30. Provision for Tax:

The current tax provision is based on tax payable on book profits computed u/s 115JB of the Income Tax Act, 1961. Credit for set off of this book profit tax is not recognized in the books in view of the uncertainty about future taxable profits.

31. DISCLOUSER REQUIRED AS PER ACCOUNTING STANDARDS ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

a. Gratuity

i] Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

ii] Principal actuarial assumptions:

| | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|-------------------------------|---------|---------|---------|---------|---------|
| Discount Rate | 8.57% | 8.15 % | 6.50% | 8.00% | 8.00% |
| Rate of Return on Plan Assets | 9.00% | 9.00 % | 9.00% | 9.15% | 9.00% |
| Salary escalation Rate | 10.00% | 5.00 % | 5.00% | 5.00% | 7.50% |

Discount Rate is based on prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligation.

The salary escalation rate is based on estimate of salary increases, which take into account inflation, promotion and other relevant factors.

iii] Reconciliation of Benefit Obligation:

| | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---|---------|---------|---------|---------|---------|
| Liability at the beginning of the year | 19.98 | 18.15 | 22.65 | 27.50 | 3.43 |
| Interest Cost | 1.63 | 1.24 | 1.38 | 2.06 | 1.23 |
| Current Service Cost | 8.08 | 2.54 | 2.32 | 2.73 | 2.93 |
| Benefit Paid | -- | (5.20) | (2.88) | (3.56) | (0.69) |
| Actuarial (Gain) / Loss on Obligations | 13.46 | 3.25 | (5.31) | (6.08) | 7.23 |
| Liability at the end of the year | 43.15 | 19.98 | 18.15 | 22.65 | 27.50 |
| Fair Value of Plan Assets at the end of the year | 40.77 | 30.97 | 29.22 | 29.55 | 22.54 |
| Amount recognised in Balance Sheet as "Liabilities or (Assets)" | 2.38 | (10.99) | (11.07) | (6.90) | 4.96 |

iv] Reconciliation of Fair value of Plan Assets:

| | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|--|---------|---------|---------|---------|---------|
| Fair Value of Plan Assets at the beginning of the year | 30.97 | 29.22 | 29.55 | 22.54 | 13.36 |
| Adjustment to Opening Balance | -- | -- | -- | (0.19) | -- |
| Expected Return on Plan Assets | 3.14 | 2.63 | (2.57) | 2.24 | 1.65 |
| Contributions | 6.68 | 4.26 | -- | 7.44 | 8.41 |
| Benefit Paid | -- | (5.20) | (2.88) | (3.56) | (0.69) |
| Actuarial Gain / (Loss) on Plan Assets | (0.02) | 0.06 | (0.01) | (0.03) | (0.19) |
| Fair Value of Plan Assets at the end of the year | 40.77 | 30.97 | 29.22 | 29.55 | 2,254 |

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

v] Gratuity Expenses recognised in the Profit and Loss Account under the head “Staff Cost”:

| | 2011-12 Rs. | 2010-11 Rs. |
|--|----------------|----------------|
| Current Service Cost | 8.08 | 2.54 |
| Interest Cost | 1.63 | 1.24 |
| Expected Return on Plan Assets | (3.14) | (2.63) |
| Net Actuarial (Gain) / Loss recognized | 13.48 | 3.18 |
| Expenses recognised in Profit and Loss Account | 20.05 | 4.33 |

b. Earnings per share is calculated as follows:

| | 31-03-2012 Rs. | 31-03-2011 Rs. |
|--|-------------------|-------------------|
| Profit/(Loss) attributable to equity shareholders | 880.62 | 298.30 |
| Weighted average number of equity shares used in computing basic earnings per share | 159.59 | 164.73 |
| Basic Earnings per share (Rs.) | 5.52 | 1.81 |
| Weighted average number of equity shares used in computing diluted earnings per share | 159.59 | 164.73 |
| Diluted Earnings per share (Rs.) | 5.52 | 1.81 |
| Nominal value of equity shares (Rs.) | 10/- | 10/- |

c. Leases:

Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

| | 2011-12 Rs. | 2010-11 Rs. |
|---|----------------|----------------|
| Future minimum lease payments under non-cancelable operating leases | | |
| - Not later than 1 year | 147.10 | 125.66 |
| - Later than 1 year and not later than 5 years. | 52.58 | --- |
| - Later than 5 years | --- | --- |

d. Related Party Disclosures:

I] List of related parties and nature of their relationship is furnished below:

- a) Subsidiaries : NIL
- b) Key management personnel:
 - Kumar S. Taurani : Chairman & Managing Director
 - Ramesh S. Taurani : Managing Director

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

c) Relatives of key Management personnel

Mrs. Renu K. Taurani, Mrs. Varsha R. Taurani, Mr. Kunal K Taurani, Mr. Girish K Taurani and Ms. Sneha R Taurani

d) Other Related Parties (Entities in which Directors/Partners or their relatives have significant influence)

