



January 29, 2025

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 December 31, 2024 held on Wednesday, January 22, 2025.

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)

601, Durga Chambers, 6th Floor, Linking Road, Khar (West), Mumbai - 400 052.
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CIN : L92120MH1996PLC099359



“Tips Music Limited
Q3 and 9M FY ‘25 Earnings Conference Call”
January 22, 2025



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

MODERATOR: **MS. MAMTA NEHRA – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY '25 Earnings Conference Call of Tips Music Limited. As a reminder, all participant line 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 Ms. Mamta Nehra from Orient Capital. Thank you, and over to you, ma'am.

Mamta Nehra: Thank you. Good evening, ladies and gentlemen. I welcome you for the Q3 and 9 months FY '25 earnings conference call for Tips Music Limited. To discuss this quarter's 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 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 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: Thank you. Good evening, everyone, and welcome to the Q3 and 9 months FY '25 earnings call for Tips Music Limited. Thank you all for joining us today. The commitment and efforts of our team have been truly commendable, and their hard work is evident in the positive results we have achieved.

I'm pleased to share that the Board has declared a dividend of INR3 per share. Secondly, during 9 months FY 2025, we have done buyback of shares worth INR46.61 crores and dividend payout of INR89.50 crores, aggregating a total payout of INR136.10 crores, which is in line with our commitment of rewarding our shareholders.

With that, I would now like to hand over the call to our CEO, Mr. Hari Nair, who will provide more details and insight.

Hari Nair: Thank you, sir. Good evening, everyone. We are seeing a strong growth for our music across digital platforms. In the quarter, we announced partnerships with TikTok, giving users worldwide access to Tips Music content library. We also saw YouTube Shorts increasing the length of their short-format videos to 180 seconds, followed by Meta announcing the same strategy. So, this actually opens up new opportunities for ad revenue and monetization for the platforms and for us. In the quarter, we are also observing a healthy surge in our content usage across Meta platforms, that is Instagram and Facebook.

I'll request Girish to share insights on the content and digital business. Thank you, everyone.

Girish Taurani:

Thank you, Hari. Good evening, everyone. I would like to talk about our content business. We've launched 116 songs in Q3 FY '25. This includes 40 film songs and 76 non-film songs. Our YouTube subscriber base has now reached a remarkable 113 million. This quarter saw the release of popular songs like Jutti Kasuri by Gippy Grewal, Afghani Afeem Hai by Toni Kakkar and Tiyaariyan from the movie Hoshiar Singh by Satinder Sartaaj, all of which have been well received by audience.

Our song Soni Soni from the film Ishq Vishk Rebound released earlier this year has crossed 100 million streams on Spotify. Naina from the film Crew continues to stream consistently across all platforms and has proved to be a super hit song. Thanks to Diljit, who is singing the song live in his concerts, which has a major contribution.

Last quarter release Dua Kijiye song has been growing organically on YouTube. Our catalogue of songs like Dil Meri Na Sune from the film Genius, Hona Tha Pyar and Jeene Laga Hoon from Ramaiya Vastavaaiya saw more than 70% spike in consumption of Spotify in this quarter. We have a very exciting lineup of releases planned for '25, as highlighted in our investor presentation, Slide 9.

I will now hand over the call to Sushant, who will present the financial highlights to everyone. Thank you, all.

Sushant Dalmia:

Thank you, Girish. Welcome, everyone, to the Q3 FY '25 earnings call. Let me take you through the financial highlights of the quarter gone by. Our revenue for the quarter was INR77.67 crores which is year-on-year growth of 20%. Operating EBITDA for the quarter stood at INR65.57 crores, that is year-on-year growth of 28%. Operating EBITDA margins were at 71.6% and PAT for the quarter stood at INR44.23 crores. That is a growth of 28%. Content cost for the quarter was INR14.55 crores.

