



“Tips Industries Limited Q4 FY-22 Earnings
Conference Call”

May 31, 2022



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MODERATOR: **MR. FARAZ AHMED – ORIENT CAPITAL**



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Moderator: Ladies and gentlemen good day and welcome to the Q4 and FY22 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. Faraz Ahmed from Orient Capital Investor Relations Partner. Thank you and over to you sir.

Faraz Ahmed: Thank you and welcome to the Q4 and FY22 earnings call of Tips Industry Limited. Today on this call we have Mr. Kumar Taurani - Chairman and Managing Director along with Mr. Girish Taurani - Executive Director, Mr. Sunil Chellani – CFO and Mr. Avtarsingh Jeswani – Vice President, Accounts and Finance.

The conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations as of today and actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on page #2 of the company's investor presentation which has been uploaded on the stock exchange and company's website as well. With this I handover the call to Mr. Kumar Taurani for his opening remarks. Over to you sir.

Kumar Taurani: Thank you Faraz. Good evening, friends and welcome to the Q4 and FY22 earnings call of Tips Industries. It gives me immense pleasure to say that Tips Industries Limited has delivered a strong financial performance and we continue to strive to perform better with each passing year. We remain focused on delivering great digital content to a wide range of audiences. This quarter Tips Industries has released 73 new songs for FY22, new releases stand at 276 songs. Our songs 'Sabki Baaratein Aayi' has witnessed great traction and received (+100) million views and we continue to harness our old repertoire and club it with new and upcoming talent under the Tips Music banner and aim to deliver many more tracks. Our YouTube channel has over 65.72 million subscribers/followers and our views have crossed 59.6 billion for financial year '22. We are quite confident of increasing our music market share in the coming years on the basis of our repertoire, new releases and promoting new artists.

I would like to highlight that all numbers for FY22 pertain only to music business. Now let me handover the call to Mr. Sunil Chellani our CFO, to share the financial highlights of the quarter.

Sunil Chellani: Thank you sir. Good evening, everybody and a very warm welcome to our Q4 and FY22 earnings call. I would like to bring to everybody's attention that our Q4 and FY22 results have been published are on a standalone basis and do not include financial of the Movie business.

Another thing I would like to highlight is, our accounting policy of recognizing the content charges for a particular period. As a practice we write-off full content costs that is 100% of



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content costs incurred in a particular year has been charged to P&L account and none of the expenses is capitalized and taken to our balance sheet. This policy has been followed since inception of the company. We continue to find it prudent.

Let me take you through the financial highlight now. Our revenue from operations for Q4 FY22 stood Rs. 34.1 crores as compared to Rs. 27.6 crores for Q4 FY21, a growth of 23%. Our music revenue for the year stood at Rs. 135 crores in FY22 versus Rs. 90.5 crores in FY21, a growth of 50%. EBITDA stood at Rs. 20.3 crores for Q4 FY22, a growth of 7% as compared to the same quarter last year. For FY22 our EBITDA was Rs. 86.2 crores in FY22 versus Rs. 55.2 crores in FY 21, a growth of 56%. Our EBITDA margin for FY22 was at 64% versus 61% in FY21. Profit after tax stood at 15.9 crores for Q4 FY22 which translates into PAT margin of 45% for the quarter. For FY22 our PAT stood at 64% to 64.4% versus 43.5% in FY21, an improvement of 49% over the previous year. With this I open the floor for discussion. Thank you everybody gentlemen.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Sagar Jethwani from Phillip PMS.

Sagar Jethwani: My question is when can we see a higher share of movie songs given that historically our top 15 songs by views on YouTube of Tips Industry have been all from the movies. So, can we see that, this is my first question? Second is between film songs, non-film songs and devotional songs which are the most profitable category for us and amongst these if you can elaborate what are the yields payback period? Also, if you can comment on how are the dynamics of the new artists. I mean it might be taking higher spends on the promotion and etc., so that would be very helpful. Third is on the effective tax rate of FY22.

Kumar Taurani: The first question what you said 15 songs, I didn't understand that.