Tips Exports, Tips Finance and Lachmi Sadhuram Taurani Charitable Trust

II] Details of Transactions with Key Management Personnel, relatives of Key Management Personnel and Other Related Parties.

| | | Key Management Personnel | Relatives of Key Management Personnel | Other Related Parties | Total |
|----|----------------------------|--------------------------|---------------------------------------|-----------------------|--------------------|
| 1] | FINANCE | | | | |
| | a) Loans taken | 35.00 (35.50) | 160.00 (29.50) | NIL (NIL) | 195.00 (65.00) |
| | b) Loan Repayment | 90.00 (315.50) | 235.00 (29.50) | NIL (NIL) | 325.00 (345.00) |
| 2] | OTHER EXPENDITURE | | | | |
| | a) Rent Paid | NIL (NIL) | 108.00 (119.12) | NIL (NIL) | 108.00 (119.12) |
| | b) Interest Paid | 34.04 (37.73) | 11.59 (10.02) | NIL (NIL) | 45.63 (47.75) |
| | c) Legal & Prof. Fees paid | NIL (NIL) | 14.19 (8.07) | NIL (NIL) | 14.19 (8.07) |
| 3] | REMUNERATION PAID | 180.00 (180.00) | NIL (NIL) | NIL (NIL) | 180.00 (180.00) |
| 4] | OUTSTANDING | | | | |
| | a) Payables Loans | 250.00 (305.00) | 10.00 (85.00) | NIL (NIL) | 260.00 (390.00) |
| | b) Receivables Deposits | NIL (NIL) | 900.00 (900.00) | NIL (NIL) | 900.00 (900.00) |

Notes: Related party relationship is as identified by the Company and relied upon by the Auditors.

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

Other Related Parties - Disclosures

Out of the above items, transaction with the party in excess of 10% of total related parties.

A) Key Management Personnel

| | | Kumar S. Taurani | Ramesh S. Taurani |
|----|----------------------|------------------|--------------------|
| 1] | FINANCE | | |
| | a) Loans taken | 20.00 (35.50) | 15.00 (NIL) |
| | b) Repayment of Loan | 75.00 (25.50) | 15.00 (290.00) |
| 2] | OTHER EXPENDITURE | | |
| | a) Interest Paid | 3.90 (4.75) | 30.15 (32.99) |
| 3] | REMUNERATION PAID | 90.00 (90.00) | 90.00 (90.00) |
| 4] | OUTSTANDING | | |
| | a) Loans | NIL (55.00) | 250.00 (250.00) |

B) Relatives of Key Management Personnel

| | | Relatives of Key Management Personnel | | | | |
|----|----------------------------|---------------------------------------|--------------------|-----------------|------------------|----------------|
| | | Renu K Taurani | Varsha R Taurani | Kunal K Taurani | Girish K Taurani | Sneha Taurani |
| 1] | FINANCE | | | | | |
| | a) Loans taken | 15.00 (29.50) | 135.00 (NIL) | NIL (NIL) | 10.00 (NIL) | NIL (NIL) |
| | b) Repayment of Loans | 55.00 (24.50) | 135.00 (NIL) | 20.00 (NIL) | 25.00 (5.00) | NIL (NIL) |
| 2] | OTHER EXPENDITURE | | | | | |
| | a) Rent Paid | 54.00 (59.56) | 54.00 (59.56) | NIL (NIL) | NIL (NIL) | NIL (NIL) |
| | b) Interest Paid | 4.28 (5.25) | 3.17 (NIL) | 2.30 (2.40) | 1.84 (2.36) | NIL (NIL) |
| | c) Legal & Prof. Fees Paid | NIL (NIL) | 12.00 (6.00) | NIL (0.90) | NIL (NIL) | 2.19 (1.17) |
| 3] | OUTSTANDING | | | | | |
| | a) Payables Loans | 10.00 (50.00) | NIL (NIL) | NIL (20.00) | NIL (15.00) | NIL (NIL) |
| | b) Receivables Deposits | 450.00 (450.00) | 450.00 (450.00) | NIL (NIL) | NIL (NIL) | NIL (NIL) |

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

e. Segment Reporting :

