



The Must Have HITS

May 19, 2023

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: **TIPSINDLTD**

Sub: Transcript of Earnings Conference Call

Dear Sir/Madam,

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 Audited Financial Results for the quarter and year ended March 31, 2023 held on Monday, May 15, 2023.

You are requested to take this information on your record.

Thanking you,

For **Tips Industries Limited**

Bijal R. Patel
Company Secretary

Encl: a/a

TIPS INDUSTRIES LTD.

601, Durga Chambers, 6th Floor, Linking Road, Khar (West), Mumbai 400 052.
Tel. : 6643 1188 Email : response@tips.in Website : www.tips.in
CIN: L92120MH1996PLC099359



**“Tips Industries Limited Q4 FY-23 Earnings
Conference Call”**

May 15, 2023



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

MODERATORS MR. NIKUNJ JAIN – ORIENT CAPITAL



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Moderator: Ladies and gentlemen good day and welcome to the Q4 FY23 Earnings Conference Call of Tips Industries 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 '*' then '0' on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Nikunj Jain from Orient Capital. Thank you and over to you sir.

Nikunj Jain: Thank you Michelle. Good morning, ladies and gentlemen. I welcome you for the Q4 and FY23 Earnings Conference Call of Tips Industries Limited.

To discuss this quarter and full year business performance, we have from the management Mr. Kumar Taurani – Chairman and Managing Director, Mr. Girish Taurani – Executive Director, Mr. Sushant Dalmia – Chief Financial Officer.

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

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

Kumar Taurani: Thank you. Good morning, everyone and welcome to the Q4 and FY23 Earnings Call of Tips Industries.

At Tips Industries, we have been working tirelessly to create and deliver high quality music that resonates with our audience. Our efforts are showing and I'm happy with the growth momentum that we have achieved. For FY23 revenues have grown 38% and PAT has grown by 19%. For '24 we are very excited as we see a growth of 30% in revenues and 30% in PAT. Let me repeat this for FY24, we are very excited as we see a growth of 30% in revenues and 30% in PAT. We see the same level of growth continuing for 2-3 years as subscription also will become a larger part of our revenue.

Let me give some background of the industry and then come to Tips:

The Indian music segment grew by 19% to reach INR 22 billion in calendar year 2022 according to recent reports. This growth was largely driven by revival of film music with the opening of cinemas and release of over 1600 films in 2022. Digital revenues continue to play a significant role in the Indian music industry generating 87% of total music industry revenues. The music



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streaming audience reached approximately 208 million with the paid subscriber base of just around 4 to 5 million. However, platforms have started exploring the subscription only model which may provide an additional revenue stream for the industry. The surge in digital adoption across countries like Nepal, Bangladesh, Pakistan, Sri Lanka etc. has led to increased uptake of popular international platforms like TikTok, YouTube Instagram etc. where Indian music is widely used. We are exploring new avenues to expand our reach and grow our audience base in these countries.

Coming to Tips:

We have had an eventful quarter. We have reported the highest quarterly sales growth in a seasonally lean quarter. We have also successfully completed a buyback of the maximum permissible amount in this quarter. Lastly, we have recommended a dividend of 50 paise per share post-split. So, a comparable number will be Rs. 5 per share pre-split, which again is the highest ever in the company's history. The buyback and the dividend cumulatively bring our payout ratio to 60.8% for FY23.

On the business front:

We have released 240 new songs during the quarter including 141 new film songs and 99 non-film songs. Our content expense for the year has been over Rs. 62.40 crores compared to Rs. 32.1 crores last year. Our content expense has risen by 95% over the previous year. Our latest releases including PS-1 have performed exceptionally well. Two songs of Freddy have crossed 55 million plus views and our latest release by Yo Yo Honey Singh "Yai Re" has crossed over 35 million plus views, Tujeh Dekhi Meri Aankhe and Gal Ban Jaye have also crossed over 20 million plus views. Our YouTube subscriber now stands at 82.1 million. Our YouTube views for Quarter 4 FY23 were about 33.6 billion which was growth of 105% over the same quarter last year. We have been gaining market share consistently and have improved our rankings. We believe we are on our way to improving our rankings further.

With this I will hand over the call to Sushant to take you through the financial performance in detail. Over to you Sushant.

Sushant Dalmia:

Thank you sir and welcome everyone to our Q4 and FY23 Earnings Call.

As you know at Tips Industries we charge off the entire content cost in the quarter of release. We have had this factor since the inception of the company and we will continue with this accounting policy in future as well. We find this to be the most prudent way of accounting for our business.