Sagar Jethwani: So, I'll repeat my question. First question was basically when can we see a higher share of movie songs given that historically our top 15 songs have been all from the movies, this is on the YouTube?

Kumar Taurani: Yes. I think movies are really command the tremendous business and volume for us. Our 90s song also do very well. Our many-many songs we have, we have 600-700 A grade songs, I think 800 songs. Month on month basis they really generate big volumes. That is a not a problem for us. It's already happening. I can say. As far as new movies are concerned, we are in a process of releasing. We are acquiring new music for movie rights even in other languages and it is going to release. Last movie I think we released was Coolie No. 1 and Bhoot Police. I think they have a generated, Coolie No. 1 was big numbers that generated. As far as Bhoot Police is concerned, it has generated mid-kind of numbers because it released on OTT because that time COVID was a problem. So, it didn't do that well but I feel movie business, sometimes songs get picked up in second or third and even in fourth year. So, I'm hopeful it will do good because music was good.



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So, that is answer for your first question. Number two is songs film, non-film, devotional new artist what you said. See what we do is we try and our target is we should recover our investments in first 3 years so that we are working on that but still from this year onwards we will come to know that what pattern is looking like. If you see last year, till last year, even current year we have released the reasonable size of songs. We have not invested huge money on content cost. We have invested but again it's limited because everything was sold out. You have to pre-book films, music or artists whatever you do. We are gearing up towards that. From this year onwards you will see many more music releases, film releases, south Indian this and that. You will see many things. And overall, I see that 3 years is a good period to recover our money and I'm quite hopeful it will be achieved. As far as new artists are concerned, see new artists sometimes you have to keep investing in them. We don't know which song of theirs will be hit. Sometimes it takes 2-3 songs to even fourth song will be a hit of the artist. Then earlier 3 which were the semi hits it will again get viewed and people will see again and again. So, that's the music business actually. We keep on reworking on our repertoire. Recently we have released this "Mangta hai kya" song from Rangeela film, we have recreated. Before that we did Sab ki Baaratein Aayi and we are doing very good numbers on that. "Sab ki Baaratein" I think six months back we released and we have achieved 100 million yesterday. Yesterday we have crossed 100 million views. So, it's all good. I think this artist also happening. They are doing...today also. I think yesterday we released one new song, a non-film new song of Bandish, one new artist we have launched this "Hum Hi Hum The". Yesterday night I have seen this number 13 lakhs views. We are already seeing that. I think it give us little more time. We will come back to you on this new artist and all that. But the broader line is you please have that thing that my vision is that we should recover our all the costs 3 years. Maybe 1-2 songs or 1-2 albums won't work but maybe 2-3 songs will work. The overall if we compare whatever we invest we should recover. That's the idea. The third point what you said about tax what you said?

- Sagar Jethwani:** I wanted to know about effective tax rate for FY22, any guidance on that if you can give.
- Kumar Taurani:** Tax we are in the lowest bracket whatever is applicable to us. We are in that bracket.
- Sagar Jethwani:** Yes. Actually, I've been looking at historically the numbers are volatile, so that's the reason I was coming from there.
- Kumar Taurani:** No, I think before last since the last 2 years we are consistent because of earlier we have two businesses together. Sometimes we had losses in film, so that was coming to the music business and it was eating all the profits of music and maybe till then we have to go for that MAT, so then maybe that kind of a situation was there. But now it's all sorted. So, last year also there was no film business in that. It's all clean 22% plus some surcharges or etc., I think around 25% tax bracket we come in. We pay that.



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Sagar Jethwani: Okay. One last question if I may squeeze in. On the film song so and non-film songs, so is there any per streaming costs that we are levying, is there any kind of agreement with YouTube or suppose say any other players such like, so suppose say film songs will per streaming cost will be slightly higher or such type?

Kumar Taurani: It won't happen like this. It's a common for all the music. Ultimately viewer is viewing, you want to see new song or you want to see old song what is the difference? So, there is no difference between that. We have different kind of models with each company, so accordingly but song wise the charges are same, same price. If you pay on subscription or whatever you see it's the same thing. You are not paying higher charges for new releases or anything. It's the same price.

