



October 23, 2024

To,
Listing Department
BSE Limited
P.J Towers, Dalal Street,
Fort, Mumbai – 400 001

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai – 400 050

Scrip Code: **532375**

Symbol: **TIPSMUSIC**

Dear Sir/ Ma'am,

Sub: Transcript of Earnings Conference Call

In terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of earnings conference call on Unaudited Financial Results for the quarter ended September 30, 2024 held on Thursday, October 17, 2024.

You are requested to take this information on your record.

Thanking You,

For TIPS MUSIC LIMITED
(Formerly known as Tips Industries Limited)

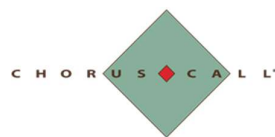
Bijal R. Patel
Company Secretary

TIPS MUSIC LIMITED
(Formerly known as Tips Industries Limited)

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Tips Music Limited
Q2 & H1 FY '25 Earnings Conference Call
October 17, 2024



MANAGEMENT: **MR. KUMAR TAURANI – CHAIRMAN AND MANAGING DIRECTOR – TIPS INDUSTRIES LIMITED**
MR. GIRISH TAURANI – EXECUTIVE DIRECTOR – TIPS INDUSTRIES LIMITED
MR. HARI NAIR – CHIEF EXECUTIVE OFFICER – TIPS INDUSTRIES LIMITED
MR. SUSHANT DALMIA – CHIEF FINANCIAL OFFICER – TIPS INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '25 Earnings Conference Call of Tips Music Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Viral Sanklecha from Orient Capital. Thank you, and over to you, sir.

Viral Sanklecha: Thank you, Dale. Good afternoon, ladies and gentlemen. I welcome you for the Q2 and H1 FY '25 Earnings Conference Call for Tips Music Limited. To discuss this quarter performance, we have from the management, Mr. Kumar Taurani, Chairman and Managing Director; Mr. Girish Taurani, Executive Director; Mr. Hari Nair, Chief Executive Officer; and Mr. Sushant Dalmia, Chief Financial Officer.

Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to the investor presentations and other filings that can be found on the company's website.

Without further ado, I would like to hand over the call to the management for their opening remarks, and then we will open the floor for Q&A. Thank you, and over to you, sir.

Kumar Taurani: Good afternoon, everyone, and welcome to the Q2 and H1 FY '25 Earnings Call of the Tips Music Limited. At the onset, I wish everyone of you a very happy Diwali in advance. Our company continues to perform well, and the Board has declared a second interim dividend of INR2 per share for FY 2025. Our team is working hard on existing and new initiatives. These results are an outcome of their hard work.

I will now hand over the call to our CEO, Mr. Hari Nair, to provide further insights.

Hari Nair: Hello, everyone.. Thank you, sir. We remain focused on delivering the 30% growth as per our guidance, and this growth is largely attributed to the increasing contribution from digital platforms like YouTube, Spotify, Saavn, Amazon Music and Apple Music. Our new division of brands and partnerships has started clocking in revenues. We recently did a synchronization deal with Motorola of our song Rangeela Re, which was used in their advertisement showcasing their new range of colourful mobile phones. There are more deals in pipeline.

Now I would like to hand over the call to Girish Taurani who will provide us more insights on our content business. Thank you.

Girish Taurani: So I'd just like to talk about the content business going forward. In Q2 FY '25, we have launched 125 songs, 39 of them were film songs and 86 of the non-filmsongs. Our YouTube subscriber base has now 108 million collectively. This quarter, we released a few musical short films, Teri Meri and Beinteha , both of which have been very well received by our listeners.

Our standout release for this quarter has been a Yaad Reh Jati Hai from the film The Buckingham Murders and then it has been sung by B Praak. Another popular track release this quarter was Dua Kijiye, a non-film song released by us and sung by Sameer Khan. Both songs have been gaining a lot of traction and continue to grow among listeners on all streaming platforms.

We'll now hand over the call to Sushant, who will take over through the financial highlights. Thank you all.

Sushant Dalmia: Thank you, Girish, and welcome, everyone, to the Q2 and H1 FY '25 earning. Let me take you through the financial highlights of the quarter gone by. Our revenue for Q2 FY '25 was INR80.6 crores compared to INR60.9 crores in Q2 FY '24, reflecting a year-on-year growth of 32%. Our content costs grew 194% over the base quarter to INR13.8 crores. Our operating EBITDA margin for the quarter was 73.8%. Additionally, our PAT for Q2 reached around INR48.2 crores compared to INR39.7 crores in Q2 FY '24, representing a growth of 21%.

Now looking at the highlights of first half FY '25, our revenue for first half FY '25 was INR154.5 crores compared to INR113.5 crores in the first half FY '24, which represent a growth of 36%. Our PAT for first half of FY '25 was INR91.8 crores, up from INR66.8 crores in the first half FY '24, showing a growth of 37%. With that, I conclude my opening remarks.

I'd like to wish all a very Happy Diwali in advance. I'll now open the floor for discussion. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Nilesh Jethani from Bank of India Mutual Fund.

