



**Tips Industries Limited**



**Investor Presentation**

**February 2021**

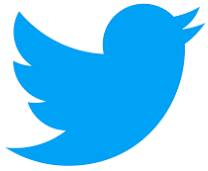
This presentation has been prepared by and is the sole responsibility of Tips Industries Limited (the “Company”). By accessing this presentation, you are agreeing to be bound by the trailing restrictions.

This presentation does not constitute or form part of any offer or invitation or inducement to sell or issue, or any solicitation of any offer or recommendation to purchase or subscribe for, any securities of the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment thereof. In particular, this presentation is not intended to be a prospectus or offer document under the applicable laws of any jurisdiction, including India. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. There is no obligation to update, modify or amend this communication or to otherwise notify the recipient if the information, opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Certain statements contained in this presentation that are not statements of historical fact constitute “forward-looking statements.” You can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “goal”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, or other words or phrases of similar import. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, among others: (a) our ability to successfully implement our strategy, (b) our growth and expansion plans, (c) changes in regulatory norms applicable to the Company, (d) technological changes, (e) investment income, (f) cash flow projections, and (g) other risks.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes.

# Music Industry is now completely Digitized



As of September 2019, **7 out of the top 10** most followed accounts on **Twitter** belonged to **musicians**



**80Mn** Subscribers  
(as of July 2020)



ShareChat



According to YouTube, **musicians** owned the **majority of videos** that have achieved **more than 1bn lifetime** views and/or have made it to the top 10 most watched videos of all time



**155Mn** Premium Subscribers  
**345Mn** Monthly Active users  
Available in **93 Markets**

(as of December 2020)

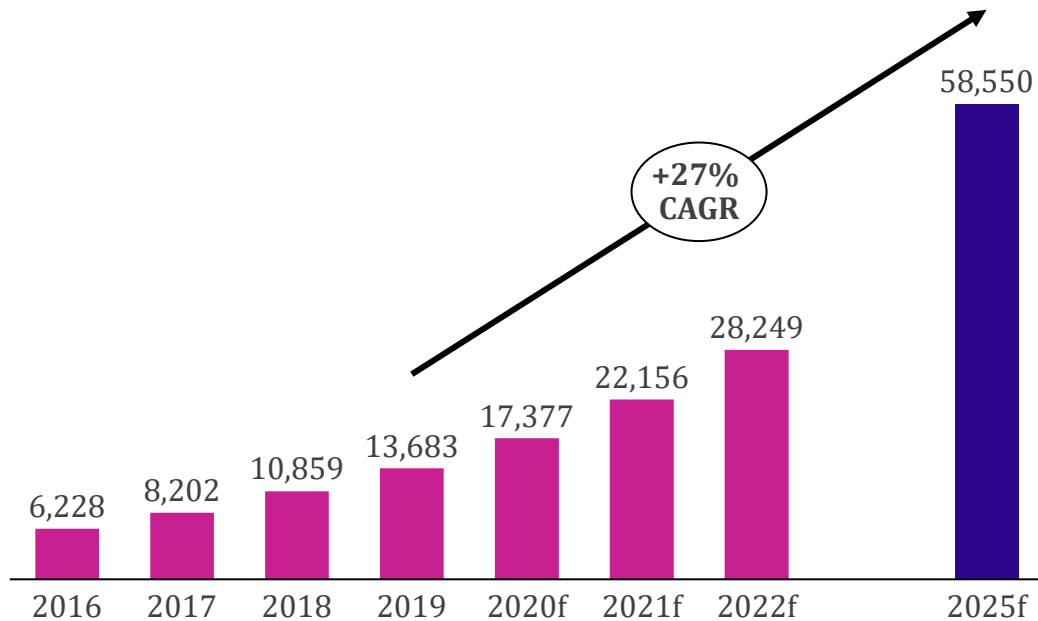


# Digital Advertising – Key Driver of Indian Music Industry



## Indian Digital Ad Industry

INR Crs

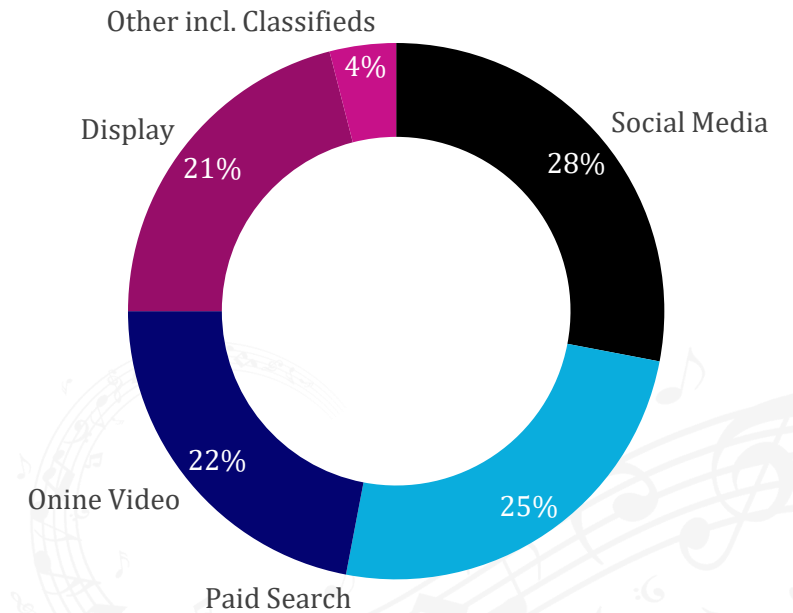


- Digital media is expected to grow at a CAGR of 27.42% to cross the Rs. 50,000 crore mark and reach industry size of Rs. 58,550 crore by the end of 2025
- This sustained growth can be attributed to the technological advancements, improvements in data science & analytics, introduction of policies & regulations among others

- Advertising spends on Digital Media is led by Social Media with the highest share of 28%, contributing Rs. 3,835 crore to the Indian digital advertising pie
- Social Media has remained one of the strongest digital ad platforms and has been consistently successful in increasing consumer engagement for brands

## AD spends on Digital Media format

INR Crs



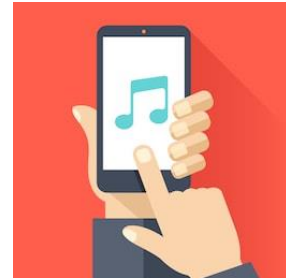
- On an average, Indians spend 2.4 hours on Social Media, which is at par with the global average
- 53% of the Internet users watch videos on YouTube on a monthly basis, the numbers being as high as 72% for 18-24 age group





## Music Monetization:

- Music labels own IPR for their repertoire for 60 years as per the Copyright Act 2012, an opportunity to monetize music rights for over half a century
- IPR provides longevity to the repertoire
- Although there are about 4-5 active players in the Hindi Music business, each has a unique repertoire and follows a different content acquisition strategy and therefore there is little or no overlap in their offerings when viewed on title-by-title basis
- Aggressive auction type situations don't exist in content acquisitions