Now let me take you through our Financial Highlights:



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We have closed FY24 with the highest quarterly revenue of Rs 52 crores in Q4 FY23 as compared to Rs 34.1 crores in Q4 FY22. That is an annual growth of 52%. Operating EBITDA for the quarter stood at Rs. 26.4 crores versus Rs. 20.3 crores in Q4 FY22. That is an annual growth of 30%. The operating EBITDA margins was at 51% for this quarter.

In this quarter we have successfully completed a buyback of shares. The buyback was of the maximum size permitted by the Company's Act which is equivalent to 25% of our equity capital as of September '22. Expenses related to buyback in this quarter were Rs. 68 lakhs. We have spent a total of Rs. 40.68 crores including tax and expenses related to buyback. In this quarter we have also had to take a tax charge related to the prior period amounting to Rs. 2.3 crores. Our profit after tax for Q4 FY23 stood at Rs. 18.3 crores versus 15.9 crores in Q4 FY22. The PAT margin for the quarter was 35%.

Now for the full year of FY23 revenue from operations stood at Rs. 186.8 crores compared to Rs. 135.6 crores for FY22. This is an annual growth of 38%. Operating EBITDA stood at Rs. 102 crores for the 12 months ended March '23 versus Rs. 86.2 crores. That is an annual growth of 18%. Our operating EBITDA margins for FY23 was 55%. We have closed this year with a profit after tax of Rs. 76.5 crores versus Rs. 64.5 crores last year and a PAT margin of 40%. Our bank balances and investments at the end of the year were at Rs. 117 crores.

We have received a lot of queries regarding our content accounting policies and the resulting impact on our reported numbers since we follow the most conservative accounting policy in the industry. To address these queries, we have done some calculations to provide more comparable numbers and I would like to share this with you annually henceforth. If we were to follow the industry accounting practices of amortization of content cost then our EPS for FY22 would have been Rs. 5.87 compared to the reported number of Rs. 4.98 which means that it would have been higher by 18% compared to a reported number. Similarly, for FY23 the EPS would have been Rs. 7.91 compared to the reported EPS of Rs. 5.91 which means it have been higher by 34%. These per share calculations are post the share split. I hope this provides some more insight. Here it will be pertinent to reiterate that we will continue to follow our accounting policy as we have been doing in the past. There will be no change in our accounting policies going forward also. With this I open the floor for discussion.

Moderator:

Thank you very much sir. We will now begin the question-and-answer session..We have the first question from the line of Sagar Jethwani from PhillipCapital.

Sagar Jethwani:

First some words on the deals which you have recently signed with JioSaavn and also Sony Music. Can you provide some color on it like what is the arrangement etc.?

Kumar Taurani:

JioSaavn, we have not given them content last year, December 21 when our contract was expired so we were in discussions from that day onwards. Their management also changed and then they have agreed on our valuations and on the strength of Tips Repertoire catalog, which is



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doing extremely well. 90s are in big demand. You can see in the last 2 years our '21 top line was 90 crores and this '23 our top line is 187. So, you can see the difference. In 2 years, we have become double. Our catalog is really doing well. 90s music plus new releases also doing well. After seeing all this they have approached us and in March around the 10th or 15th March we have done a deal with them for 1 year. And then again the deal is good deal. and if It's on parameters of the industry big players or whatever they are doing a deal with all the players. The same deal we have incurred with them with the MG also, there's a minimum guarantee also we'll get. It's a good deal for Tips, this has happened. Plus, Sony Publishing we were in discussion with them for quite some time. And Publishing is 200 countries international to control and monitor each and every content of your usage was very very difficult. We have done a deal with them for a little long time, for 5 years. It's a deal where they will collect all our publishing revenues. Wherever it is there wherever usage is happening. We will get monies and every 6 months they will give us, quarterly they will give us some approximate reports and then final report we will give every 6 months. That is a deal we have incurred with Sony Publishing.

Sagar Jethwani: Good to hear that sir. This is for the entire catalogue for both Sony and Jio?

Kumar Taurani: Yes, entire catalogue.

Sagar Jethwani: Also, can you share your thoughts on the recent agreement between industries body like IMI-ISRA as to how it will impact us?