Moderator: The next question is from the line of Swechha Jain from ANS Wealth.

Swechha Jain: I have few questions. My first question was the revenue growth is 23% YOY but in Q3 it was 43% YOY. So, if you can give some guidance as to how do we see this revenue growth shaping up going ahead? What could be the growth rate that we can assume here? What would be the main driver of this revenue growth in the music like with genre do you think it's really to drive this growth in the music revenues?

Kumar Taurani: Third quarter was because of I think maybe we had a bigger deal in that particular month. Some big deal has come and we have taken, we have convinced the party to pay us more money upfront instead of paying us quarter-to-quarter. That will be impact of that, number one. Number two, I think basically December is a season quarter, it's a closing of the year. Everybody is in a party mood. So, revenue really increases in that particular quarter. That is a difference. But what I have always maintained that please value us on a year-to-year basis. It will be more helpful for us. So, that will be best criteria. And I'm quite hopeful that whatever I have said earlier also, we will maintain that. Tips will maintain that. Second question was regarding that what and why we are growing like that. Mainly because of actually content consumption is increased even on television channel or public shows, events and the major thing is internet absolutely, YouTube views and all that other apps. Though I think because of that we are growing and I feel and I hope it will keep continuing for next 15-20 years. So, let's see.

Swechha Jain: My second question is, in Q3 call I think you had mentioned that there was some decline in the YouTube viewership because probably people were holidaying. So, how is this trend being in Q4? Also, if you could just help us understand that in Q4 and in FY22, the revenue that we got from YouTube was primarily led by advertisement or it was primarily a subscription-based growth that you're seeing in your YouTube viewership?

Kumar Taurani: I feel that Q3 was dipped little but then again it picked up in general. I think that's a minor thing. It happens over all the apps. I see that one month is low, then the next three months are very good. These small-small things something happens. People traveling, people maybe run market,



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has some incident or some political activity or something can happen. So, because of that it can drop and other thing you said.

- Swechha Jain:** Is this subscription driven growth in your YouTube viewership or it is ad driven growth?
- Kumar Taurani:** I think ad driven, ad driven is a major chunk 80%-85% is the ad driven, subscription is still not what we expect but I think it will take another 2-3 years so it will grow, but till now it's advertising.
- Moderator:** The next question is from the line of Garvit Goyal from Nvest Research.
- Garvit Goyal:** My question is regarding the industry, basically is there any traction in the music consumption post COVID as compared to during what it was during COVID-19 level?
- Kumar Taurani:** During COVID 1-2 months, actually music consumption increased but advertiser on the net they have decreased. So, because of that we got hit because we get our revenues from the advertising share. So, that was a problem. After I think 2020 April-June quarter we suffered big time and then next quarter we recovered something. After that subsequent quarter we recovered and we are not looking back after second quarter of 2020. So, now it's really good. No problem at all.
- Garvit Goyal:** You're talking about to get increased market share in your presentation. So, what is our existing market share?
- Kumar Taurani:** Our existing market share if I combine all the revenue streams I think we should be around 6% to 7%.
- Garvit Goyal:** Is there any revenue guidance and EBITDA margin guidance for the upcoming year?
- Kumar Taurani:** Sorry, what you said?
- Garvit Goyal:** Any revenue guidance, EBITDA margin guidance for the upcoming year?
- Kumar Taurani:** As I always mention that we are targeting every year-on-year basis 25% to 30% on top line. We should do and bottom line should be 15%- 20% up. This year we have a huge content acquisition budget also. After doing that also we will maintain our whatever I say.
- Garvit Goyal:** These acquisitions will be towards particular regional area based or what will be the basis for this acquisition of music?
- Kumar Taurani:** Acquisition, we are a music company, music label you need, new repertoire, new music to increase your subscriber to increase your business to make your partners also recognize you that yes, we are a very active company in music business.