## Consumer's Unwillingness to Pay:

- FICCI–EY Media & Entertainment Report 2020 expects paid subscribers for music streaming in India to **cross 5 million by 2022.**
- According to Indian Music Industry's (IMI) — Digital Music Study 2019, paid streaming subscription revenues account for 27% of all recorded music industry revenues in India
- Subscription streaming revenues grew 33% to Rs 292.8 crs. while ad supported streaming revenues grew 43.6% to Rs 257 crs.
- Clearly, paid streaming has already started contributing more to the Industry



## Digital Piracy:

- Technology has disrupted piracy the most
- Free services such as You Tube, and other OTT platforms also provide free music listening experiences to their users
- When licensed music is available for free, and data costs are negligible, the economic incentive for piracy is miniscule
- Piracy still erodes value, but not as much as it did in the past



## Investments in Music:

- Music labels acquire music rights for future growth and expense acquisition costs annually since the outcome is unknown at the beginning; Just like the Pharma industry expenses its investments in R&D annually
- Existing repertoire of music provides a steady cash flow stream to purchase new rights

# Music Industry Business Model



## Music Creators



## Film Producer



## Music Label



## Streaming platforms



Business Model

Music creators include lyricists, composers, and singers who create songs and get paid for the same

Film producers use these compositions in films and sell the music rights to music labels

Music labels own the IPR (Intellectual Property Rights) and license the music to various platforms

Streaming platforms license the content and make it accessible to consumers

Value

Producer pays the artists the value for the music that is created

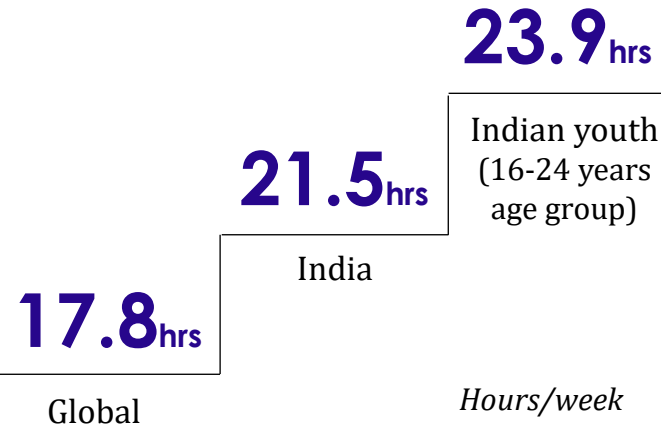
Music label pays the producer for the rights of the songs

Music labels pay film producers upfront (advance) + royalty in perpetuity (post the recovery of upfront cost)

Streaming platforms give minimum guarantee + a variable fee based on number of streams



## Indians love their Music



# #19

India's rank in the global music market


# #14


India's rank in the global digital revenues


- ✓ As of September 2019, **7 out of the top 10** most followed accounts on **Twitter** belonged to musicians
- ✓ According to YouTube, musicians owned the majority of videos that have achieved more than 1 billion lifetime views and/or have made it to the top 10 most watched videos of all time
- ✓ No. of **monthly active audio-streaming** users has grown from 110 million in 2018 to **165 million in 2019**
- ✓ According to an IFPI survey of 19 leading geographic markets in 2019, **54% of 35- to 64-year-olds used a streaming service to listen to music**, representing an increase from 46% in 2018, which was the highest rate of growth for use of streaming services across all age groups.
- ✓ **Increased accessibility of streaming platforms** in Tier II and Tier III cities is expected to higher growth
- ✓ **Paid subscriptions** generated 9.1% of the Indian music industry's streaming revenues in 2019, is **expected to grow to 31% by 2024**
- ✓ The FICCI-EY Media & Entertainment Report 2020 expects paid subscribers for music streaming in India to **cross 5 million by 2022**.

# ...is bound to grow





**01**  **Convenience**  
Listeners no longer need to carry separate devices; smartphone apps make music available 24x7 with a tap and a swipe.


**05**  **Smart Phone**  
Increasing smartphone penetration in urban as well as rural India will lead to high data consumption for audio & video platforms


**02**  **Rising Data Consumption**  
Mobile Data Traffic to grow at 21% CAGR between 2019 and 2025 in India

**06**  **Partnerships**  
Multiple partnerships with various OTT & Digital platforms to provide annuity revenue stream

**03**  **More Subscribers**  
72 crore mobile Internet subscriptions in India today & expected to touch 134 crs by 2025. Current tele-density in rural areas is only 57%

**07**  **Rising AVOD Spends**  
Increasing AVOD spend will further boost music & videos streaming online

**04**  **Cheap Data & Faster Network**  
Easy & Cheap availability of data & faster network. 58% of Indian cell phone users are on 3G or 4G networks

**08**  **Technological Advancements**  
Evolving technologies like AI & Data analytics will play an important role in understanding consumer preference to enhance listenership's

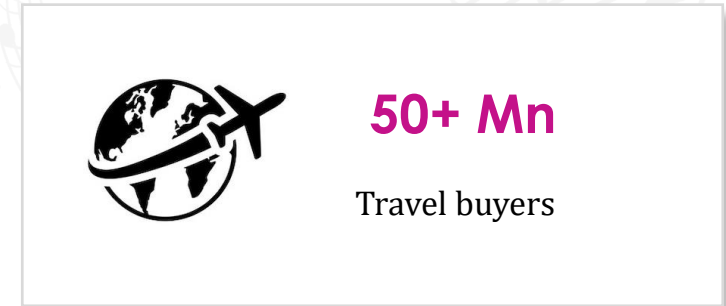
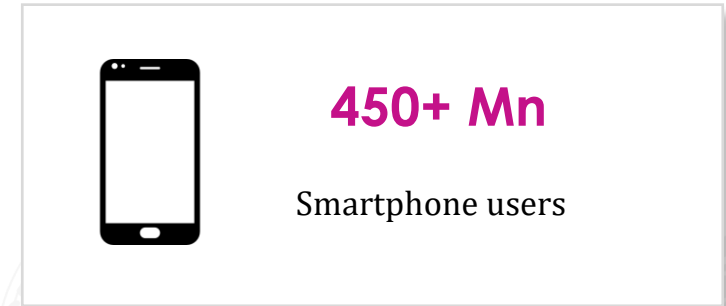
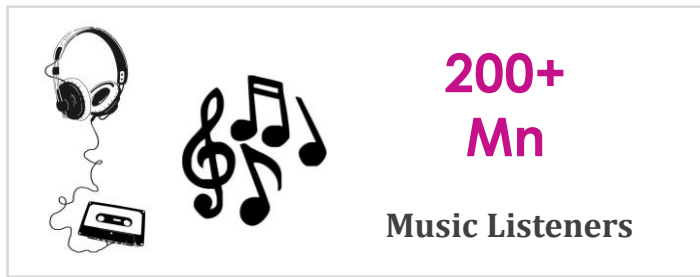
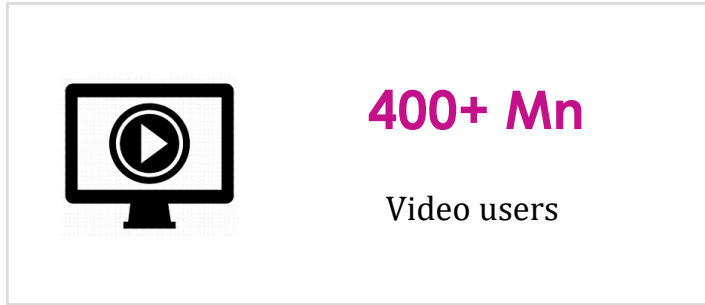
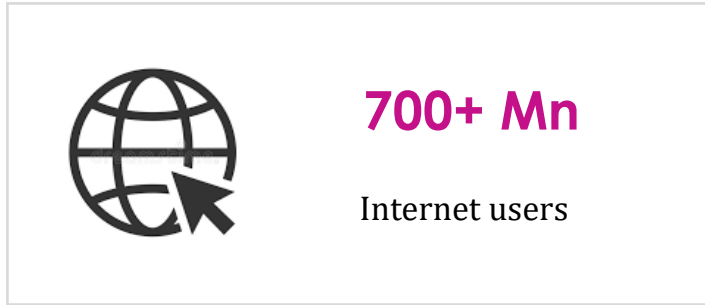