Nilesh Jethani: Congrats on a great set of numbers. My first question was with regarding the Warner deal and Wynk impact. So I believe we were not with the Wynk, but with Warner deal, you were able to capture that piece of Indian market. Now with Wynk point operation, so wanted to understand our digital growth guidance in the range of 25%, plus-minus 2%, 3%, is that impact? Or are we changing that kind of a guidance now?

Kumar Taurani: Yes. What we see it won't drop as our entire customer base will shift to other apps, like YouTube or Spotify or JioSaavn or Amazon. So I don't think -- and if you remember, when we -- two, three years back, we were not there on the Gaana or Wynk and that other, JioSaavn also. But still we managed. So I don't think it will have an impact on Tips because our 90s repertoire is doing really well, and it will reflect on other platforms, that customer base will shift to other platforms.

Nilesh Jethani: Got it. So are we keeping our growth guidance in the range of 25% impact?

- Kumar Taurani:** Yes, same 30% what we have said, 30% overall we will grow this year, and 30% bottoming as well.
- Nilesh Jethani:** Second question is on the new songs. So when I see the new songs added during the quarter in the range of 125 and the capex, what we have done on the content cost, just wanted to understand any trend or any guidance on what kind of this number could be per song? And how are the new releases and our expected market share expected going ahead?
- Kumar Taurani:** I think our market share is around 8%, 9%. We will maintain that, and we'll try to -- can actually grow also, next three, four years, we want a double-digit 10%, 11% we want to achieve. We are focusing on that. And as far as new releases is concerned, earlier also, I told you, it's not -- we can't do a per song value because we -- sometimes we get a song for even INR50,000.
- And if I take a film rights and if it's costing me say, around INR12 crores, INR13 crores, and it has four songs, it's an INR3 crores per song. We can't calculate song wise. We have to see individual purchase wise what it is worth. And accordingly, we buy, or we pay the price.
- Nilesh Jethani:** And my last question from my side, any understanding in the last two, three quarters revenue numbers, what could be the contribution by a new song which is reflected in our YouTube revenue to something like that? And what would be the old library which is contributing to the top line. Can you break up, any understanding on this one?
- Kumar Taurani:** We don't have any breakup like that, but maybe Sushant can put some light on this. Sushant, can you respond to this?
- Sushant Dalmia:** In terms of the newer song, what we have seen that -- what we have added in last three year in terms of the new song will contribute to somewhere around, 10% to 15% in terms of the overall revenue
- Nilesh Jethani:** And sorry on harping back on the Wynn question. So now Wynn offering Apple Music. So with Warner deal, we will be present in Apple Music also, is my understanding right?
- Kumar Taurani:** Absolutely. Yes.
- Moderator:** The next question is from the line of Ben from Cusana Capital.
- Ben:** I was just wondering, so we know that YouTube accounts for around half of the business. And you've been at a quarter-on-quarter sales growth of 9% this quarter. But YouTube views we can see were actually down quarter-on-quarter by about 9%, down about 5.6 million views. So please could you just walk me through how the business is able to deliver revenue expansion on this declining YouTube volume, please?
- Kumar Taurani:** Hari, you can reply on this?

- Hari Nair:** Yes. So I think overall, the Shorts numbers have reduced. So YouTube has YouTube views and YouTube Shorts. The Shorts numbers have reduced a little bit. I think this goes up and down. It's -- and overall, they are growing as a platform. Also to note is YouTube has done more changes to the platform starting October 15. So there will be more changes than -- it is a cyclic thing,. I feel it will keep growing.
- Ben:** Okay. And then a second question on cash. Sushant will know, this isn't the first time I've asked about this, the business is sitting on a big cash pile, well above the INR200 crores war chest that you guys have previously discussed. And clearly, the business throws off cash each quarter. So simply put, what's the plan with the cash balance that you've got at the moment?
- Kumar Taurani:** Sushant?
- Sushant Dalmia:** So Ben, let's say, we'll continue to hold the cash balance for inorganic opportunities in the future. And, the dividend pay-out also, will continue for us.
- Moderator:** The next question is from the line of Rohan Nagpal from Helios Capital.
- Rohan Nagpal:** And also on your Warner deal, could you just walk us through exactly how you're accounting for the liabilities that come in, in terms of the minimum guarantee? So how do you decide how much of it goes into current and noncurrent? Because my understanding is that every year, you're getting a payment from Warner for the year. So what is the bit that's going into the noncurrent liabilities?
- Kumar Taurani:** Yes, Sushant. Please, respond.
- Sushant Dalmia:** So the Warner deal, at the start of the year, we got our non-refundable advance. We classify between non-current and current. The current primarily we see at a cut-off, , between 12 months, so we expect that revenue to come in 12 months. So it is classified under current as advance on customer, and non-current is more than 12 months.
- So , if you club both the numbers, you will get that to movement compare, as on 31st March with that as on 30th September, you will get the movement in terms of the revenue bookings and advances. And the actual revenue, which has been booked primarily, basis the statement which they share with us on a monthly basis.
- Rohan Nagpal:** Okay. So the noncurrent is basically your estimate -- is a function of your estimation of how much of the advances we used up in the year?
- Sushant Dalmia:** Yes. Both current and noncurrent are function of estimate, how we see over the next 12 months and beyond that.
- Rohan Nagpal:** Okay. All right. And then this quarter, there's an INR110 crores, INR111 crores increase in your other financial assets. So what exactly is going on over there?