Now the highlights of 9 months FY '25 are as follows: Revenue for 9 months FY '25 was INR232 crores which was growth of 30% and PAT for 9 months was INR136 crores, which was a growth of 35%. With this, I conclude my opening remarks and open the floor for Q&A.

Moderator:

Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Sandhya from Unicorn Asset. Please go ahead.

Sandhya:

Sir, a couple of questions. First, on the amount received from TikTok, so INR78 crores of revenue includes that amount?

Kumar Taurani:

Sorry, we couldn't hear you.

Sandhya:

Yes. My first question would be on the INR78 crores of revenue includes the amount – one time amount that we received from TikTok?

Sushant Dalmia:

There is no amount, let's say, booked in the revenue for this quarter from TikTok.

Sandhya:

Okay. So, it would be in next quarter?

Sushant Dalmia: It will be starting, yes, from next quarter basis the streaming.

Sandhya: Okay. No, I was asking about the onetime amount that we have received from TikTok?

Kumar Taurani: It's the advance we have received which we will be booking every quarter.

Sandhya: Okay. So, can you reflect on how much is the amount and what proportion?

Kumar Taurani: Amount we don't give actually because of competition we can't reveal the amount, but we have done a deal, except India and China it's a world deal. It's not a very major deal. It's a midsized deal you can say and for international markets. And we can't reveal the amount, but it's a decent deal you can say.

Sandhya: Sure. And I just wanted to highlight what's the reason that we didn't go with Warner like I just wanted to understand the thesis behind this like going separately with TikTok vis-a-vis we could have gone with Warner as a cumulative thesis?

Kumar Taurani: Mr. Hari is an ex TikTok, Resso company. So, he said better we should be with them directly. We can expect a good deal because of relationships. So, we did that with TikTok.

Sandhya: Okay, I understand. So maybe it's strategically good for us in the long-term?

Kumar Taurani: Yes, you can say that.

Sandhya: Great. And sir second question, you were highlighting in the TV interview recently that we are planning to get the expenses in terms of content costs, spread it over say 3 years, 4 years. So, anything -- any updates on that you want to highlight?

Kumar Taurani: We write-off our content cost every quarter.

Sandhya: Yes. But you were saying in the interview that you are -- the company is doing some internal working and trying to see if we can...

Kumar Taurani: I think there is some confusion. I have never said that. We write-off our entire content cost in the quarter of music release even just Hoshiar Singh music, we have released just one song last week of December and we have written-off entire money towards that in this quarter.

Sandhya: Okay. Great. Thanks for the clarification. I was just getting back from the CNBC TV interview you gave I think a month ago?

Kumar Taurani: No, it won't happen. It's last 25 years, 30 years we are following that practice and -- we will continue for a long, long time. -- No change at all.

Sandhya: No plans for changing the content costs expense?

Kumar Taurani: Absolutely no plans.

- Sandhya:** Great. Thanks. That helps a lot because I think that was very important.
- Kumar Taurani:** Yes.
- Moderator:** Thank you. The next question is from the line of Mr. Ravi from Naredi Investments. Please go ahead.
- Ravi:** Sir, there is a reduction in net profit margin from 68.95% to 56.95% year-to-year and 59.74% quarter-to-quarter. So, will you give commentary what is the reason to reduce the margin?
- Kumar Taurani:** See as mentioned always, I said please take as yearly and yearly as committed 30% we will do bottom line and 30% we do revenue. So, this year if you compare 9 months together, so you won't see any difference. 30% we have achieved top line and 35% I think bottom line there. So, I think we are on target.
- Ravi:** Right. And film industries could not give more blockbusters in quarter 3, quarter 2. So how do you see impact on music industry?
- Kumar Taurani:** Music industry see touchwood, Tips has the edge from -- if you see compared to other companies, our repertoire whatever we have done previously from '88 till 2022 that everything is selling. So, touchwood our repertoire is doing well. Even our new business last year, we did grew and it has done well. So that also given us a lot of business.
- So, we are not affected, and we are not heavily dependent also on that. So as explained earlier we have a two, three kind of resources from where we get content and touchwood we are doing well.
- Ravi:** Okay. Sir, new songs added in 9 months are 338 versus 733. So, can we presume golden time of music industries is not that great?
- Kumar Taurani:** No. I don't agree to that. Actually, if you see my last two, three calls I'm always mentioning, we are now moving towards more of a quality. So maybe our target is to make 100 songs. Next year you will see further reduction in the songs, but our investment will be same. Our costs will be same, but we are focusing on more on a quality. So that was -- you see that number is less.
- Ravi:** And last sir how paid-up streaming going on, will you comment something about that?
- Kumar Taurani:** Streaming is happening very well. I think everything is booming even subscription is going ahead. We have also in our presentation, if you see one, is Spotify. There is a Spotify the major member in streaming business. So, he's doing very well. He has shown the numbers. He shown the industry how we can have a growth, subscription made majority, everybody is expecting subscription should grow. And it's quite decently it's growing.
- Ravi:** Okay. Sir, all the best carry on please.