# ...in Sync with Technological Advancements



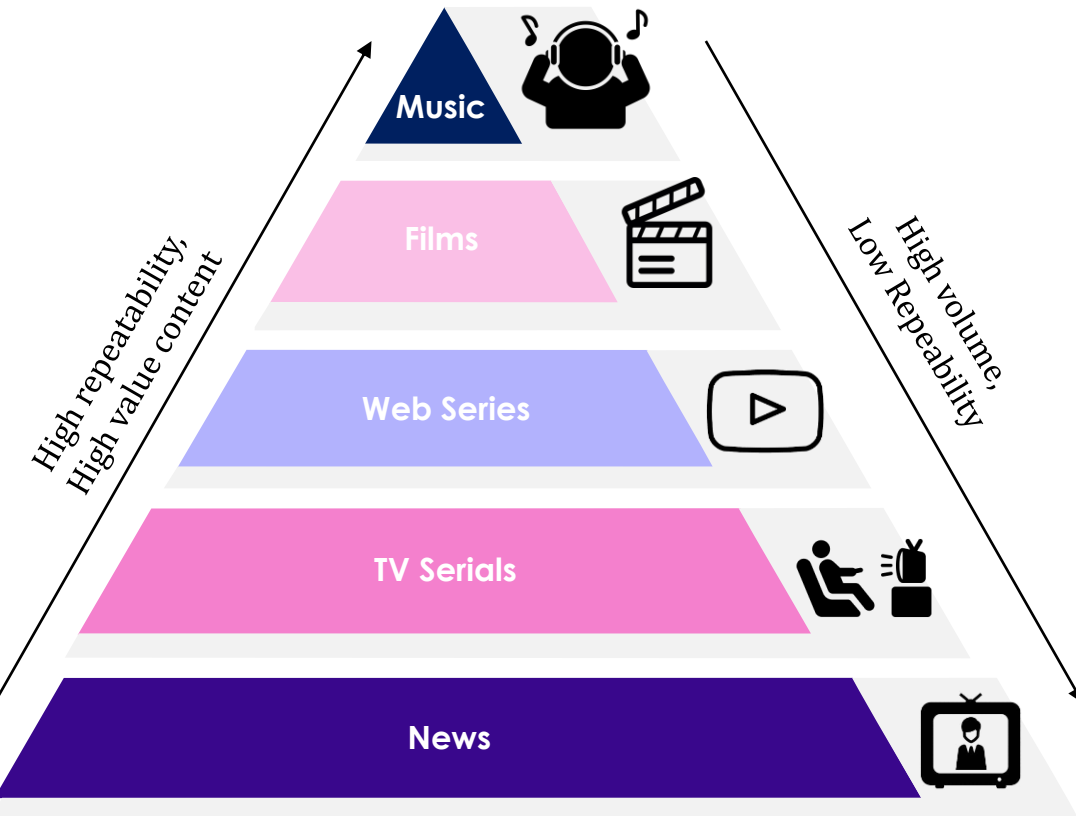
The Digital Ecosystem in India – An open field of opportunity



# Music is the most valuable content



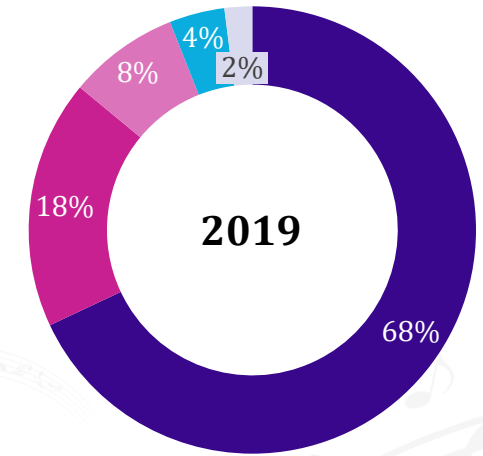
## Ranking on repeated monetization



Content that can be monetized multiple times naturally commands greater economic value