- Sushant Dalmia:** That is primarily, bank FD only. That is just a classification from which is being done into other financial assets. These are purely bank FDs.
- Rohan Nagpal:** Okay. Those are that -- but, okay, fair enough. Those are bank FDs. All right. And going back to one of the questions that was asked about the YouTube Shorts, would it be possible to provide some sort of underlying trend in terms of how much is -- how is the viewership moved ex of YouTube Shorts to get a sense of YouTube engagement?
- Hari Nair:** No. So the engagement has grown. It's not that the engagement has dropped or something. It is just that -- sometimes we see a blip, it increases, and it comes down. But overall, the YouTube numbers are very, very healthy. The platform is growing. I think we have more than 500 million users in India. So I think it's a very good story.
- And that premium base is also increasing. So paid users on YouTube, especially the YouTube family plans and all, it's all increasing. So overall, it's a good time for us.
- Kumar Taurani:** Okay. YouTube would you also price increase their subscription prices also, Hari?
- Hari Nair:** Yes, yes. They have increased substantially.
- Kumar Taurani:** On Shorts we have a lump sum deal with YouTube. And lump sum mean, it's an MG kind of a deal, minimum, we are secured. And if there is an overflow or anything, if they go on a paid model or something, we'll get some more money as well.
- Rohan Nagpal:** So it's similar in structure to the Warner deal.
- Kumar Taurani:** Yes, that's absolutely right.
- Rohan Nagpal:** Okay. And I mean, YouTube strip away all of the volatility in the YouTube number that comes in, would it be possible to get a sense of how the viewership has moved ex of Shorts?
- Hari Nair:** I think that exact details we won't have, the platform will have that.
- Moderator:** The next question is from the line of Kavish Parekh from B&K Securities.
- Kavish Parekh:** I have a couple of questions. So firstly, you have mentioned plans of spending broadly 30% of our top line on content acquisition for the full year. If I were to look at 1H, that number stands at around 17-odd percent. So do we still maintain the outlook for F '25 and F '26 going ahead? And secondly, the contribution from non-film music's has been fairly high over 1H. So how is this expected to trend going forward?
- Kumar Taurani:** See music, whether it is non-film or film, music is good, it will do well. But overall, our major focus is on film music. You will see next year onwards many films will come. We are really signing many films. We already signed three, four, and we are targeting key actors in Hindi also, we released at least five to six films a year.

So next year onwards, we will be very -- at a very good space in acquiring and releasing the content. So that's happening. And what was your other question? Can you please repeat that?

Kavish Parekh: We have mentioned plans of spending about 30% of our top line on content acquisition. That number stands at about 17% over 1H. So do we expect an increase in content spend over 2H? And do we still stick by that 30% guidance for FY '26?

Kumar Taurani: I think this year, we won't achieve that target. Maybe it will be around 22% or 23%. Next year, I feel we will cross around 25%-30%. We will achieve that.

Kavish Parekh: All right. And secondly, sir, I wanted some more -- some clarity on the two large deals that we have, one with Warner. I just wanted to check which all platforms and geographies are covered under this deal? And second, with the Sony Music Publishing deal, could you please share some colour on the same?

Kumar Taurani: See, although we have all the OTT platforms deals all over India -- all over world, sorry. All over the world, all platforms we've given it to them. And with the SMP, Sony Music Publishing, it's an international deal, not in India. India, we go through IPRS and it's a publishing deal we have given them except YouTube. YouTube only two small countries are with them, rest we're handling on our own.

Kavish Parekh: All right. Understood. So other than Warner, we do not really work with any other OTT platforms directly. All of it is entirely to Warner. Is it the right understanding?

Kumar Taurani: Yes, absolutely.

Moderator: The next question is from the line of Harsh K Shah from Dalal & Broacha Stock Broking.

Harsh Shah: Few questions from my side. So firstly, on the Shorts format video platform, so especially I'm talking about YouTube Shorts. So do you have any kind of indicative timeline when the monetization can happen and contribute materially to our revenue?

Hari Nair: Yes. So YouTube, if you see, they have probably -- they are probably going to start advertisements or already piloting that. But exactly, we won't be able to tell when the platform decides. Overall, I think they are growing at a faster pace for the Shorts platform, and we hope to see more traction from them.

Harsh Shah: Meaning, do we expect that in the next three years, some sort of monetization can happen?

Hari Nair: Yes, for sure.

Harsh Shah: And if you could give us some colour as to how the business model could work between YouTube and the music labels, if you could?