Kumar Taurani: See one thing let me tell you that this deal of Sony Publishing is only international market not in India. India, we do that publishing arrangement we have with IPRS. So, that will continue. This is for international markets, all international markets except India. Now as far as ISRA and IMI we are a member. IMI is the association. You just have to pay a small fee yearly to run that organization. That organization takes care of so many things. We have common things, common problems we have. That kind of body it's like association. It's not a revenue earning body. As far as ISRA is concerned we were also, in 2018 we have settled with composers and lyricist IPRS, there is a body I just told you they have publishing rights. But in the 2012 when law came, law also came that we have to pay a royalty to singers but that royalty was assignable. We can take all the rights from the singer and if you want to give him, it's on negotiation. But industry has followed that practice we can't do that. We have to have an outright contract lump sum. We pay you and you please sign 100% rights to us. So, that practice is continuing. But what you can say to encourage artists or to do all this hassle we are fighting, artists fighting, companies fighting. We have worked on a formula on public performance. Whatever we collect from public performance of that money some percentage we have to give it to them. That is a deal we have made with them. With the minimum guarantee of 50 crores going forward, the higher cap will be 60 crores. This 60 crores or 50 crores will be distributed by all the companies on their public performance-based earnings. That is the deal we have done with singers ISRA.



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- Sagar Jethwani:** Your presentation highlights the rise of digital ads. How has the ad rate moved in last 1 year?
- Kumar Taurani:** See ad rate ad rate in the past it was a flat. It was not increasing. But again, it has started increasing and recently I have seen the presentation. They are growing by 35%-40% every year. Even this year everybody was saying they are laying off people, this is happening, that is happening. But still their growth is tremendous. I don't feel any problem will be there. Touch wood we have also seen the revenue what we are seeing. So, it's not any impact I see.
- Sagar Jethwani:** You touched upon the effective tax rate being at 34%. Do you see it normalizing back in coming quarters?
- Kumar Taurani:** 34% of what ? tax?
- Sagar Jethwani:** PBT, yes, the tax was 34% of the PBT. That's the effective tax rate.
- Kumar Taurani:** 34% how it can be? I think 22 plus something. Sushant can you respond to this?
- Sagar Jethwani:** The total tax amount divided by PBT that's the effective tax rate I'm saying. It was 34% as against earlier 25%-26% range. Do you see it normalizing?
- Sushant Dalmia:** Sagar I will answer that question. It included tax expense of earlier years, 2.3 crores. The assessment of past years have been completed. So, there were some charges so we have debited in this quarter. If you remove that then the effective tax rate would be around 25%- 26%.
- Sagar Jethwani:** **Sure sure.**My last question, what was the streaming revenue growth in FY23 for us?
- Kumar Taurani:** FY24?
- Sagar Jethwani:** FY23, what was the revenue from streaming? How was the growth from that segment in FY23 for us?
- Kumar Taurani:** I feel it must be same 30%-35%.
- Sagar Jethwani:** In line with the company?
- Kumar Taurani:** Yes. 75% business comes from there so it has to be similar.
- Moderator:** The next question is from the line of CA Garvit Goyal from Invest Research.
- Garvit Goyal:** First question is on the potential of these current deals that we entered into like how we see these deals as a future revenue driver for Tips?



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Kumar Taurani: JioSaavn potential will be big thing. It will contribute to the top line and bottom line. As far as Sony Music is concerned it will impact after 6-8 months because we have to still give them the content, ingestion will happen, entire 225 countries content will go and everything will be seen. So, it is a little longer term, 1 year to 1.5 years you can see the impact will start coming in. It will come from day one but not that kind of a revenue. But we will see impact in next year you can say for Sony, Saavn is immediately will start.

Garvit Goyal: Can you give some more clarity on like court approved these radio broadcasts; shall we require to pay royalty to composers separately? So, how do you see this impacting Tips in near term?

Kumar Taurani: When we had done an IPRS in 2018 because of our internal fights IPRS used to collect 40-45 crores, 50 crores. 2018 I think their top line was 40-50 crores. Now this '23 I think they are closing around 480 or 500 crores. So, you can see the impact. So, it's really growing well. All the past settlement is also happening. They were not paying. There was a lot of court cases were happening. But recently you have seen the judgment. According to that if they are going for a further appeal in the higher court, Supreme Court or something like that so again it will create, we will be delayed by another 1-2 years till Supreme Court gives this order. In case if this order is final, we can expect industry revenue of 60-70 crores at least coming extra money is coming in IPRS.

Garvit Goyal: Basically, that broadcast thing like radio broadcast was earlier not required to pay composers separately. So, is it like...

Kumar Taurani: They were always they are always used to pay but they have taken this. They don't want to pay for it intentionally . Worldwide everybody pays publishing rights separately and our sound recording master recording rights separately. So, they were not paying to both. They were fighting with both the companies and they were misguiding courts usually. Ultimately the court has realized, no this is a separate right followed worldwide. They also, artists have to get royalty also.