**Music ranks at the top of the content pyramid when ranked on repeated monetization**

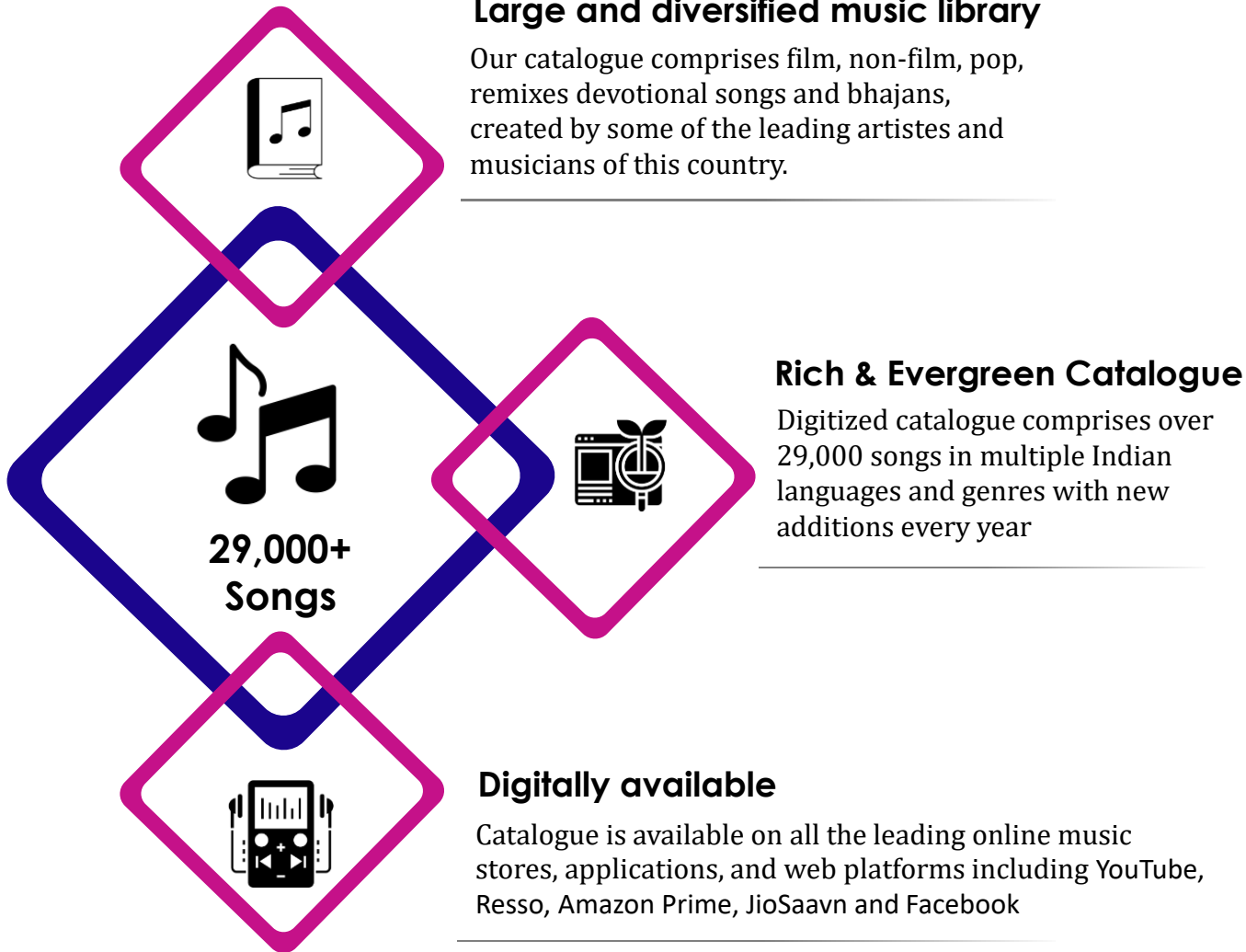
## Music is now an internet business



- Internet
- Telco
- Performance Rights
- Sync
- Physical

Internet platforms comprised **68%** of total revenues in 2019, up from **54%** in 2018, for the Global Music Industry

# ...generating multiple revenue streams



Rich content can be leveraged to generate multiple annuity revenue streams via following



**IPRS can become a large source of revenue over the next few years**

# Company Overview



Established in 1988, Tips Industries is one of the Largest corporate houses in the field of music and films



Since 1990, Tips has the highest number of gold and platinum discs to their credit in comparison with any other record label in India



Consistent success in creating and acquiring high quality music I.P.R.



Extensive catalogue of Film, Non-Film, Devotional, Pop, Remixes

Hindi | Punjabi | Gujarati | Bhojpuri & many others...

## Presence across social media platforms



Collection of  
**over 29,000 songs**  
across all genres and major  
languages

## Catalogue is licensed to

- OTT platforms
- Content Aggregators
- TV Channels
- Telecom Companies
- Radio Stations,
- Advertisers
- Event Management Companies
- Hotels, Restaurants, and Others



## MUSIC... THE RHYTHM OF LIFE



### Our Vision

To maintain and grow a **MUST HAVE HITS** catalogue



### Our Mission

To create, acquire and deliver quality music to a wide range of audiences



### Our Purpose

Deliver Entertainment



### Our Core Values

- Honesty
- Commitment
- Teamwork
- Passion
- Positive attitude

# Experienced Board of Directors



**Mr. Kumar Taurani**

**Chairman &  
Managing Director**



**Mr. Ramesh Taurani**

**Managing Director**



**Mr. Amitabh Mundhra**

**Independent  
Director**



**Ms. Radhika Pereira**

**Independent  
Director**



**Mr. Venitaraman Iyer**

**Independent  
Director**



**Mr. Girish Taurani**

**Executive Director**

- Mr. Kumar Taurani possesses immense knowledge and expertise in the field of Media & Entertainment Industry for more than 40 years. He controls the affairs of the Company as a whole. His vision and direction plays pivotal role in the progress of the Company
- Mr. Ramesh Taurani has rich experience of 39 years in the Media & Entertainment Industry. He is widely credited for remarkable success with many blockbuster films. His visualisation and dedication support to build success of the film business
- Mr. Amitabh Mundhra holds B.Sc. Eng. Degree from Kolkata University. He is an entrepreneur and possess vast experience in Corporate Finance and Management
- Ms. Radhika Pereira is a law graduate from University of Bombay and a Post-graduate from the University of Cambridge and the University of Harvard. She is a Partner with Shardul Amarchand Mangaldas & Company
- Mr. Venkitaraman Iyer holds Master's Degree in Commerce and is a Practising Chartered Accountant, having wide range of exposure and experience in the field of Corporate Laws, Finance, Audit and Taxation matters
- Mr. Girish Taurani is having rich experience in the business of Media and Entertainment Industry and has expertise in field of Music. He is in-charge of the overall responsibilities of operating the Music and Digital Business

# Expanding Global Partnerships



Apple Music, Spotify to get Tips's Hindi catalogue via Warner deal



- ✓ Signed a distribution deal with Warner Music to distribute music to international streaming platforms
- ✓ The deal would also cover several streaming platforms like Deezer and Anghami, which are not available in India. Warner Music's Alternate Distribution Alliance will distribute Tips content outside India
- ✓ Tips's catalogue includes a repertoire of devotional as well as Bollywood music



WARNER MUSIC GROUP



Global licensing deal with Facebook



- ✓ Global deal with social media giant Facebook to license its music for videos and other social experiences across Facebook and Instagram
- ✓ Will allow millions of Facebook and Instagram users across the world to add Tips' music to their stories and videos
- ✓ Facebook says: TIPS Music strengthens our music offering by bringing the very best of the 90s



# Financial Highlights





## ✓ Demerger of Films Business

- Board meeting held as on 5<sup>th</sup> January 2020, in principally agreed to explore demerger of Films business in to a separate entity
- Demerger Committee formed by the Board will appoint the valuer, merchant banker for fairness opinion and other intermediaries for this purpose
- The Board on receipt of the valuation report will study, discuss and initiate the next steps