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- Garvit Goyal:** Actually, I was asking in the way like whether you are targeting the particular region like south, north?
- Kumar Taurani:** We are actually from beginning we are all India company. Our Hindi music sales all over India. This year last six months back we only had.... We were not present in south market but we have entered even there also we acquired many films in that market as well, Tamil and Telugu. We are now available everywhere and wherever we get opportunity yes, we can make money. This content is good for short-term and long-term, we just acquire it.
- Moderator:** The next question is from the line of Devanshu from Yes Securities.
- Devanshu:** Just to clarify this, so let's take an example. If we produce or acquire a song let's say which costs about 1 crore for example in the first week of March 2022 how will you write it off, will it be written off in FY22 or you will do in the next four quarters?
- Kumar Taurani:** No actually we write off in the March itself.
- Devanshu:** In the month of March itself?
- Kumar Taurani:** That quarter March 22, we write it off.
- Devanshu:** Got it. Would it be possible for you to share the content acquisition, production cost separately going forward?
- Kumar Taurani:** I don't think we can do that because see that's confidential, we can't tell our competition what we are doing, how much we are investing. I can't give but if you see my numbers properly I think you can guess it.
- Devanshu:** There's been a new CEO who has joined Jio Saavn from Amazon, so do we share a good rapport with him and are we in talks again for reviving that deal?
- Kumar Taurani:** We share a good rapport with everybody. We are all doing same business. I am a seller they are a buyer. We don't have any kind of fight but sometimes they don't value us properly. We just say then we cannot do it, if you value us well then, we will again come back on your platform. Those things, that discussions and talks always keep on happening. It's not that it's not happening, we keep talking, even today also we're talking to all people, so that's not a problem. You will see many changes you will see.
- Devanshu:** What's the revenue of this public performance seen in FY22 if you can share the number?
- Kumar Taurani:** Public performance was good. Whatever that we have a private party called **(Inaudible)** (23.24) and they really do very well and they are best in business I feel. So, I can't actually tell you the



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exact number but it's good, whatever last year COVID year we have to give them some discount because of the bad market, all shows stopped, everything was got canceled and all that problem that happened. Even '21 we had a second wave or third wave we had a little problem but we have not given any discounts. He fulfilled all his commitment. Even this continuing whatever committed and before COVID we had a deal with him. So, everything is on line and properly happening.

- Devanshu:** If I may ask, as compared to pre COVID levels where are we right now?
- Kumar Taurani:** You can say 60% more.
- Moderator:** The next question is from the line of Akshay Sam from Sam Capital.
- Akshay Sam:** What is the kind of pipeline you have in films, music over the next one year, how many releases can we look forward in the music segment? How many films have you acquired and in the next 1 year how many films can we look forward to in the music segment?
- Kumar Taurani:** We have acquired one picture of Balaji Telefilms, Freddy of Kartik Aryan. We are in talks with 2-3 more producers, their films will also come. One more company which we are demerging, they are also releasing 1-2 pictures this year, their music will also come to us. I think what we target is 3 to 4 films we should release year-on-year basis. That I think we'll achieve in Hindi. And Telegu we have already started releasing, Telegu, Tamil. I think in Telegu we will release around 7-8 films a year. Tamil we will release 3 to 4 films. Punjabi we are releasing 5-6 films. We have even I think yesterday other language also Gujrati we are releasing films. We are doing all the languages now. If I put all the languages put together, I think it will be around 25 to 30 billion a year we'll release.
- Akshay Sam:** On all languages?
- Kumar Taurani:** In all languages.
- Akshay Sam:** Also this new competition basis a lot of these directors for example Jacky Bhagnani, they have tied up with Warner, whereas Ajay Devgan has come up with his own label. So, how are you seeing the competition eating up where a lot of these directors launching their own labels, so are we going to face problems in future acquisition or not?
- Kumar Taurani:** I feel we should not face any problem because this happens very often. There are 3-4 companies who come and when I did IPO, they had come and I only purchased those 3-4 companies. So, I feel such things keep happening but ultimately you can't survive only on new releases. Its recovery is not fast because of your old views they need your old repertoire. Plus, these partners whether it is YouTube or Saavn or Spotify or Apple or Resso, all of these partners they all value you, Zee TV they value you because of your old content. New releases really only to survive on



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that is very tough, number one. number two, is how much I can have business, it's my target. I have to invest this much money. I can't eat or drink entire water, whatever my capacity is I think I will get more than that. Not a problem for me.