Garvit Goyal: That means if artist is getting the separate royalty and some of our IPs are we the composers and sound recording label both for our IP?

Kumar Taurani: This case won by IPRS. Sorry, we have also won in Hyderabad, in Madras High Court there was a case from industry PPL. We have also won that case. If I calculate I think for the sound recording industry also may get 80 to 100 crores extra but not maybe they will go to higher courts. This is a fight is going on for the last 10 years so I think it will still go for the next 3-4 years, I feel 2-3 years it will still take. But ultimately, we are very positive we will win. It's a right, they have to pay us. They are making money on our content. If they remove our content what they will do? They are not paying us money that's not fair. They have to pay and then they will pay from the beginning because our case is going on from the beginning, so that calculations



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will happen. I think industry will see an extra 150 and 200 crores coming in next 2-3 years from these radio companies.

Garvit Goyal: What about your sustainable EBITDA margins going forward? Like you mentioned, we'll grow our revenues at CAGR of 30%. I think if margins continue to fall then the bottom line shall not grow at that particular fixed rate. So, is it the correct understanding or I'm missing something?

Kumar Taurani: What I see for next year is I'm growing 30% top line, 30% bottom line. So, next year is for sure we are growing and I feel the way industry is shaping up, the way we have settled with ISRA, the way radio cases are coming in our favor, the way IPRS is growing and the way everything advertising is growing on digital platforms. I feel 30% to maintain for the next 2-3 years is not a big deal. We can really maintain it and we are really pushing hard and working very hard to achieve these things.

Garvit Goyal: This means your EBITDA margins can sustain at this 65% level that we did in FY23?

Kumar Taurani: EBITDA, Sushant can you respond to this EBITDA how we work?

Sushant Dalmia: EBITDA margins would sustain at these levels yes, because both the revenue and the bottom line growth will be at 30%.

Garvit Goyal: Right, that's what I was asking. One last thing is whether this time we will have the Tips Film's con-call or not?

Kumar Taurani: Yes, we will have after board meeting Tips final results, after the final results we will have a Tips Films call. Yes, we will do that.

Moderator: The next question is from the line of Ankur Kumar from Alpha Capital.

Ankur Kumar: My first question is on the content cost. So, this year was around 62 crores. What is our expectation for the next year on the content cost?

Kumar Taurani: Somewhere content cost should be around my expectation is between 25% and 35% of revenue should be our content cost and again it's depending upon the opportunity or the quality of music we can get of our liking. So, we do a lot of that. We are not in hurry and we are not desperate to have content. Our Repertoire is doing very well and I feel in next 10-15 years it will be like that only, maybe a little more also and we are also doing a lot of recreations. On new content 25% to 30% we will invest, we have 35%, we have budgeted that way. Let's see what we can get or what kind of content we get.

Ankur Kumar: 25% to 30% of sales?



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- Kumar Taurani:** 35%, yes.
- Ankur Kumar:** Basically, we just want to maintain our margins in such a way that our content will go in sync with the sales.
- Kumar Taurani:** Yes absolutely.
- Ankur Kumar:** On the growth side what kind of growth we expect? Because you have said that JioSaavn will also contribute this year, Sony will also start contributing 6 to 8 months down the line. What kind of revenue growth can we expect? You can expect 30% top line, 30% bottom line we will maintain next year. We have budgeted that way.
- Ankur Kumar:** How much will this two will contribute in terms of growth?
- Kumar Taurani:** Actually, I can't say that's. That's a little confidential but I can't really say that.
- Ankur Kumar:** On 30% which are the things which will help us in doing, this is quite a good number which are the things which will help us?
- Kumar Taurani:** I feel everything is going well for us. Our content is really doing well on all the platforms, all the TV stations, all IPRS, publishing everywhere we are growing.
- Moderator:** The next question is from the line of Akshay Sham from Sam Capital.
- Akshay Sham:** Just few bookkeeping questions. Has the PS-2 expenses been recognized this quarter?
- Kumar Taurani:** Yes, we did that in March Q4, yes we did that.
- Akshay Sham:** That is done fully?
- Kumar Taurani:** Yes, full.
- Akshay Sham:** Second question, I remember you telling that your market share was for the whole it was around 6%. Do you have any numbers on what it is now at the moment?
- Kumar Taurani:** I think if you see my presentation, what we are seeing that calendar year industry figures was 2,200 crores. According to that we are around 8% now.
- Akshay Sham:** Also, what is the paid subscriber growth for the streaming services like Spotify and Saavn? Do you have that number, in FY22 how much was that and how much was in FY23?
- Kumar Taurani:** 23 is on 20 billion and I think last year it was around 17 billion.