Hari Nair: So if you see there are two current models. One is a minimum guarantee model, and second is the share of advertising. So I think they will continue to do that. And sometimes it will spill over

to the advertisement-based model where they start earning a lot from advertisements also on the Short video platform.

Harsh Shah: And also, I think someone from the management team did mention that some changes have been made on the YouTube platform. So if you could highlight what exactly was that?

Hari Nair So what they used to earlier call Shorts was less than 60 seconds video. Now what they are increased as a short definition is a three-minute video. There has been press releases by YouTube for the same, and there are some videos also out on YouTube indicating the changes in the platform. So basically, they are saying Shorts are now increasing in length, nothing else.

Harsh Shah: But then that would also mean that the advertisement can go up on those videos, right?

Hari Nair: Yes, yes. The overall objective probably by the platform is that, but I can't comment on behalf of the platform.

Harsh Shah: Got it. And one last question from my side, sir. Do you have any sort of ballpark range as to if we compare say H1 of FY '25 to H1 of FY '24 in terms of what could have been -- what could be the growth in terms of the paid subscribers on the OTT platform, if you could give?

Sushant Dalmia: Harsh, in case of paid subscription overall, the industry, I can tell you, the industry is moving at a healthy pace, it would be in the range of around 40% to 50%, the paid subscription numbers.

Harsh Shah: 14% to 15%.

Sushant Dalmia: 40% to 50%.

Harsh Shah: 40% to 50%. And one just last question, sorry. The catalogue music, right? So you did mention that the new music contributes somewhere around 10- to 15%-odd. So does that mean that our catalogue is growing in excess of 25% on a year-on-year basis?

Sushant Dalmia: Catalogue is growing at a very healthy pace for us.

Harsh Shah: I think you would be having some sort of data, right? So is the understanding correct that it is growing more than 25%?

Sushant Dalmia: Yes, your understanding is right.

Moderator: The next question is from the line of Ravi Naredi from Naredi Investments.

Ravi Naredi: Taurani ji, again congratulation for nice results. I am looking one report saying total paid audio subscription base in India is 1%, while it is global, U.S. and U.K., \$41, we are receiving \$1. So then we will gain \$3 or \$5 subscription in next how many years? And how much revenue in our amount total paid-up subscription in India in our company?

Kumar Taurani: Hari, please, reply.

Hari Nair: Yes. So I think for the India case, I think Indians love music. And right now, all the platforms, if you see like Spotify and Saavn, they are trying to push the consumption towards the paid. So they are putting in a lot of restrictions. So this 2% to 3% of paid users can easily go up to 10% to 15% in the next two, three years, I think.

Ravi Naredi: And how much of our revenue of paid subscription in total revenue?

Kumar Taurani: Sushant, you have that number?

Kumar Taurani: We don't have it perhaps. We will let you know.

Ravi Naredi: Okay. And sir, next, like Diljit Dosanjh are we are hiring any artist to show up in India?

Kumar Taurani: You are talking about events?

Ravi Naredi: Yes, yes, event.

Kumar Taurani: We are looking at this business. We have seen what is happening in the market. And it's still not sure what should we do. So we will wait till another two, three months, and then we'll decide if we do some kind of this business, but...

Ravi Naredi: It is in your mind, right?

Kumar Taurani: Whatever happens in the media business, I keep that in mind. We are seeing what is happening.

Ravi Naredi: Yes, sir. And we are cash generating company, any plan in mind to acquire another music like-minded company?

Kumar Taurani: See, we are open, but maybe we don't have at present any visual like that, which we can acquire, nothing is available as of now. So we are just waiting, and we have cash. If there is any opportunity, we will grab it, for sure.

Ravi Naredi: And sir, last, our content cost is 17%. So it will rise in the financial year, up to financial year '27 anything can you predict?

Kumar Taurani: This year, it won't be that much. But next year onwards, we will achieve our target. We want to invest 28%, 30% year-on-year basis. So we'll achieve -- next year we'll achieve that.

Moderator: The next question is from the line of Jyoti Singh from Arihant Capital Markets.

Jyoti Singh: Sir, just wanted to ask like we are doing a lot of music for the brand. So if you can explain like what we are targeting to going more for the brand music and also how much margin we make in this business?

Kumar Taurani: See, Jyoti, it's a very new business for us. We have recently three, four months or six months back, we appointed a team who can look for our business brands sync and all those opportunities.

So we are doing that, but it's -- wait for another two, three months, we will give you all the details. We have just a few deals we have done, and we -- from next year onwards, we have a big target for that business as well. So give us a few more months, maybe next quarter, we can give you more details about the business.

Jyoti Singh: And sir, my next question, I just wanted to know how much we earn revenue from the existing song and comparatively new songs. What is the ratio? I just wanted to understand.

Kumar Taurani: I think Sushant clarified sometime back, around 80%, 85% we taking money from repertoire and 15% -- around 15%, 20% we made from new releases.

Jyoti Singh: And sir, just last question on the margin side, like we continue doing very good margin above 70%. So like in this quarter, also more than 73%. So what are targets going forward on -- we will remain in this range, or we are targeting to some range, within that range kind of?