Moderator: Thank you. The next question is from the line of Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead sir.

Garvit Goyal: Good evening sir. Congrats for a decent set of numbers. Just one question on the medium-term outlook for Tips. Like we are now INR300 crores top line company on a TTM basis. So how do you see going from here for next 2 years to 3 years? What kind of strategies do we have in our mind and what kind of acquisitions if any we are looking for to further expanding the footprint in the music streaming industry, sir?

Kumar Taurani: I think business will be very good and it will be exciting time for Tips also. And as committed, I still feel 30% won't be a problem. We will grow 30% next year. And after that also I feel 30% is because there is a lot of many things are happening. If you see this subscription is increasing, the Spotify numbers are increasing. Spotify has started making money. So that's a good sign.

YouTube is increasing. They are increasing the length of the short videos where we used to get lump sum from them. Now they will start doing ads on that, Instagram, Facebook and this reels, -- YouTube Shot. So, they will start doing advertising. So that can be a huge business like one more direct stream. It can contribute which is now contributing upto 5% . It can contribute 25% to the business.

So, I think that's a big thing plus that public performance, I always mentioned the public performance will really do well and it's really doing well. So many events are happening.

See, if you see Diljit shows or just yesterday, I was -- somebody has sent me this Coldplay. A big show of Coldplay. And in that show Jazzy B my artist is singing my song, Tips songs, Naag, Naag, there's a old song, he was singing. I think these kind of shows we are -- as if we are going to make huge money. So, I feel that public performance, short figures, even the TikTok ban was happening in US.

Now maybe TikTok will have a partner in the US. The same thing will happen in India. But maybe we expect that in three-six months or 12 months, where Tiktok also can come into India. So that -- this entire short content will be a huge number for entire music business. And then public performance and subscription.

These 3 will be big years and maybe not immediately 1 or 2 years, but you will see in next 5 years, 1 year might come in which, suddenly you will see that the industry went up by 50%. So that will happen. I strongly believe in this business.

Garvit Goyal: And sir, what is the reason like you mentioned that in one year it will be up by 50%. So, what is the reason? Like, sir, you must be having something in mind, right?

Kumar Taurani: Yes. See, when television becomes a digital, when on television subscription came up Tata Sky, Airtel, Dish antenna, suddenly their business, they made INR20,000, INR30,000, INR40,000 crores only from distribution business extra. So that can happen. So, this Subscription is there or short content monetization or that public performance, proper value, so these three four things will bring business.