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- Akshay Sham:** Paid subscribers?
- Kumar Taurani:** Paid subscriber is very little, its only 4 to 5 million.
- Akshay Sham:** What it was last year FY22?
- Kumar Taurani:** You can decrease 1 million from 5 million. so 4 million last year and 5 million this year
- Moderator:** The next question is from the line of Saket Mehrotra from Tusk Investments.
- Saket Mehrotra:** I had a couple of questions. First Sushant, if you can explain this tax adjustment on the P&L. I was not very clear on this, so if you can just give some color on what this is?
- Sushant Dalmia:** These were 2.3 crores, pertains to tax assessments of prior years, prior 3 to 4 years tax adjustments post the assessment getting completed.
- Saket Mehrotra:** This is related to okay; some matters are under litigation or something and this is the adjustment that has come through.
- Sushant Dalmia:** Yes.
- Saket Mehrotra:** Secondly Tauraniji going forward as you said 25% to 35% is the content cost that you are working with plus whatever opportunity you see in terms of getting new content. Just to understand our approach will always be to step up this cost, right?
- Kumar Taurani:** Content cost?
- Saket Mehrotra:** Yes.
- Kumar Taurani:** It's depending upon the opportunity, if you have an opportunity then yes of course why not.
- Saket Mehrotra:** The deal which has happened with Sony for publishing, I think a few years back we had a similar deal with Warner as well. Are both of these deals similar or I'm just trying to understand how does Sony bring value alongside we already having Warner?
- Kumar Taurani:** Internationally the four big players, Universal, Sony, Warner and Merlin, at present we are dealing with three. All three we have different deals and see I told you earlier also we have two businesses. Basically, music has lot of rights but major rights are only two which are said to be sound recording or master recording. That is 90% of our business and the other is 10% which is publishing business. So, the 10% of publishing business which is there we have made a full team by that we will do on our own in the world but to achieve 225 countries or (+200) countries was very difficult. Our other big markets there we have arrangements with our societies but the share



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that we must have, revenues were not coming so we were trying to tie-up with some international publisher. So, we were having talks with Sony, then talking with Sony we made a deal and now from those 200 countries that 10% money is there, for example if I make a deal with Spotify and if I have an earnings of 20 crores with Spotify approximately then 2-2.5 crores I should get from publishing also extra. You understand that if my market share is 30% international and if 6 crores is coming from international from 20 crores so my 10% to 12% publishing will come from there means Rs. 60-70-80 lakhs money will come from there also. So, we have given them to Sony, they have given their full repertoire to Sony internationally except YouTube. YouTube, we do direct publishing. I want to tell you all one thing. We do international direct and in India every publishing including YouTube and all that we do through IPRS. So, this is Sony's 10% publishing share that I explained you. The deal with Warner, when we did a deal with Warner 32.5 years back, this is the last year Warner's deal so in that what happened is the international apps like Spotify, Apple, Amazon and there are many apps in the international markets like in Dubai Anghami, Deezer, Napster, there are lot of such small apps so on Warner will sell the content and Warner have paid us MG plus whatever earnings will be there, profit sharing, some commission they will charge and all the balance monies they will credit against MG and after adjusting of MG we will get overflow also. So, that is the deal with Warner. It was only for Hindi repertoire with Warner.

- Saket Mehrotra:** This was both for sound recording and publishing or just publishing?
- Kumar Taurani:** No only sound recording. With Sony we have publishing, both are different rights and both are for different companies. So, publishing with Sony and sound recording international apps with Warner.
- Saket Mehrotra:** So, you are saying as far as YouTube is concerned you are doing everything in house. Only when recording or publishing work is there then in international market recording, WMG is doing for you only for Hindi and Sony is doing for everything for publishing?
- Kumar Taurani:** Ye, absolutely.
- Saket Mehrotra:** And this WMG deal is for 2 years or how long?
- Kumar Taurani:** It's expiring in March '24.
- Saket Mehrotra:** I think a few of the other participants also mentioned that now so many judgments, even I was reading this IMI-ISRA were there and then Radio was there. So, going forward in the last two-three quarters I saw was there any stress related to ad rates or anything? Because I think the ad spends, a lot of companies said that it's decreasing so have you experienced the same and what's your outlook on this?