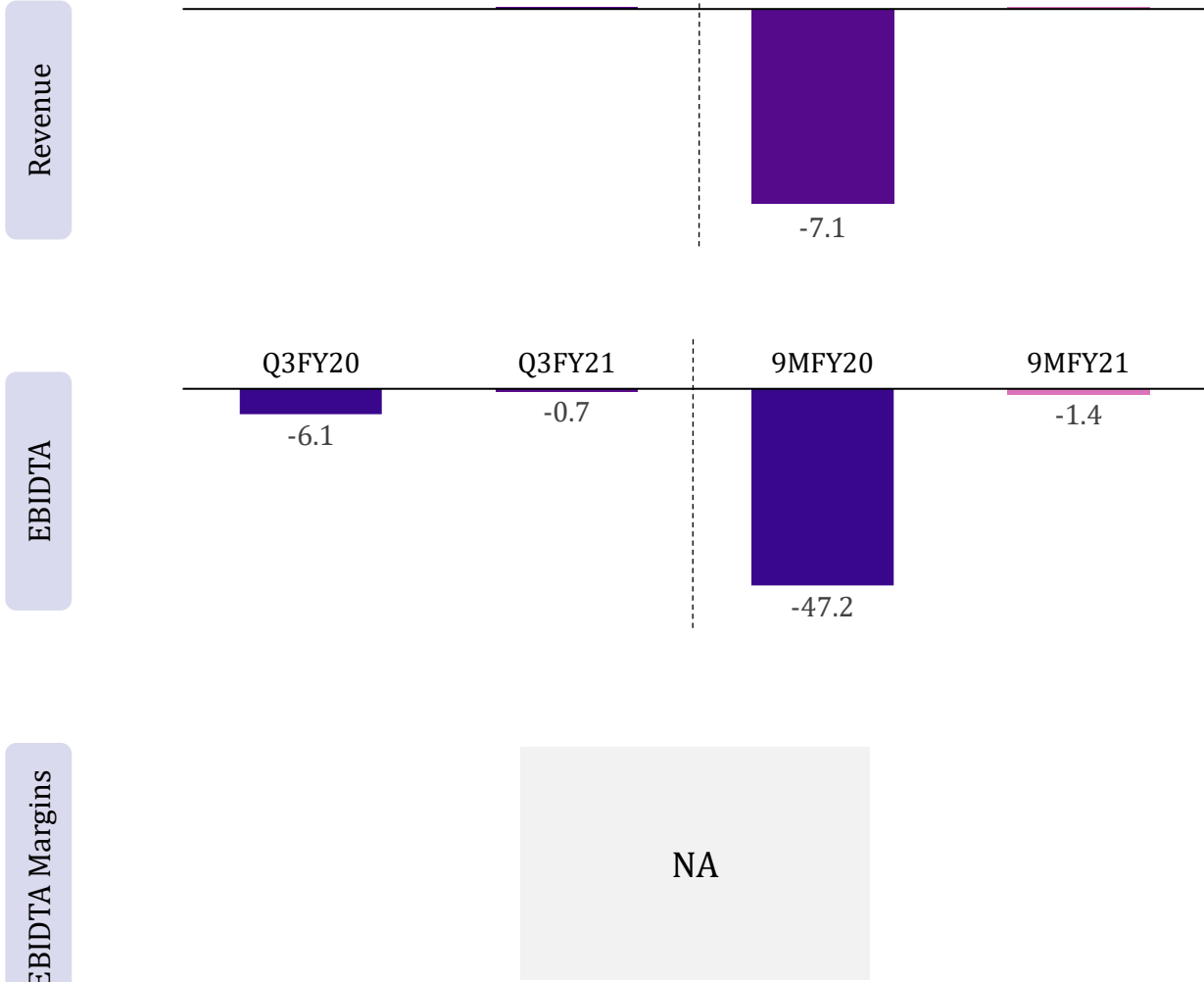
## ✓ Buy-Back of Shares in Q1FY21

- **13.5 lacs** full paid-up equity shares through the tender offer route (representing **9.38%** of the outstanding equity capital)
- At a price of Rs. 140/- per equity Share for an aggregate amount of Rs. 18.90 Crs.