Kumar Taurani: We always maintain -- we will -- our target is to grow 30% top line, 30% PAT, we should achieve that. And we are -- I think it's so far so good. God is kind on us. We are achieving that. And we'll keep achieving that, and we'll always focus on -- focus is there to achieve that kind of numbers.

Moderator: The next question is from the line of Arpit Shah from Stallion Asset.

Arpit Shah: I just wanted to understand, I think so you all alluded to a lower content cost for FY '25. So would the absolute number be around INR55 crores, INR60 crores from INR80 crores, that you targeting earlier?

Kumar Taurani: Yes, I think it will be in that range.

Arpit Shah: About INR55 crores to INR60 crores, would that be a range for FY '25?

Kumar Taurani: Sorry?

Arpit Shah: INR55 crores to INR60 crores, would that be the range for FY '25?

Kumar Taurani: Maybe a little more I feel, because it's still, 6 months still to go, maybe you can acquire some movie or some rights, some music.

Arpit Shah: And I just wanted to understand the core revenue growth for us. So the 32% revenue growth, includes the INR7 crores, which has come from Wynk music, right? So if you exclude that number, core revenue growth has been around 21% or 22%. I just wanted to understand on that bit why like we have been guiding to 30%. So how should we look at this number going ahead?

Kumar Taurani: Sushant?

- Sushant Dalmia:** Yes. So when you say that it's 21%, there were some delays in ingestion of content on few platforms under the Warner deal. So this has just happened, y, at the end of Q2, and we are confident of achieving that 30% growth rate here.
- Arpit Shah:** So if I just see the numbers on the balance sheet, the revenue recognition probably from the Warner deal was around INR48 crores for the first half. If I just include the noncurrent liabilities part. So would that be right? Because it here, let's say, generated about INR155 crores...
- Sushant Dalmia:** That would be a higher number. You club, let's say, both noncurrent and current advances -- current liabilities of both the years, and let say the advances - would have two or three customers. It's not primarily one, Warner would be a majority wise, but let it has two or three other customers also. But you would, , to compare both noncurrent and current, the balance sheet numbers between March and September, you will get that overall number.
- Arpit Shah:** Because if I can see that other current liabilities, that number has gone higher. Let's say, it is INR79 crores for this 6 months, INR64 crores in March '24. And if I see the other noncurrent liabilities, it is about, there is difference of INR48 crores. So just wanted to get a sense what is the revenue broadly from the Warner deal, if I just include -- like if I make an adjustment for that.
- Sushant Dalmia:** So what I'm saying, you need to club these, for the both years, if you club it in terms of let's say March, it would be around INR135 crores, both noncurrent and current put together. And for September it's around INR102 crores. So the difference is around at INR33 crores. And it is not only Warner. It has a couple of customers.
- Arpit Shah:** And let's say, if you have to compare this -- the numbers in the Warner deal and if you do Y-o-Y compare to like-to-like, has the revenue gone higher after moving to Warner for us?
- Sushant Dalmia:** So I won't be able to comment specifically in terms of, but I think we are seeing a good growth trajectory on the platform.
- Girish Taurani:** Also just want to add to something that we missed out earlier maybe, is that we -- the delay has also happened because of our ingestion on Meta, which we were not on Facebook and Instagram, which we were not available earlier, as people may know. And now via Warner, we are available on that platform. And we continue to see a lot of growth on that platform and Meta as a platform is also developing the ad system -- ecosystem, and that's growing, and you can see -- starting to see ads coming on the platform and monetization happening there.
- Arpit Shah:** So just to summarize the revenue growth still remains at 30% on the core revenues, excluding that part and the content cost would be around, let's say, INR60 crores, INR65 crores and not INR80 crores for FY '25, that would be the right thing?
- Kumar Taurani:** It's too early to say about that. Please wait for one more quarter because 6 months are still there. We may get some big film, and we will take that.