I'm not saying that our business will be around INR25,000 crores and if that happens in the industry, now today if it goes around INR3,000-INR3,500 crores So, even if it is INR2,000 crores extra then that is not a big deal for us

- Moderator:** The next question is from the line of from Harsh Shah from Dalal & Broacha Stock Broking.
- Harsh Shah:** A few questions from my side. So firstly, if you could in a kind of help us dissect the revenue growth that we did this time, which was around 20% on a Y-o-Y basis between digital and non-digital in terms of percentage growth, that would be fine?
- Kumar Taurani:** You're talking about digital and nondigital?
- Harsh Shah:** Yes.
- Kumar Taurani:** It's same. What we are observing, 75% is digital, 25% is non-digital.
- Harsh Shah:** Okay. So then should we assume that both have grown equally in terms of percentage?
- Kumar Taurani:** Yes. Yes, you can assume that. Yes.
- Harsh Shah:** Okay. Secondly, on TikTok. So, the deal that we have done, so basically, if you could kind of give some colour in terms of the potential the markets that you are banking on? And also, what type of deal is it? Is it a lumpsum based, streaming base? Or how is it if you could give some colour?
- Kumar Taurani:** We have got some advance from them, and it will be earning for the usage or per creation.
- Harsh Shah:** Okay.
- Kumar Taurani:** Let me tell you, it's not a major deal. It's only for overseas for these kind of services, India is a very huge market. TikTok is not available in India. We have done this deal with them for overseas market.
- Harsh Shah:** Correct. Yes. So basically, I mean, this deal that you did, which markets -- I mean, while doing that deal, which markets were you banking on? So that was my question?
- Kumar Taurani:** I think for Indian music, USA, Canada, Gulf and the UK. and Australia, New Zealand. And now actually, Pakistan also is a good market for us, Bangladesh too.
- Harsh Shah:** Okay.
- Girish Taurani:** So, the entire MENA region will be also contributing to it.
- Harsh Shah:** Okay. Got it. Sir, any kind of internal, say, working or calculation that you have done say in the next 3 to 5 years, how much could -- a TikTok could contribute basis the current deal?

- Kumar Taurani:** What I see that, let's not talk only on TikTok, TikTok is not in India, and if TikTok comes in India then TikTok, Facebook, reels and that YouTube Shorts can be INR100 crores business for Tips for next 3 to 5 years.
- Harsh Shah:** Got it. And last question from my side. So, on the short video platform that we were talking about. So, any sort of indicative timeline that you could kind of give as to when can we see the monetization happening?
- Kumar Taurani:** Monetization happening now also, it's not that monetization is not happening. But now we are having entire -- all music companies or labels have a lump-sum deals with them. Now they have extended the length of that short video. They have extended the length to 3 minutes. And that 3 minutes, if you are listening to 3 minutes, then easily, they can fix an ad of 15 seconds, 30 seconds that they can put an ad.
- And then when that ads will start, then our business will improve and really become a big business. And if a customer doesn't want to see ads, then they have to subscribe and subscription money, this or that. From both sides, we can make money. So that will happen soon.
- Harsh Shah:** Correct, sir. I'm aware of that. But basically what -- because last time on the con-call it was mentioned that YouTube had started a pilot project. So, what I was trying to understand is that are we -- is that pilot project, meaning contributing anything to our revenue as of yet?
- Kumar Taurani:** No. Not yet. Not yet. It will take another -- it will take another 3, 4 quarters, you can say.
- Moderator:** The next question is from the line of Saket Mehrotra from Tusk Investments.
- Saket Mehrotra:** Just want to understand how confident are we on achieving our 30% PAT guidance for the year? And how are we placed for that in the current scenario?
- Kumar Taurani:** 30% we have already achieved for 9 months, Saket, and we will close 30% more up and even bottom line also 30%, 30% yes -between 30%, 35% PAT will also come.
- Saket Mehrotra:** So, this is -- and I'm talking '24 versus '25 full year. So that you're saying you are in place to go yet in that 30% to 35% scenario?
- Kumar Taurani:** Yes. Yes.
- Saket Mehrotra:** Great. Sir, my second question is right now the royalty which come from our collection society how are we placed on that? What -- I mean, are we seeing any growth happen there? What I understand is these guys are now going deeper into establishments and all of these wedding places and restaurants. So just if you could tell us something about what's happening there?
- Kumar Taurani:** We are doing -- everywhere, we are doing very, very well. And actually, if you see Tips is the member of one such organization, IPRS society. And then there is another company called Novex, in which we are a member, but Novex is an individual, entrepreneur and he handles our sound recordings, public performance.