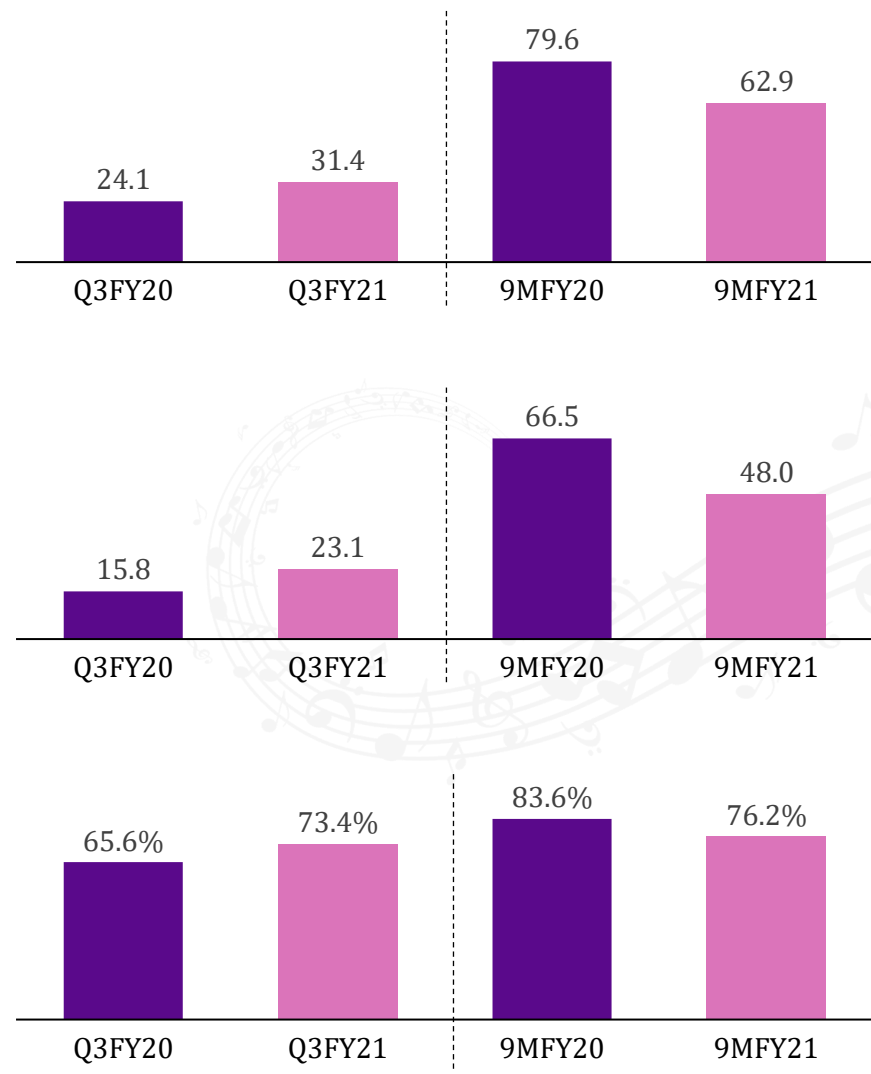
# Q3 & 9MFY21 Financial Performance



## Films



## Music



# Q3 & 9M FY21 Profit & Loss



Particulars	Q3 FY21	Q3 FY20	Y-o-Y	9M FY21	9M FY20	Y-o-Y	FY20	FY19
<b>Income</b>								
Revenue From Operations	31.4	24.1	30.5%	62.9	72.5	-13.2%	91.0	203.2
Other Income	1.0	0.9	16.8%	2.1	17.1	-87.9%	17.8	4.5
<b>Total Income</b>	<b>32.4</b>	<b>25.0</b>	<b>30.0%</b>	<b>65.0</b>	<b>89.6</b>	<b>-27.5%</b>	<b>108.8</b>	<b>207.7</b>
Cost of Production / Distribution of Expenses	0.0	2.3		0.0	27.3		28.7	162.2
Employee Benefits Expenses	2.1	2.2		5.9	5.9		7.4	7.1
Other Expenses	10.8	13.5		20.9	40.9		56.9	27.7
<b>EBITDA</b>	<b>19.6</b>	<b>7.0</b>	<b>178.8%</b>	<b>38.1</b>	<b>15.6</b>	<b>144.9%</b>	<b>15.8</b>	<b>10.8</b>
<b>EBITDA %</b>	<b>60.3%</b>	<b>28.1%</b>	<b>3,220</b>	<b>58.7%</b>	<b>17.4%</b>	<b>4,132</b>	<b>14.5%</b>	<b>5.2%</b>
Depreciation and Amortisation Expense	0.2	0.5		0.6	1.6		1.2	1.3
EBIT	19.4	6.5		37.5	14.0		14.6	9.5
Finance Costs	0.0	0.1		0.0	0.4		0.3	2.2
PBT	19.4	6.4		37.5	13.6		14.4	7.3
Tax	7.0	1.4		12.3	2.6		3.0	4.4
<b>PAT</b>	<b>12.4</b>	<b>5.0</b>	<b>146.6%</b>	<b>25.2</b>	<b>11.0</b>	<b>129.5%</b>	<b>11.3</b>	<b>2.8</b>
<b>PAT %</b>	<b>38.2%</b>	<b>20.1%</b>	<b>1,805</b>	<b>38.8%</b>	<b>12.3%</b>	<b>2,654</b>	<b>10.4%</b>	<b>1.4%</b>
EPS	9.6	3.5		18.8	7.7		7.9	2.0

# Segmental Performance

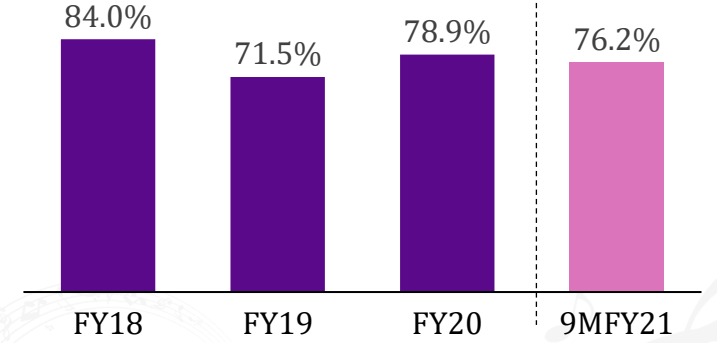
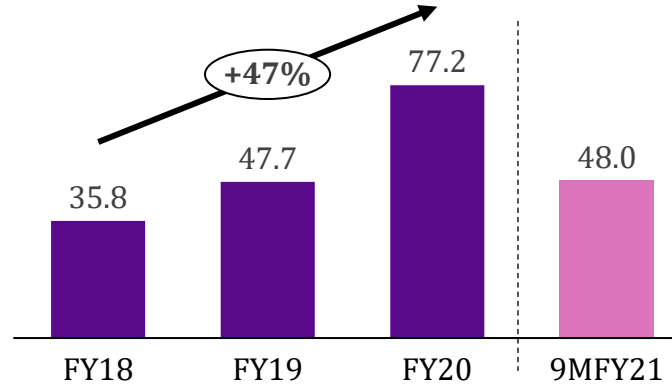
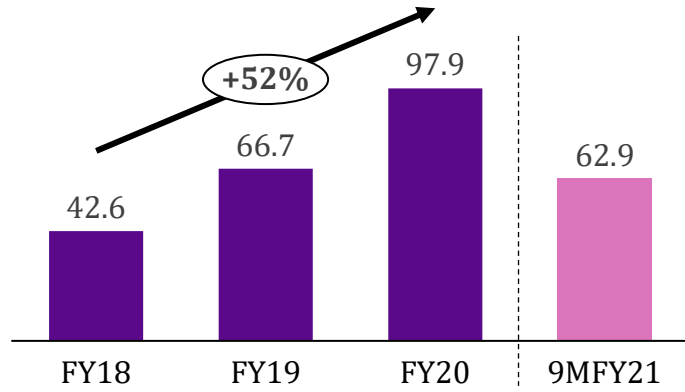


Revenue (Rs. in Crs)

EBIDTA (Rs. in Crs)

EBIDTA Margins (%)

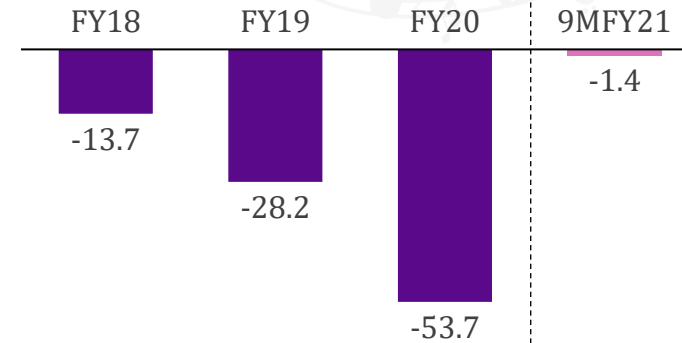
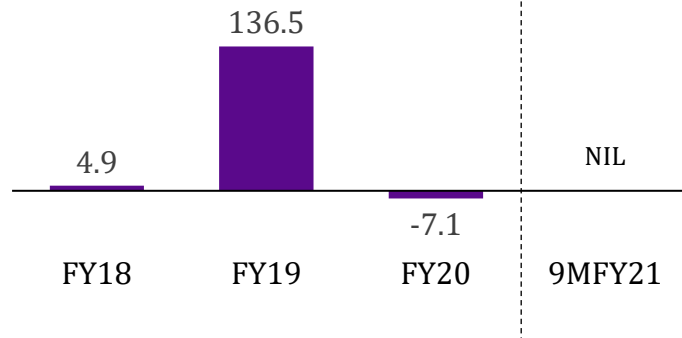
Music



Revenue (Rs. in Crs)

EBIDTA (Rs. in Crs)