- Moderator:** The next question is from the line of CA Garvit Goyal from Nvest Analysis Advisors.
- Garvit Goyal:** Congrats for a good set of numbers. Just two questions. One is on the like our growth guidance for next two to three years? Like for example, you said paid subscribers are increasing. And overall, we are also looking at a market share of 10% to 11%. So where do you see our top line two years down the line, sir?
- Kumar Taurani:** Sushant?
- Sushant Dalmia:** So overall, growth guidance over next two to three years, we will you see or healthy or in terms of around that 25%, 30%, we don't see a challenge in that. And basically, what you said rightly, it will be more driven by, , free subscribers getting converted into paid subscription, that will be one of the important pillars.
- Garvit Goyal:** When you say 25% to 30%, is it for top line or bottom line has this?
- Kumar Taurani:** 30% bottom line, our focus is to achieve 30% top line, 30% bottom line. And first, let me tell you there will be a year where we will see suddenly it will go to around 50%, 60% because there is a -- that short content plus that public performance, they still have to grow, and there has to be some big ups coming. I feel it will -- next two, three years, it will come.
- Garvit Goyal:** Got it, sir. Secondly, on this Wynk deal shutdown by Bharti Airtel. So can you comment on like how much percentage of revenue is going to be impacted due to this shutdown in near term? And just a clarification, whether we will be able to get the revenues from this Apple Music?
- Kumar Taurani:** See, earlier, -- our music was not there in Gaana. We have not got impacted. We were not there on JioSaavn, we were not there on Wynk, but still we are growing. So I think if you are listening to music today, you are listing music on Wynk, and suddenly, Wynk will not giving you music, so you shift to JioSaavn or Spotify or YouTube. So I don't really see anything will be -- we will suffer anything to do with this.
- Music ultimately, if you want to listen music, you will find your way. So it's not a big deal for - - we personally feel it won't impact at all to us, maybe for 10, 15 days. But actually, if you see, we were not there on Wynk earlier as well. So -- and in the Warner deal, we have the numbers of that, and this is MG deal. So actually, we are secured, if you see.
- So we have MG, we are calculated that number. So now it's a Warner's, you can say, hard work, if they have to achieve that number from the other end. And I think they will easily achieve that. I have no issue. In our last deal also, they have given us workflows. We also have a team now with us under the Mr. Hari Nair, our CEO, he's from that side of business. So he knows how to increase our business. So I think we don't have any much problem to think a lot. We'll achieve our numbers.
- Garvit Goyal:** In H1, we almost achieved 30% -- just one question, sir.

- Moderator:** Please re-join the queue for further questions. The next question is from the line of Sagar Jethwani from Phillip Capital PMS.
- Sagar Jethwani:** Has the full settlement of INR12 crores completed with Wynk? That is my first question. Second is that the YouTube ad rate ad time has increased in general, how does that benefit us? And last question is, what would be the share of regional song content in the overall repertoire?
- Kumar Taurani:** Look, whatever price YouTube is increasing, we have a percentage share rate. So we will get that percentage more percentage. So that's how we have secured that way. If we are charging INR1.00, so we are getting 55% of that INR1.00 if tomorrow, they're charging INR1.50, so we are getting 55% of that. So we are very secure. And regional business, I feel it will be in 10%, 15% around and 80%, 85% will be Hindi music because our focus is Hindi, our main language. And what was the first question?
- Sagar Jethwani:** First question was, has the full settlement of INR12 crores has been completed with Wynk?
- Kumar Taurani:** It's happened . All moneys are in, everything is settled.
- Sagar Jethwani:** And actually, on the second question when I asked you about the YouTube, it was the ad time which I was alluding to. It was not the ad rate basically. So ad rates I know that they are kind of heading northwards. So I was referring to the ad time as well. So maybe you can comment on that?
- Kumar Taurani:** Can you -- Hari, can you respond to that?
- Hari Nair:** Yes. What do you mean by ad time, sorry?
- Sagar Jethwani:** Ad Time basically is that a 40-second ad when in general, if it plays now currently, the ad time is increasing, just say, 50, 60 seconds, so in terms of that, I was asking.
- Hari Nair:** Yes. That data, we will not have. That will be in the Youtube on how they are increasing or decreasing, because there are many types of ads on YouTube. There are five seconds skippable ads. There are six seconds non-skippable ads. So 30 second is also there. So we won't be able to know that data point.
- Moderator:** The next question is from the line of Akhil Gulecha from Pkeday Family Office. The line from Mr. Akhil has been disconnected. Moving on the next question is from the line of Aashish Urganlawar from InvesQ PMS.
- Aashish Urganlawar:** Sir, from this episode of Wynk, I just wanted to understand, are there any further platforms which are in stress because most of the non-YouTube platforms would not be making money in this business right now. So anything that you are seeing on the ground dealing with people or I mean that suggests anything like that?

Kumar Taurani: Actually, what I feel, my feeling is it's good for us if the free supply of music is getting closed, and that the international players, and going forward, their focus is on to convert their customers -- free customers to paid subscription. And we all, music labels worldwide I feel we have more keen people should pay. And we are also supporting them in their -- this thing.

So -- and plus, as you see advertising also increasing, subscription also increasing. So we don't see any problem in that, if one or two players get closed or they are backing out from the business is good for us because ultimately, as a customer, if you think over it, you are a music listener and you're a music lover, so you would shift to another platform. You don't have any problem. You want to listen to music, there is availability if there -- now also we have four, five players, you can go and listen music, paid, free, whatever model, subscription or advertising model is there. So it's not a big deal, I feel.

Aashish Uppanlawar: Okay. Two more things I wanted to understand. One is the song selection process at Tips. Is it manual? Is it some database as to what combinations work in terms of the singer or the music director or maybe something else or it is a combination of both for us? That is one thing. And secondly, any highlights, any kind of views you can share on what is the progress of Warner has been there for about six months.

So some work would have happened. So any updates on that you can give us that will be handy.