So, he's also doing very well, and we are getting money from that. And international instead of society, we have appointed Sony Music Publishing. In past where we have done a deal, small deal. Now they are talking to us for a bigger deal. We are discussing with them something, and we'll announce this soon as it happens.

Saket Mehrotra: You're saying internationally also, there's something like Novex what you are engaging with Sony?

Kumar Taurani: Yes. Yes. Yes.

Saket Mehrotra: Okay. So, sir, I mean, generally, is there any seasonality on the collection of these societies? Or does it come throughout the year? How has that evolved?

Kumar Taurani: The way the money keeps coming, they send us the reports and monies.

Saket Mehrotra: Okay. So, it comes throughout the year like that?

Kumar Taurani: Yes. Yes., throughout the year.

Moderator: The next question is from the line of Vaibhav from Yes Securities.

Vaibhav: Congratulations on a very good set of numbers. Sir, my first question was on our revenue top line growth guidance. So, as we have already given Warner, 25% of our revenue comes from basically other streaming platforms. And we are only getting minimum guarantees from Warner the next 3 years. So not having any growth on that particular part of our segment, do you think will that affect our entire revenue growth? Or do you think YouTube and our non-digital revenue should suffice for achieving the 30%?

Kumar Taurani: No. No, but we are growing on every platform.

Vaibhav: But we are only getting minimum guarantee, right from Warner?

Kumar Taurani: We have got minimum guarantee, but we have not booked that minimum guarantee in our accounts. We have shown as an advance and whatever numbers they are actually selling; whatever business is happening; we are just booking that.

Vaibhav: Okay. Understood. So, growth is happening on the Warner..?

Kumar Taurani: On actual numbers, whatever business is happening, that is happening. Whatever maybe, there is an overflow or maybe it's an old entry they have paid that will happen after 4 years in the last quarter, not now.

Vaibhav: Okay. Understood. And sir, my second question was on the content acquisition costs. So, our content acquisition cost has been steady in around 17% to 18% of our sales. So, I think earlier you had guided that costs will be around less than 30% of revenue. Is there any reason that we are slightly conservative in investing behind new content?

Kumar Taurani: Not getting good content on the right price. So, we are just watching. But next year onwards, you will see we are consuming around 25%, 27% will invest in content. It will happen. We already have so many releases coming up if you see the slide, I think, 9 or something, so you will understand next year, we have a sufficient content, and we will achieve our target of spending money.

Vaibhav: Ok, that's it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Ms. Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: Thank you for the opportunity. Sir, my question is from the earlier participant only. Like one of our competitors is going aggressive on the content side. So, what kind of impact we are seeing? And second question on the monetization side, like you mentioned on the industry side also in the PPT, so just wanted to understand your thoughts and also revenue-wise, how much we are able to monetize on the Meta side?

Kumar Taurani: We have given Meta, Facebook to Warner and they are really doing a good job, and we are very happy about that. And as far as content competition is concerned, so we are not in that game. Market is really very competitive. So, I don't want to be in that race. So, we are focusing on our own relationships and whatever good content we are focusing, if we get a good content.

. Our target, as explained earlier also in last concalls if you see, 7, 8, 10 quarters, I always maintain 25%, 30%, we will invest in content. And from next year onwards, we will achieve that.

And also, as I told you earlier, we have our own company, film company. At arm's length, we are buying content from them also plus we do our own recreations, our repertoire, music, whatever we have -- so that's a new kind of a retro that is doing well. So, we are doing many songs as recreation, they are selling very well. So, we have really absolutely placed very well, and we are achieving our target. So, we can't be desperate or go for that bidding war that is happening already within 2, 3 companies. We are focusing on our business, and we are happy about that.