Akshay Sam: My second question is you've given a data on your YouTube year-on-year growth, right? I think 39% this quarter, can you give similar data for DSPs? I mean on an average Spotify or whatever DSPs we have like Amazon Music, Apple Music. What is the kind of growth we are seeing and the number of streams? If that data is available to us that'll be helpful. Do you have any data, can you give us that?

Kumar Taurani: We'll look into it and we'll see that if we can do it in yearly annual report. I will see that.

Moderator: The next question is from the line of Saket Mehrotra from Tusk Investments.

Saket Mehrotra: Taurani Ji, I had a question for this quarter I can see there's a jump in the other expenses. So, this is something which you disclose in your annual report annually in terms of the content costs is this much and our advertisement costs are this much. And I think that is disclosed annually. Is that possible for us to disclose on a quarterly basis or do you want to continue with that?

Kumar Taurani: I think that's better if we continue with the annual report that's best actually.

Saket Mehrotra: Okay. Second thing any clarity on how or if you could help us with a roadmap on how this films business is going to get listed? When can we see the abridged accounts, like in this business we are only seeing pure play music as you mentioned, any timelines if we can get an estimate when will the listing happen? When will we see the numbers?

Kumar Taurani: I think the agency involved in this demerger process, they have given me that by 10th or 15th of July mid-July everything will be sorted whenever our other company will get listed provided all the last moment whatever follow-ups with the government authorities or whatever is pending that's happening. They are on regular basis. Already function has been separated, two companies have been formed. Everything is organized only I think last is listing that also will happen by mid-July. And then we will declare the last year result of that company as well.

Saket Mehrotra: Final question, it's more of a request, last year also we had put this request. If you could give us a sense of the share of songs maybe by decades or time periods in your annual report, it will be super helpful. So, if you can accommodate that in this year's annual report so that would be very helpful?

Kumar Taurani: Okay. We will do that. We will try what can be the possibility, I'll recheck with my team and I will see.

Moderator: The next question is from the line of Abhilasha Satale from Monarch Network Capital Limited.



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Abhilasha Satale: I have a question on the growth rate you mentioned, the top line growth will be in the range of 25% to 30% and EBITDA growth or the profit growth will be in the range of 15% to 20% for which the, you're expecting the content costs investment to increase this year. This is for say year FY23 so as you are saying the payback period remains the same in the range of 3 years; is it feasible to estimate that FY24, the margins will improve from the current base of FY23 because every year you will not have the similar kind of content cost or that as a percentage of sales might go down as the top line increases. Basically, I am just trying to gauge your sustainable margin barring this FY23 scenario where in the content cost would be higher?

Kumar Taurani: What I see I have mentioned this earlier also what I feel is next 3-4 years this 25% to 30% whatever I'm saying it's really possible and I think we will maintain this. Also, in this I am increasing my revenue cost. I'm also increasing my content cost budget. So, after doing that still I think I can maintain this and within and I feel in next 4 years, 1 year will come where you will see a big jump of the subscription will suddenly go up or these small ads, small content apps that Facebook or this Instagram and that ShareChat, Moj, that TakaTak all those apps, they will also start advertising model and they will also pay us huge monies. I'm very optimistic that on these two fronts, our 1 year will be such a big year that suddenly you will see maybe 60% hike or something and after that. On that also say in case I have increased my top line will increase by 60%. Then year-on-year again I will maintain 30%. I'm not saying that again I will drop. So, next 3-4 years, I'm not seeing any-any drop. 25%-30% is there, but if anything comes, if extra window opens or genre so I think we will have more business. So, and secondly please understand that now everybody in every hand we have a music player, video player. In your boring times you see trains are full of people, buses are full of people and everybody has an ear-plugs in their ears and what they are doing. They're listening music, they listening content. Whether they are listening music or films dialogues of the film whatever but they are consuming content. I think we are the biggest beneficiary music business in this content game. So, I feel I'm quite hopeful that we will maintain that, my experience and my last 3-4 years what I have seen or maybe 15-20 years what I have seen I think it's possible and it will happen.