Kumar Taurani: Actually, you said song selection, yes, we need the data, and we refer that. We have a proper analysis team. And also, our team has a good ear for our listening music and select team. But 100%, we go through data also. But sometimes data says artist has recorded 10 songs, maybe last few songs not done well, but we feel this song we're listening now or we are acquiring now is good. So we go ahead and do the deal accordingly.

But again, it's a negotiation of price, given your last few songs have not done well, why you're charging so much, that negotiation happens, and we do that. We go for it, number one. And number two, yes, the Warner. Warner is still, last 6 months we were providing them content, they are putting content on all the platforms. I feel they have already completed entire exercise in September, and they are really doing good whatever time it took uploading, but still they are good, and we feel we will have a very positive impact on our numbers in future quarters.

Aashish Uppanlawar: So would that mean the overflow on MG; one should expect things to be better than what the MG suggests?

Kumar Taurani: See that question, we will talk about it in the last fourth year because it's a long, long deal of four years, and it just started in March. So it's too early, and it's a very huge MG. So we can't -- we shouldn't comment now. So just wait for another two, 2.5, three years, we will speak about that.

Moderator: The next question is from the line of Parikshit Kabra from Pkeday Advisors LLP.

- Parikshit Kabra:** Just one quick question. With the recent increase in premium charges of YouTube Music, should we -- would we be seeing an impact in our revenues in the upcoming quarter? And would there be any way of estimating what kind of impact that might be?
- Kumar Taurani:** So -- yes. Hari, go on.
- Hari Nair:** So to answer your question, like I said earlier, whatever increase YouTube does in pricing, we get a share accordingly. So if they moved the pricing from INR120 to INR189 or INR200, we will get 55% of that. So increase of revenues, yes, from the paid part of it. And second question was -- did I answer your question?
- Parikshit Kabra:** Yes, you answered the question. I'm wondering if it can be quantified, what -- because we know the price increase. So can you quantify what is the upside we should see on a like-to-like basis?
- Hari Nair:** If you see, they have increased their prices by 40%. So I think that should be the number.
- Parikshit Kabra:** But entire revenue does not come from YouTube premium, right? So the ad revenue won't go up and the rest of the non-YouTube revenue won't go up. So it would just be the sliver that is YouTube premium revenue that we are getting.
- Hari Nair:** Yes. YouTube premium will go up. YouTube ad revenues remains on the CPM model. So whatever rates are running in India, if that increases, then you see an increase accordingly.
- Kumar Taurani:** Please understand, if we get 1 -- we feel YouTube will definitely increase. But in case of this, as we discussed Wynk is not there, so temporarily, we will get compensated. So you please, as I always mentioned, look us at 30%, what we commit, overall 30% pie will be there of top line and 30% of bottom line. That is our focus.
- And in case, through previous quarters, if you see, on a yearly basis, also, we have surpassed even 30%. Last year, our bottom line was 66%. So we will not say no to the business coming in or any increase or any extra margins coming in. We always welcome it, and we are big fighters. You know we have not given our content to Wynk for so many years because of that only, they were not valuing us properly. So our fight is always -- every hour, it's on.
- Parikshit Kabra:** Fair enough. And my second question, just my colleague will ask.
- Parikshit Kabra:** Yes, so the latest song that you mentioned from The Buckingham Murders, that has around 18 million views on YouTube, whereas your competitor songs continue to get 300 million, 400 million views on YouTube. So don't you think you will continue to lose market share if that continue to sustain, and your views do not match up to the other views that competitors are getting?
- Kumar Taurani:** See, I think it's depending upon new releases. We have less new releases compared to other companies, but we will gain that, not a problem. But see, as always I told you, if we have best new releases, I'm talking now about the entire industry. Then also, it's only 15%, 20% overall,

80% is a still catalogue, repertoire old music is selling. So we don't -- you won't see much impact of these things.

Parikshit Kabra: And just one last question. Does the deal with Warner have a price increase of 30% year-on-year because that is our guidance for growth every year. And if the deal with Warner does not have a 30% increase year-on-year, then our other revenues will have to grow much faster than that to match up to the blended 30% growth.

Kumar Taurani: No, we have calculated all those factors, and we had a deal.

Moderator: The next question is from the line of Nihal Shah from Prudent Corporate Advisory.

Nihal Shah: Congratulations on the set of numbers. So this year, we are estimating around 20% to 23% of our top line as the content cost. So what's the problem there? Are the songs coming out at expensive rate and we are not bidding for them? Or is it the volumes of the song itself that is going down?

Kumar Taurani: See whatever we are acquiring, it has to justify the price and the recovery. We target to recover our music costs within five years. And wherever -- and you know we have 100% write-off policy in the same quarter. So if we feel if this film or this song won't fetch us money and we can't recover our money in five years' time, we don't acquire.

So we are very careful about that. We are very cautious about it, and we want -- we don't want those kind of situations where we also have to move for a longer write-off period or all that. I don't want that hassle. And I'm doing this since 1988, beginning of the company, we write off all the content costs same quarter.

So we are careful, I can say that. But next year onwards, we will have a proper whatever we're targeting, we will believe that amount will invest and acquiring new content.