Film

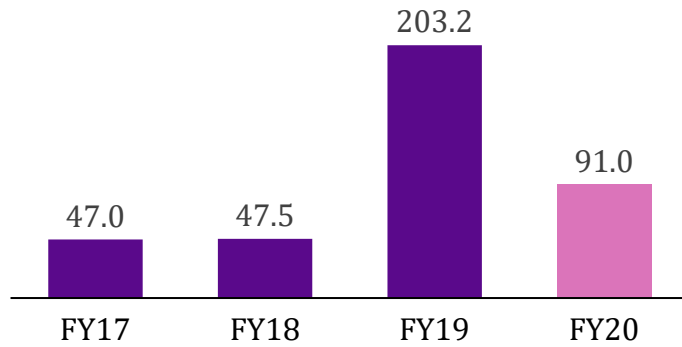




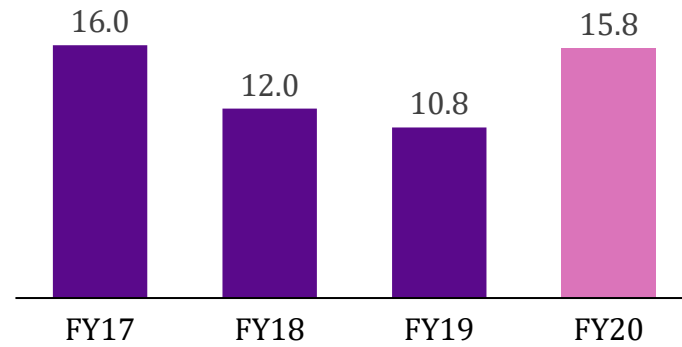
# Consolidated Financial Highlights



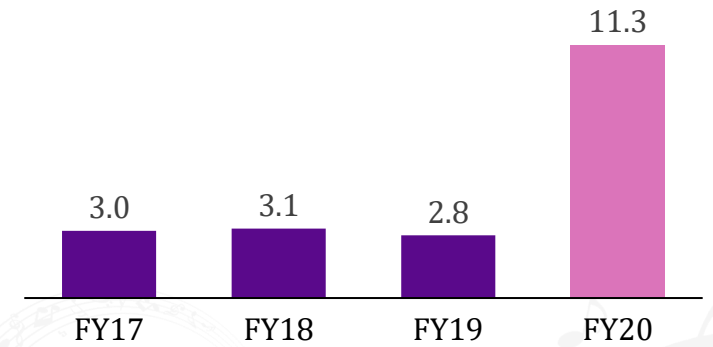
Revenue (Rs. in Crs)



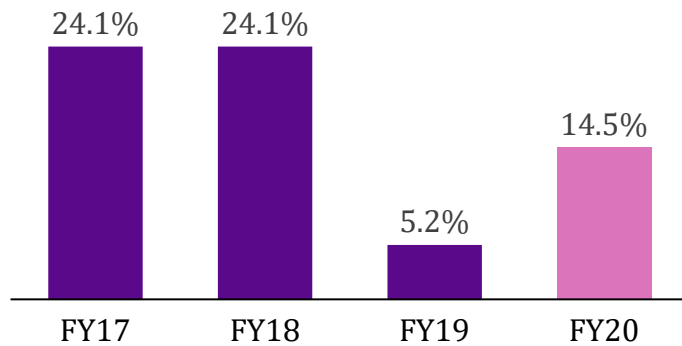
EBIDTA (Rs. in Crs)



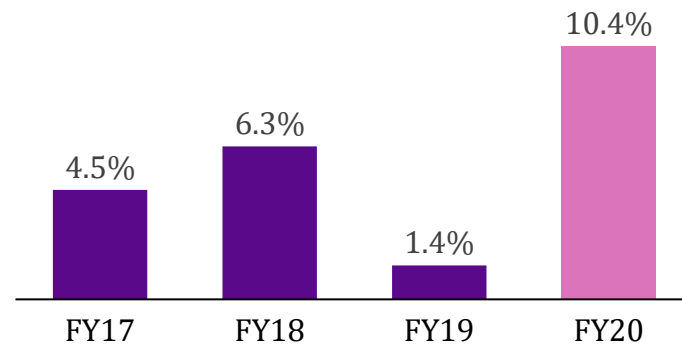
PAT (Rs. in Crs)



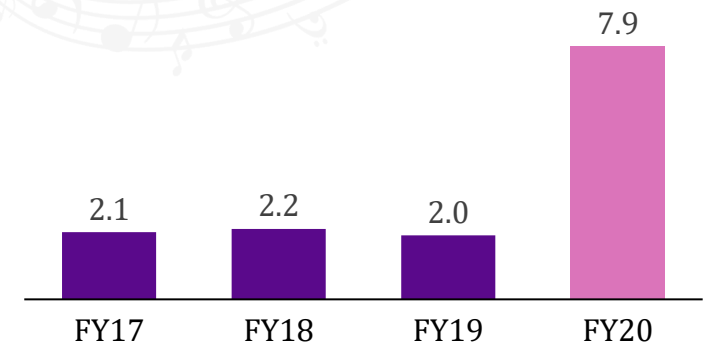
EBIDTA Margins (%)



PAT Margins (%)



EPS (in INR)



# Consolidated Historical Profit & Loss



Particulars	FY 20	FY 19	FY 18	FY 17
<b>Income</b>				
Revenue From Operations	91.0	203.2	47.5	47.0
Other Income	17.8	4.5	2.4	19.4
<b>Total Income</b>	<b>108.8</b>	<b>207.7</b>	<b>49.9</b>	<b>66.4</b>
Cost of Production / Distribution of Expenses	28.7	162.2	17.5	30.5
Employee Benefits Expenses	7.4	7.1	6.6	6.6
Other Expenses	56.9	27.7	13.8	13.3
<b>EBITDA</b>	<b>15.8</b>	<b>10.8</b>	<b>12.0</b>	<b>16.0</b>
<b>EBITDA %</b>	<b>14.5%</b>	<b>5.2%</b>	<b>24.1%</b>	<b>24.1%</b>
Depreciation and Amortisation Expense	1.2	1.3	1.4	1.5
EBIT	14.6	9.5	10.6	14.5
Finance Costs	0.3	2.2	6.6	10.2
PBT	14.4	7.3	4.0	4.3
Tax	3.0	4.4	0.9	1.3
<b>PAT</b>	<b>11.3</b>	<b>2.8</b>	<b>3.1</b>	<b>3.0</b>
<b>PAT %</b>	<b>10.4%</b>	<b>1.4%</b>	<b>6.3%</b>	<b>4.5%</b>
EPS	7.9	2.0	2.2	2.1

# Consolidated Balance Sheet



Particulars (Rs. in Crs)	Sep-20	Mar-20	Mar-19	Mar-18
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	1.6	1.8	2.1	1.8
Investment Property	12.7	12.8	13.1	21.6
<b>Financial Assets</b>				
(i) Investments	18.4	5.6	0.1	0.1
(ii) Loans	5.2	5.2	5.2	5.2
(iii) Other financial assets	0.1	0.1	0.1	3.3
Other non-current assets	6.5	6.7	12.1	9.4
<b>Current Assets</b>				
Inventories	-	-	28.7	57.5
<b>Financial Assets</b>				
(i) Trade receivables	17.5	18.1	10.6	9.0
(ii) Cash and cash equivalents	20.3	26.0	8.7	5.6
(iii) Bank balances other than (ii) above	13.9	0.4	0.6	2.3
(iv) Other financial assets	0.2	0.2	0.1	0.2
Current Tax (Net)	2.3	4.3	3.7	1.8
Other Current Assets	16.7	8.9	9.5	84.8
<b>TOTAL ASSETS</b>	<b>115.4</b>	<b>90.2</b>	<b>94.7</b>	<b>202.4</b>

Particulars (Rs. in Crs)	Sep-20	Mar-20	Mar-19	Mar-18
<b>Equity</b>				
Equity Share Capital	13.0	14.3	14.3	14.3
Other Equity	57.6	66.1	56.4	55.4
<b>Total Equity</b>	<b>70.6</b>	<b>80.4</b>	<b>70.7</b>	<b>69.7</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	0.0	1.9	2.0	13.7
(ii) Other Financial Liabilities	0.2	0.2	0.2	0.2
Deferred Tax Liabilities	2.7	2.7	2.9	0.0
Employee Benefit Obligations	0.2	0.3	0.5	0.3
<b>Current Liabilities</b>				
Borrowings	-	-	-	5.0
Trade Payables	4.0	4.3	17.8	4.7
Other Financial Liabilities	0.1	-	-	17.1
Employee Benefit Obligations	0.0	0.0	0.0	0.0
Other Current Liabilities	37.5	0.4	0.5	91.6
<b>Total Liabilities</b>	<b>44.8</b>	<b>9.8</b>	<b>24.0</b>	<b>132.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>115.4</b>	<b>90.2</b>	<b>94.7</b>	<b>202.4</b>