Jyoti Singh: Thank you. Sir, just one more question. So whatever content we are acquiring, how much percentage it is new and how much percentage it is from the existing or you can say remix side? And another is on the event side like earlier you mentioned, the event like Coldplay and Diljit they are doing very well. So, if you can give us your thoughts what's your planning on that side?

Kumar Taurani: See, actually, Coldplay was a show. And when if any artist is performing my song or any other company song, those companies will get advantage and they get money, remuneration. So that's a good advantage for us. And our other songs, if you see, whatever big shows are happening, our songs are being played. Even this is an international show, but still our Tips song is being played. So, you can say our -- as I mentioned earlier, we are at the right place and right catalogue, you can say. So that's what is happening very well. And what was your other question? Can you repeat that?

- Jyoti Singh:** Sir, like, how much ratio on the acquisition side, from the acquisition side, new and old?
- Kumar Taurani:** See okay. You're saying, how much business happening from new and old. I think maybe you're saying that. So, you can say, as mentioned earlier, our target is whatever investments we do, we write-off in the same quarter, but we should recover that money in the next 4, 5 years, we should recover that money. And I think we are achieving whatever for -- we have not done any heavy reinvestment so far.
- Next year onwards, we are doing a lot of investment. And whatever this 2 years, INR60 crores, INR70 crores each, we have spent, this is actually including content and marketing costs. Our content cost, actually, if you see for 3 years, it's hardly anything INR100 crores, INR125 crores, but we see we are recovering. We will recover in 4 - 5 years' time.
- Jyoti Singh:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Arpit from IG India Family Hub. Please go ahead.
- Arpit:** As you said, the YouTube Shorts will be getting paid on per user basis. So how do you expect it to materialize in comparison to long format video, which is existing there?
- Kumar Taurani:** Same thing will happen. See now, YouTube has given us a guaranteed floor which is minimum money, you will get this much money. And if they start up doing ads from those content, then same split happen. 55% for us, 45% for them. From that 45%, they will give 10% to 12% to the publishing rights and balance 33% to 35%, they will retain. The same split will happen, and I think that split number will be very huge.
- Now every, I think, majority of advertisers, they want to come on short content, everybody wants to do ads on short content because it's a consumption, too big, too huge. I think that will be a big advantage.
- Arpit:** Okay. How much proportion of the total YouTube play could be on a short format right now?
- Kumar Taurani:** I think, hardly -- I think all services put together hardly 7%, 8%.
- Arpit:** Got it. And we are expecting it to get back to 25%, 30% kind of level?
- Kumar Taurani:** Yes, it can be.
- Arpit:** Got it. Thank you.
- Moderator:** The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.
- Naitik:** Congrats on a good set of numbers. So, my first question is, did we see full quarter of Warner deal's revenue booking this quarter? Because there were some delays, I believe in uploads on Meta. So, can we assume this quarter we saw a full quarter of revenue for Warner deal?