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Kumar Taurani: Our business touchwood is doing well, so I don't feel any impact. Even I feel that their companies also don't feel so. There is no such impact but everyone needs to decrease their expenses so maybe that's going on but I don't feel that problem is there.

Moderator: The next question is from the line of Priyankar Sarkar from Famy Ananta Capital.

Priyankar Sarkar: I just wanted to divide the growth into two segments if possible. One is the existing old catalog let's say what was the catalog 2-3 years back and the new content. I wanted to know what is the growth of the existing old catalog. What is that growth rate seen for this year?

Kumar Taurani: We have a major growth in the old repertoire and our old 90s repertoire is and plus also so many films we have released over last from 90s end till '22 also. So, all are doing really well. Our catalog is doing really well and new films and new big investments we have started from this year onwards in the month of December we released PS-1 PS-2 and Freddy. These three movies, three big movies we released. It will take little time and our expectation as we always maintain that new releases, we feel we will recover our investment in 4 to 5 years' time so that catalog is really doing well.

Priyankar Sarkar: You are saying it's 37. close to 38% growth most of it is coming from the existing catalog?

Kumar Taurani: Not entire.

Priyankar Sarkar: The first year.

Kumar Taurani: Yes, mostly.

Priyankar Sarkar: We can put 30% at least?

Kumar Taurani: Yes.

Priyankar Sarkar: 30% from the new catalog what you are acquiring now so that broadly we can do?

Kumar Taurani: See, we released PS-1 in September and Freddy will release in December and PS-2 will release in March. It's too early to specifically set any number.

Priyankar Sarkar: Remove that part, I'm saying existing let's say '21's catalog, how much was in '21, how much that is growing, I wanted to know that?

Kumar Taurani: Yes, I'm saying that catalog is really doing very well. I'm telling you this, this entire growth what you are seeing is that and new releases in case if we compare with the cost, we have incurred so we don't have that calculation but we'll give you. Let us at least spend a year on these releases to know how it's faring so it's too early to count. But one thing Priyankar that we are writing off



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in the same quarter so we don't have after writing off what numbers we are showing after writing off entire whatever we release, we invest and we release that same month we write off, the same quarter you can say. So, we'll tell you this in the next quarter's con-call.

- Moderator:** The next question is from the line of Yogesh Tiwari from Arihant Capital Markets Limited.
- Yogesh Tiwari:** I had one question, basically two questions on the balance sheet. If I look at the other current liabilities it has increased from about 1 crore to 36 crores for March '23, other current liabilities. If you can tell what would be the reason for 1 crore to 36 crores, other current liabilities?
- Sushant Dalmia:** Yes, primary these are advances from customers what we receive.
- Yogesh Tiwari:** Taurani ji what I understand as you told me that it takes about 4 to 5 years to recover the investment made in a purchase of our music right am I correct like a payback period will be of 4 to 5 years?
- Kumar Taurani:** Yes. One thing Sushant want to say, this current liability, this is advance but these are non-refundable advance. We don't have to refund. These are MGs we have received from parties which we account when every quarter they give us numbers, we get their sales where we issue invoice and we book that.
- Yogesh Tiwari:** And you had said that if we buy some music rights it takes about 4 to 5 years for that payback? That would be approximately, correct?
- Kumar Taurani:** Yes, we expect that yes.
- Moderator:** The next question is from the line of Swapnil Chhabra, an individual investor.
- Swapnil Chhabra:** My question is that our YouTube views they are showing good growth on year-on-year basis like 100% growth is there. But why is the same growth not reflected in the revenue?
- Kumar Taurani:** The people who come on YouTube, if you see content on YouTube, without money, if you a non-subscriber, if you have not taken subscription so you will see ads. So, full content does not run on ads, where there are ads we get that revenue, we get that profit.
- Swapnil Chhabra:** So, now we are getting 60% revenue from YouTube?
- Kumar Taurani:** No, not 60%. I suppose we are 50%, we must be on YouTube.
- Swapnil Chhabra:** So, YouTube number growth that doesn't reflect into, it's not necessary that much jump will come in revenue which YouTube number is increasing?