Disclosures as per the requirements of Accounting Standard – 17 for 'Segment Reporting' is as under

| | | Financial Year Ended | |
|----------|---|----------------------|-----------------|
| | | 31-03-12 | 31-03-11 |
| 1 | Segment Revenue: | | |
| | Audio Product Sales | 3,512.57 | 3,797.49 |
| | Film Distribution | 3,621.62 | 2,906.25 |
| | Revenue from Operation | 7,134.18 | 6,703.74 |
| 2 | Segment Results | | |
| | Profit (+) / Loss (-) before interest & Tax | | |
| | - Audio Products | 1,999.40 | 2,918.74 |
| | - Film Distribution | 202.59 | (1,245.32) |
| | - Others | (307.78) | |
| | Less: Interest (Net) | 537.26 | 642.08 |
| | Less: Unallocable Corporate expenses | 291.75 | 641.76 |
| | Profit (+) / Loss (-) before Tax | 1,065.21 | 389.58 |
| 3 | Capital Employed | | |
| | (Segment Assets - Segment Liabilities) | | |
| | - Audio Products | 792.04 | 1,178.38 |
| | - Film Distribution | 5,148.28 | 7,635.35 |
| | - Unallocable Corporate Assets Less Liabilities | 2,517.11 | (865.97) |
| | Total | 8,457.43 | 7,947.76 |

32. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF REVISED SCHEDULE VI TO THE COMPANIES ACT, 1956 :

(i) Turnover

| | Unit | 2011-12 | | 2010-11 | |
|------------------------|------|-----------------|-----------------|-----------------|-----------------|
| | | Quantity ('000) | Value in Rupees | Quantity ('000) | Value in Rupees |
| Pre recorded cassettes | Nos | (38) | (12.30) | (73) | (16.31) |
| Compact Discs | Nos | 130 | 36.60 | 278 | 94.43 |
| Total | | | 24.30 | | 78.12 |

Figures in brackets represent excess of goods returned over goods sold during the year.

Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

(ii) Raw Materials Consumed

| | Unit | 2011-12 | | 2010-11 | |
|---------------------|------|-----------------|----------------|-----------------|----------------|
| | | Quantity ('000) | Value (Rupees) | Quantity ('000) | Value (Rupees) |
| Magnetic Tape | Reel | NIL | NIL | NIL | 0.26 |
| Plastics Components | PCs | NIL | NIL | 109 | 6.49 |
| Others | | – | 22.42 | – | 46.07 |
| Total | | | 22.42 | | 52.82 |

(iii) Opening and Closing Stock

| Class of Goods Manufactured | Opening Stock | | Closing Stock | |
|-----------------------------|---------------|--------------|---------------|-------------|
| | Quantity | Value | Quantity | Value |
| | PCs. '000 | (Rupees) | PCs. '000 | (Rupees) |
| Pre-recorded Cassettes | 445 | 4.74 | NIL | NIL |
| Blank Cassettes | 0.6 | NIL | NIL | NIL |
| Compact discs/DVD | 1,231 | 33.65 | 691 | 5.09 |
| Total | | 38.39 | | 5.09 |

(iv) Value of Raw Materials Consumed

| | 2011-12 | | 2010-11 | |
|--------------|---------------------------------|--------------|---------------------------------|--------------|
| | Percentage to total consumption | Rupees | Percentage to total consumption | Rupees |
| | % | | % | |
| Imported | – | – | – | – |
| Indigenous | 100 | 22.42 | 100 | 52.82 |
| Total | 100 | 22.42 | 100 | 52.82 |

a. Expenditure In Foreign Currency

| Particulars | 2011-12 Rs. | 2010-11 Rs. |
|--------------------|----------------|----------------|
| Traveling | 59.92 | 26.06 |
| Music Expenses | – | 10.56 |
| Payment to Artiste | 50.05 | – |



Notes to Accounts

Amount expressed in INR Lacs unless otherwise stated

b. Earnings In Foreign Currency

| Particulars | 2011-12 Rs. | 2010-11 Rs. |
|-------------------------|----------------|----------------|
| F.O.B. value of Exports | 1.43 | 27.02 |
| Royalty (Net) | 257.34 | 122.68 |

- c. Cost of feature films incurred during the year and inventories include interest of Rs. NIL (Previous Year Rs. 2.26) on Loans utilized for the production of the film as also insurance expenditure of Rs. 30.59 (Previous Year Rs. 15.00)

33. Foreign Currency Exposure :

The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below:

| Particulars | 31 st March 2012 | 31 st March 2011 |
|---|---|---|
| Amount payable in foreign currency on account of import of Goods / services and its equivalent Indian Rupees. | NIL (NIL) | RS. 279.07 (US\$ 625) |
| Amount receivable in Foreign Currency on export of goods / services and its equivalent Indian Rupees. | Rs. 95.23 (US\$ 124) (GBP 32) (AUD 11) | Rs. 169.62 (US\$ 96) (GBP 140) (Pak Rs. 1,352) |
| Amount payable in foreign currency towards loan / deposits and its equivalent Indian rupees | NIL NIL | NIL NIL |

34. Previous year's figures have been regrouped wherever necessary, to conform with current year's figures.

For and on behalf of the Board of Directors

Kumar S. Taurani
Chairman & Managing Director

Radhika Pereira
Director

Bhoomi Thakker
Company Secretary

Mumbai, Dated: 18th May, 2012



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