- Kumar Taurani:** Sushant, can you reply to this?
- Sushant Dalmia:** So, le the content got ingested, Meta and everything got ingested and the content was live. We weren't able to share the breakup of the Warner revenue, but yes, the traction was good in all the platforms operated under the Warner umbrella.
- Naitik:** No, sir, my question is, did we see a full quarter of revenue recognition or not? I don't need the number. I understand you can't share the number. I just wanted to get a sense, if we did see full quarter of revenue from that content let that got ingested?
- Sushant Dalmia:** Yes, we got full quarter of revenue.
- Naitik:** Okay. Got it. And my second question is, sir, what percentage of your revenue guarantee would be from paid subscribers in the digital revenue?
- Kumar Taurani:** Sushant, Hari?
- Hari Nair:** No, it will be a really small number right now, but it is growing steadily. If you compare year-on-year growth on subscription, it is growing about 40% every year. So, Spotify is doing a great job on that. But yes, it has to become a big number for all of us in the industry.
- Naitik:** That's it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** Thank you for taking my question. Sir, Taurani ji, FY25 is almost over and till now we have spent about INR40 crores on the content, right? Earlier, our target was to spend about INR70 crores-INR80 crores, which now seems to be impossible. Can you give us a broad sense of what will be the content cost this year? FY25 total.
- Kumar Taurani:** How much will it be, Sushant?
- Sushant Dalmia:** Ankush, it could be in that range of INR55 crores to INR60 crores for the full year. Depending on the releases, but let's say that would be the ballpark.
- Kumar Taurani:** We have something going on. So, I think this will happen, yes.
- Ankush Agrawal:** Okay, got it. So, Mr. Taurani, it's been almost 2 straight years in which our content cost is almost INR50-INR60 crores. So even though in the short term, this is boosting the P&L but in the long run you don't think it will be problematic because if you look about it, Tips's current strength is because the blanket content was acquired in the 1980s and 1990s of which we are getting the benefit.

But after 20-30 years, if we look at our content acquisition strategy, somewhere it could backfire us. So, how do you think we should take it from here? Because it's been 2 or 3 years since we invested in content.

Kumar Taurani:

Let me tell you, we think that our catalogue is still so strong that we haven't even explored it. So, we are still really pushing our content. Because our existing repertoire can still grow a lot on the major platforms. Apart from that, if you see that presentation, as mentioned earlier also, we will bang on target, we are going to spend that money and we have a huge good quality content. Just wait for next year, you will understand. And we wanted that cycle. And if you know, a few months back we done a block deal because of that only.

Another company should make more films and give us content. That will also happen. We will get a quality content at arm's length, absolutely transparent, approved by auditors and board members, everybody according to policy.. So not a problem. And content, next year you will see it. We are having a huge content. Plus, that's our catalogue is very strong. It will also show a lot of upside.

Ankush Agrawal:

Second question is that in this quarter we have grown revenue of 20% Last 2 quarters the Wynksettlement had one-off impact but if I take off that one-off impact, we have grown about 23%-24% in 9 months So the organic 30% growth target seems to be shortfall. Despite the fact that we have made a lot of major deals this year, like through Warner's deal, we have come to a lot of platforms, TikTok, Meta, we have gone live. So, from next year, how do you see that growth sustain 30%?

Kumar Taurani:

Okay, so now, , let's believe for a moment that when we got the money from Wynk. If the deals had closed prior to 2 years then on the contrary, we would have benefited from Wynk. If you see, we have lost that business. So actually, our numbers without even Wynk or Airtel, which was there for so many years, we have not made a deal for 6 years. We must have lost INR70 crores-INR80 crores. But because of the very aggressive stand, Wynk, Airtel has taken, we have no option, they have given no option but to go in the court.

I think even then also, we are really pushing hard that we should do more than 30% of this year. The 12 crores we have; we should keep that separately and achieve more. And that should be happening. There are some good things happening. And as I said earlier, our effort is really doing well. So, we are not getting stressed about that. And as far as next year is concerned, we have such a good follow-up of releases. And so many things are happening. So, we are still confident that next year we will achieve 30%

Ankush Agrawal:

Got it. Thank you.

Moderator:

Thank you. The next question is from the line of V.P. Rajesh from Banyan Capital Advisors. Please go ahead.

V.P. Rajesh:

Just two questions. One, in terms of, what we are seeing is that Bollywood is rereleasing movies back from 1990s all the way to 2000. So, are you seeing any uptick on your music library because of that?

Kumar Taurani: Can you repeat just, please?

V.P. Rajesh: See, Bollywood is releasing older movies in the last few months we have seen them turn back to '90s.

Kumar Taurani: Okay. Understood. No, there's no huge impact, maybe very minor, no big impact of that.

V.P. Rajesh: Okay. And in terms of your catalogue, have you seen any shift in terms of the songs that are being played? Are they from a certain period and that period is shifting over, let's say, last year same quarter? Or is that period still staying strong in terms of the consumption by the subscribers?