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- Kumar Taurani:** No, touchwood we have a good growth in revenue too in comparison to YouTube. If you see our total growth 38% growth in the growth in that substantial number is of YouTube also.
- Swapnil Chhabra:** The number of YouTube you have given in the presentation, in that YouTube Shorts number you have included in that presentation or you haven't added Shorts?
- Kumar Taurani:** I suppose in the views, Shorts are different. I will clarify that now. Sushant these views are main videos.
- Sushant Dalmia:** It would be both, all combined.
- Kumar Taurani:** This question of yours, we will ask and we will clarify that. I suppose main videos numbers are given; number of the Shorts is not given but from next time we will add that numbers also.
- Swapnil Chhabra:** The number of the Shorts if it is included so that the new, what is the contribution of the Shorts in our top line right now?
- Kumar Taurani:** There is no big contribution. The company had promised us YouTube and Instagram that in the 2 years you give us on the lump-sum model and after 2 years, we will create our revenue model and they will start the advertising on those also but still companies have not done that. Right now, also they are running on the fixed model so we are having constant negotiations with them and fights with them, that is the process of our business.
- Moderator:** The next question is from the line of Ankush Agrawal from Surge Capital.
- Ankush Agrawal:** Again, I had a question on Shorts that in the YouTube actually from February '23 monetization of the Shorts have started so have we not come on that? Are we working on fixed deals?
- Kumar Taurani:** Who started monetization?
- Ankush Agrawal:** YouTube, YouTube Shorts from February '23 monetization has started?
- Kumar Taurani:** In India it hasn't started. It hasn't started in the Indian companies and on the Indian content. They are saying it will happen but it hasn't happened yet.
- Ankush Agrawal:** So, there is not any visibility on the monetization of the Shorts?
- Kumar Taurani:** There is visibility but that is very nominal. There is not much revenue in that, in the Shorts. We have a lump-sum deal with it but our deal is open now, we are negotiating with them. If you are not taking out the revenue model so you will have to pay us more. So, let us see what will happen.



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- Ankush Agrawal:** Secondly, on the deal of Sony as you have clarified that the Warner's deal sound recording, and Sony is for publishing rights so typically for publishing rights contributes a very small amount compared to sound recordings. So, according to you say if we are getting Rs. 100 from Warner's deal so in that subscription Sony deal will give you Rs. 10-20, can you give me some idea on that?
- Kumar Taurani:** Warner rights are different. We have given limited rights to Warner for Hindi, for international and other apps but Sony we have given wider business. You consider our total business that total business in that our whatever businesses happen consider 8% to 10% of that will come from publishing whatever business we do, 8% to 10% will come from publishing, rest is 90% to 92% will come from sound recording. Whenever you will see our top line revenue so approximately that breakup you consider.
- Ankush Agrawal:** We must not have got any upfront in that I'm assuming largely it must be a revenue sharing deal of Sony.
- Kumar Taurani:** Can you repeat please?
- Ankush Agrawal:** Have we got any up-front revenue from the deal of Sony, the revenue-sharing share?
- Kumar Taurani:** We got an upfront advance, it's a refundable advance we got. They have given us some advance but it is written refundable but what I feel in that 3 years or 3.5 years we will get our money; we made an overflow also from there.
- Moderator:** We have the next question follow up from the line of CA Garvit Goyal from Invest Research.
- Garvit Goyal:** You mentioned this deferred tax due to some litigations. Are there any such litigations that you are getting expected for which we have to pay further tax in coming years?
- Sushant Dalmia:** No there is no further tax provision of early years which are pending now.
- Kumar Taurani:** All clear. One question was asked by Swapnil Chhabra ji had asked earlier about the YouTube. YouTube views that were written, Shorts are included in that.
- Moderator:** The next question which is a follow up question is from the line of Ankur Kumar from Alpha Capital.
- Ankur Kumar:** On the question on YouTube Shorts only. So, how much can we bifurcate that how much are Shorts and how much will be normal music on the YouTube side?
- Kumar Taurani:** Are you talking about the views?