# Abridged Consolidated Cash Flow Statement



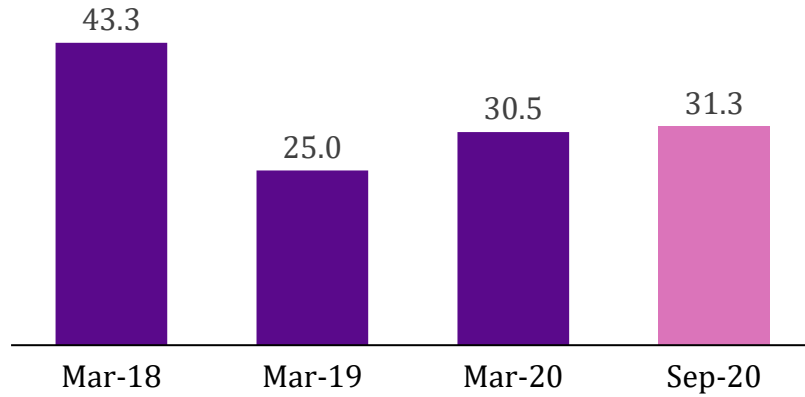
Particulars(Rs. in Crs)	Sep-20	Mar-20	Mar-19	Mar-18
Net Profit Before Tax	18.1	14.4	7.3	4.0
Adjustment for Non-Operating Items	0.0	14.4	1.9	8.1
Operating Profit/(Loss) Before Working Capital Changes	18.1	28.7	9.2	12.1
Adjustment for WC	16.5	5.6	19.2	30.9
Cash Generated From Operations	34.6	34.3	28.4	43.0
Direct Taxes Paid	-3.3	-3.8	-3.4	0.3
<b>Net Cash From Operating Activities</b>	<b>31.3</b>	<b>30.5</b>	<b>25.0</b>	<b>43.3</b>
<b>Cash Flow From Investing Activities</b>	<b>-12.4</b>	<b>-4.7</b>	<b>9.3</b>	<b>0.3</b>
<b>Cash Flow From Financing Activities</b>	<b>-24.6</b>	<b>-8.6</b>	<b>-31.2</b>	<b>-38.8</b>
Net Increase/(Decrease) In Cash And Cash Equivalents	-5.7	17.3	3.1	4.8
Cash and cash equivalents at the beginning of the year	26.0	8.7	5.6	0.8
<b>Cash and cash equivalents at the end of the period</b>	<b>20.3</b>	<b>26.0</b>	<b>8.7</b>	<b>5.6</b>



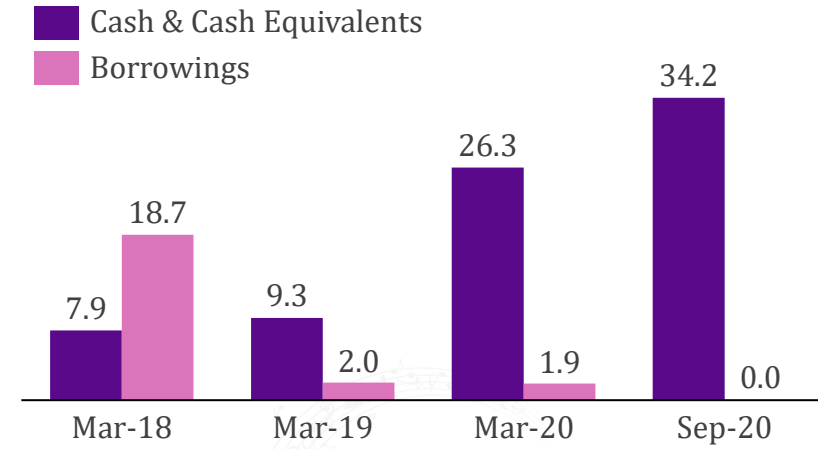
# Key Ratios



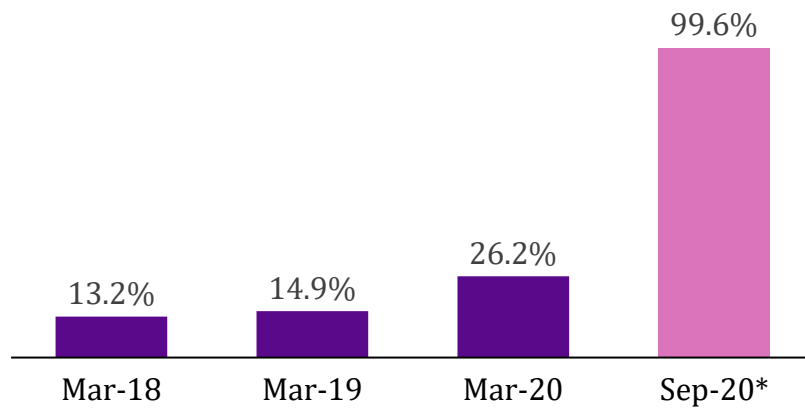
Cash flow from Operations (Rs. in Crs)



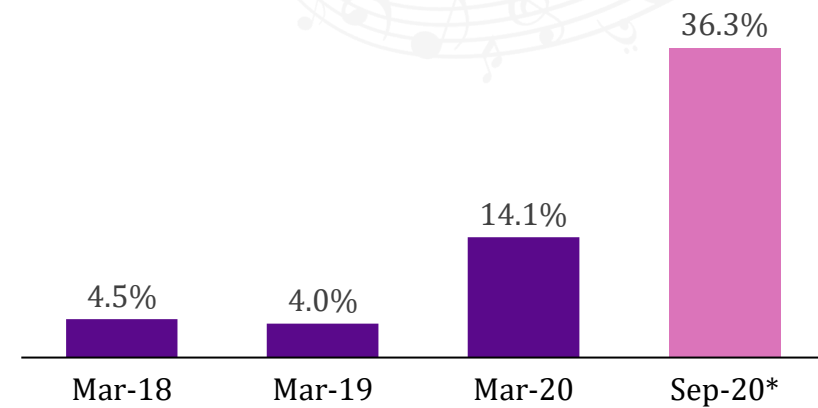
Net Cash Company (Rs. Crs.)



ROCE (%)



ROE (%)





**Company Details:**



**Tips Industries Limited**

CIN: L92120MH1996PLC099359

Email id: [investorrelations@tips.in](mailto:investorrelations@tips.in)

**Investor Relations  
Advisors:**



**Orientcapital**

(a division of Link Intime India Pvt Ltd)

Ms. Payal Dave: +91 9819916314  
[payal.dave@linkintime.co.in](mailto:payal.dave@linkintime.co.in)

Ms. Neha Shroff: +91 7738073466  
[neha.shroff@linkintime.co.in](mailto:neha.shroff@linkintime.co.in)