Kumar Taurani: No. I think consistently, they are performing. My songs are performing well. And on the contrary, they are growing. So, no complaints about that. No change.

V.P. Rajesh: Sir, my question is in terms of the PV for which you -- let's say, if INR100 of revenues coming, INR50, INR60 is coming from, let's say, early 2000 music. So, are you still seeing that content generating same type of revenue? Or is it starting to move towards, let's say, 2010 type of music?

Kumar Taurani: No, it's the same type of -- No, same type of business. See, music business won't change quarter-on-quarter basis. Music business changed after every 7 years, 8 years, 10 years. So, we are actually -- see we are a very young company for the -- when YouTube or the Spotify when that has come, only 10 years, 12 years old, the services.

So, for them, on the contrary Spotify has not reached interiors of India When they go inside of India, then you will see suddenly it will be a very huge surge in this content.

V.P. Rajesh: Okay. And typically, like where are you getting your maximum revenue from? Like is this a 10-year-old content, 20-year-old content? What is the aging of your content where you're getting the revenue from?

Kumar Taurani: From '88 till 2020, whatever we have done, we are making good content. And after 2020, I take that as a new content. So, our catalogue is really doing well. And as other business 80%, 20%. Our business is also 20% songs, give us 80% revenue, maybe 85% revenue.

V.P. Rajesh: Right. So that 20% songs, which period do they belong to? That's what I'm trying to understand that.

Kumar Taurani: I'm telling you, 1988 to 2020.

V.P. Rajesh: Okay. But you don't bifurcate it ahead and see which period is getting more, which period is getting less. Within that 1988 to 2020?

Kumar Taurani: No, we are going to do that too. We have made that analysis team. In the next 3, 4 quarters, we will do that too.

- V.P. Rajesh:** Okay. Got it. And then last question on the shorts point that you made. So, if there is an advertisement ad in that situation, let's say you are making INR100 today from whatever we guys are paying to Warner and that is coming to you. So, how much bump can you see? Like when you talk about going from 7%, 8% to 25%, but on a INR100, there will be some leakage also, right? Because people will not be consuming in other places. Or do you think that will be all additional revenues?
- Kumar Taurani:** I don't know, maybe 5%, 10%, maybe a leakage. It still we will get a big boom.
- V.P. Rajesh:** So, how much will that INR100 be according to you?
- Kumar Taurani:** You understand that whatever business we are doing, if my estimate is today, if I earn 7%, 8% today, for a minute you thought INR300 crores business is there if I am earning INR20 crores to INR22 crores, I will earn INR90 crores, it will be this much consumption will increase, if you watch it yourself, if you use Instagram, if you watch one video by mistake then you will end it you will watch 25 -30 videos. So, if it is a long video then you will watch 10 - 12.
- V.P. Rajesh:** Got it. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Abhishek from AB Capital. Please go ahead.
- Abhishek:** Just wanted to ask any particular reason as to why growth was a bit tepid this quarter that it used to generally grow at around 30%? So, any reason, any particular reason?
- Kumar Taurani:** What you -- actually I have not heard, can you please repeat?
- Abhishek:** Any particular reason as to why growth was a bit tepid this quarter?
- Kumar Taurani:** As told you earlier, please don't judge us on a quarter-to-quarter basis. If you see overall, if you see 3 quarters results. So, we are bang on 30%, whatever we have said we have achieved and even bottom line to 35%. So, I think that's 2%, 3% here and there 1 quarter is bigger.. It happens as in business.
- Abhishek:** Okay. And you are confident next year also, you'll achieve 30% top line and bottom line?
- Kumar Taurani:** Yes, very confident. Yes.
- Abhishek:** Okay. Thank you.
- Moderator:** Thank you very much. That was the last question -- due to time constraint, that was the last question for the day. On behalf of Tips Music Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.