Nihal Shah: And so this 20% to 23% guidance that you've given, it was exactly the same. The last year, 23% was the content cost as the percentage of top line. So we can expect another year of having around 65%, 66% of margins and that going down next year?

Kumar Taurani: Still, I feel it's too early to comment on that because we have still six months to go, maybe I will get one big film or thing. We are -- we keep trying what if we can get something, good content. So let's wait for another quarter.

Moderator: The next question is from the line of from Sanidhya from Unicorn Asset.

Sanidhya: My first question -- my two questions, both on the content side. So everyone is running after the bottom line and top line. My question is on content side because I feel we are in the business of making content. And if we create good content, I think revenues would flow. So my first question would be on the YouTube Shorts side. So what I have an understanding of how YouTube Shorts works is the content that we produce and how popular -- how much popularity gained.

So the more the popularity, the more the recommendation, it's a spill over, contagion kind of situation. So what are we really doing to engage with the influencers, engage with the people who can really make the content just to grow out in terms of YouTube Shorts. That's the first, if you would like to answer then I can ask the second.

Kumar Taurani: Hari, yes, go on.

Hari Nair: Yes. So we engage with influencers on Shorts for all our new releases. Also we do engage for our catalogue. So there is a continuous engagement, but you can't make a song hit. It just happens, the virality happens on its own because some common man in some small village is doing some act on the song. So it just happens on its own, but we do push a lot of influencers. We engage with multiple agencies on that.

Sanidhya: Sorry, please go ahead, sir.

Kumar Taurani: Yes, Girish, do you want to add something?

Girish Taurani: Yes, I think I would like to just add here, but see music and film business, when you talk about the -- it's a very creative business. These are, to some extent, data just helps us understand and evaluate how the artist is doing, how many streams he is getting and how much recovery had done but ultimately, it's gut and instinctive business and touchwood our track record has been good.

I think somewhere we have to also understand, it's not about quantity but also about quality, so maybe somewhere we may not be acquiring new releases, but the releases that we are doing amounts to a lot of good views and collective views that may be equal to our competitors. Also, our content business today, we have a sister concern Tips Films who is helping us with music rights.

And we are buying that at arm's length price as you guys know. Because over there we have a lot of creative control, and we are curating music there. A lot of music labels they do not have that opportunity to be -- to have that visibility going forward. So we are in a very unique and fortunate position, but creativity also lies to a good amount of extent with us. And that will be a competitive edge for us going forward.

Sanidhya: Okay. Fair answer. Just secondly, on the regional music. So we are seeing a lot of small regional singers, making single albums and all that, and they are getting good views. They are getting viral as well. So are we engaging constantly with them to produce a second music video with us or maybe a proper album with us or feature them in some regional movies or in Bollywood mainline movies like that?

And just to add on to this. So you were saying that 15% of the growth comes from new content and 85% -- sorry, 15% revenue comes from new content and 85% from the older one. So I think the older one would -- the growth there would be hardly like mid-single digit or maybe high

single digit. But the new content that we create is mostly -- pertaining to mostly contributing to most of the growth in the revenue.

So is that the right understanding? Or you want to correct something there?

Girish Taurani:

So I'll take this. There's two parts to the question. I'll answer the content part. See, with respect to content, if you see it's already the non-film -- we divide it in two parts, one is the regional aspect, which we have many channels like Tips Punjabi, Tips Bhojpuri, Tips Haryanvi, Tips Rajasthani, we even have Tips Sindhi and all of those. So in that, we've been curating good artists and linking them to the mainstream as well.

We've worked with, I think most artists in the industries. And with respect to the numbers, I think maybe Sushant or Hari can take that.

Sushant Dalmia:

So in terms of numbers, what we have said earlier, let's say our catalogue also continued to grow well, at a very healthy pace, in line with what we are growing. So we don't see, any downside risk in terms of the catalogue growth.

Sanidhya:

So my -- the only risk I was seeing is -- we are seeing new users coming on the paid platforms, off lately so but that this growth could only sustain, say, a few years, once everyone is on the paid platform, this whole segment. So the only growth sector then remains beyond three, four years, I feel would be the new content that we get in. So any kind of highlight you want to share that, what kind of growth do we see in the overall revenues from the newer content versus the older content? Or they just in line with 25%, 30%?

Sushant Dalmia:

So it's primarily in line. And let's say, our content is still the new retro. We have acquired content over the last 30 years. And we still see that more 20, 25 years, the existing content will grow for us.

Moderator:

Thank you. Ladies and gentlemen, in the interest of time, that would be the last question. I would now like to hand the conference over to Mr. Viral Sanklecha from Orient Capital for the closing comments.

Viral Sanklecha:

I would like to thank the management for taking the time out for this conference call today. And also thanks to all the participants. If you have any queries, please feel free to contact us. We are Orient Capital, Investor Relations Advisors to Tips Music Limited. Thank you so much.

Moderator:

Thank you. On behalf of Tips Music Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.