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- Ankur Kumar:** Yes.
- Kumar Taurani:** If you are talking about views then 50 or 60 billion are Shorts and others will be main views. Something must be like that.
- Ankur Kumar:** If you see on the YouTube views so QOQ is decreasing in growth as an in this quarter, quarter-on-quarter is 8%, full-year will be (+100%) before that it was 15% quarter-on-quarter. Is it like reducing and are we worried on that front?
- Kumar Taurani:** No, absolutely not. Please try to understand that if myself having a liking for music or listening to music ultimately you have to see that is my content consumption is increasing or not increasing. So, content consumption maybe he is not listening on a full track but he is viewing Shorts so my quantity is increased so earlier we used to say that half an hour we invest on viewing the content of the mobile, now estimate is around 3-4 hours we are spending. So, I don't think there is anything that. Now you have such a toy like thing in your hands mobile, if you are getting bored anywhere you will see music, you will see views, you will see Short content so totally for 24 hours you are involved. But what you are viewing, it is depending upon that but if you see everywhere we have a growth so touchwood I am not concerned much about that, it's doing all ~~doing~~ good.
- Ankur Kumar:** And last question if you see our revenue trend it sustains for a few quarters and then a big jump comes. So, like last three quarters were at around 50 crores and before that last four-five quarters we were at around 30 crores odd. So, what is it that suddenly be sustain for three quarters-four quarters and then it jumps up and when do you expect next jump up to come?
- Kumar Taurani:** According to me last year was little consistent, growth is happening properly. What we expect 30% we do top line. I always maintained 30% top line and 15%-20% bottom line should happen and I think that is happening gradually. One thing happens is, deal-to-deal happens sometimes in between our deals are big or something like that so that makes a difference. Sometimes it happens that our contract expires in December with the party but they are keeping on, negotiations are going on for 4 to 5 months so after 5 months we get the money together for two quarters so a bit here and there can happen. But now even that is not happening, slowly all such things are also ending so I think it is becoming more organized if you will see the system is getting better and for this year, we are predicting that 30% top line and 30% bottom line will happen, earlier I used to say 15% to 20%, I think the way I see, the way business is growing I feel easily 30% is achievable.
- Moderator:** The next question is from the line of Saket Mehrotra from Tusk Investments.
- Saket Mehrotra:** Taurani ji what I was asking was any sense on, any visibility on content for next year in terms of like last year you told us about PS-1 and on that front if you could like tell us a few things?



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- Kumar Taurani:** We have recently acquired two films from Balaji Telefilms. We have purchased two good movies from them and at present two Tips Films, our sister concern-organization from them, its completed, those two films music will come and we need one or two movies more so negotiations are going on, we will close that as well.
- Saket Mehrotra:** That would be Merry Christmas and Ishq Vishq, right?
- Kumar Taurani:** Yes, Merry Christmas and Ishq Vishq plus in regional we have recently this quarter we have acquired a film from the Zee company we have taken a movie from them in Punjabi, we are also producing two-three Marathi movies this year so two-three movies in Marathi would also come so there is a lot of content.
- Saket Mehrotra:** Any update on the SEIS income?
- Kumar Taurani:** Which income?
- Saket Mehrotra:** FEIS income?
- Kumar Taurani:** I am not able to understand. What are you trying to say? Which income?
- Moderator:** We move on to the next question which is from the line of Sagar Jethwani from Phillip Capital.
- Sagar Jethwani:** I just have one more question. So, what percentage of content is to be monetized on the YouTube so supposedly if you have 30,000 songs out of that how many songs are like in which ads are not played?
- Kumar Taurani:** That is a very long exercise to do. That is a very massive exercise you are expecting that will happen. That is not going to happen, that is not possible for the company to do. But our top numbers, about 4,000 to 5,000 top songs we keep on monitoring on that which song is doing how much so that keeps on happening in the company.
- Sagar Jethwani:** Out of the 4,000 to 5,000 songs is there any percentage that 4,000 to 5,000 are fully 100% monetized?
- Kumar Taurani:** No, nothing is 100% fully monetized, that is impossible. If 100% monetize happens then we will come on 500 crores from YouTube.
- Sagar Jethwani:** I am just asking you for an example like any ballpark number that you can give maybe?
- Kumar Taurani:** We will note that but let us see if we can work on this Sushant, please note this. See if we can work on this and if we can give them in the next quarter or next to next quarter.



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- Moderator:** The next question is from the line of Ankush Agrawal from Surge Capital.
- Ankush Agrawal:** Taurani ji I missed your opening statement on content cost but can you again tell what kind of content cost you are targeting for FY24?
- Kumar Taurani:** Our target is between is between 25% and 35% will be our content cost.
- Ankush Agrawal:** Growth you are saying above 64 crores, 25% to 35% growth.
- Kumar Taurani:** Yes.
- Ankush Agrawal:** 85-90 crores so you had said last time so approximately that much would be there.
- Kumar Taurani:** What was that?
- Ankush Agrawal:** Last quarter you had said 85-90 crores for FY24.
- Kumar Taurani:** So, you do the percentage, it will come that much.
- Moderator:** Thank you. Ladies and gentlemen in the interest of time that was the last question for today. I would now like to hand the conference over to Mr. Nikunj Jain for closing comments. Over to you Mr. Jain.
- Nikunj Jain:** Thank you participants for having us today. It has been a pleasure. If there are any further questions or queries that we have not been able to answer, please feel free to reach to Orient Capital team. Thank you and have a good day.
- Moderator:** Thank you sir. Ladies and gentlemen, on behalf of Tips Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.