Abhilasha Satale: Yes, I appreciate that obviously thanks for the explanation. Just I mean just one thing because globally if you see the content cost is increasing. If you see actually, I mean some of the results which have come the payback period had stretched globally. What is making us so confident that the payback period for our content cost will not increase from this from 3 years. So, 3 years is very good but then do we see with the increasing content cost that also increasing?

Kumar Taurani: See we have a very strong old repertoire. So, I'm really and it's really increasing day by day. And plus, they, those markets you comparing they are already exploited their content to the peak and we are starting, we have started 2-3 years back when Jio has entered in this business, they reduce the prices of this data. I think now people have started consuming. I feel that we have a huge thing. We can't actually compare but we have to be careful. I'm not denying what you're saying. We have to be careful which we are. We have seen both the things in life. We have seen



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the profitabilities, we have seen the losses. So, we understand and we really are very choosy and very selective when we acquire a content. That's our maybe you can say expertise but and we will, we are very focused company. We are not that if whatever comes, we will take it, we don't do that so let's see.

- Moderator:** The next question is from the line of Aman Vij from Astute Investment Management.
- Aman Vij:** My first question is on what is the song addition we are planning for FY23? We did like 100 songs 2 years back, then 200, last year we almost did 300 songs. So, any number for FY23 and can we also target like 500 songs actually new songs launch in the next 1-2 years. And if you can also talk about content cost, what was it for FY22 content acquisition cost and the target for FY23?
- Kumar Taurani:** Our target is next year we will release around 400 songs. That's the target and I can't actually tell you the content price whatever we are addressing so sorry about that because of our competition is very aggressive now so let it be that way. But 400 songs we are releasing next year, current year.
- Aman Vij:** And from this, how many will be like acquired versus we redoing our own songs. If you can talk about that?
- Kumar Taurani:** 50-50 or maybe 60-40, I think. We acquired 40%, make 60%.
- Aman Vij:** The second question before I come back in the queue is on the number of partners that we have currently? If you can talk about that these Rs. 135 crores top line, how many partners are contributing to this number as well as say Top 5 partners in which we have contribution. And finally, you were talking about this one of the growth drivers which is this many of these partners are not even doing ad revenue. So, these partners like TakaTak or other players, so are they giving us a fixed guarantee as of now or are we not charging them anything? And what is percentage of such partners? If you can talk about the same?
- Kumar Taurani:** I can't give you a partners' wise detail. I can tell you that 75% we get from internet, digital business and balance 25% from all other revenues and as far as you said that what other thing you said?
- Aman Vij:** As you were explaining that there are many players like TakaTak and others who are not even doing video ad. So, are they paying us a minimum guarantee or?
- Kumar Taurani:** I understood, yes. As I told you 75% is digital 25% rest plus there is a various different-different models. Somebody shares our ad revenues with us, somebody pays us lump-sum so and somebody pays per stream. There are a mix kind of models we have; we operate and we are running that way.



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- Aman Vij:** Total partners, the number, if you can give currently?
- Kumar Taurani:** Total partners as of now I think total mass partners must be around 35-40 approximately.
- Moderator:** The next question is from the line of Pratik Jain from Solidarity Investment Managers.
- Pratik Jain:** So, I have two questions. My first question is, what is the steady state EBIT margin we believe going forward? And the second question is apart from this streaming platform, what are the other revenue drivers which will contribute to this 25% to 30% a YOY growth in this music business?
- Kumar Taurani:** As mentioned earlier you can presume 15% to 20% EBITDA will be up year-on-year basis and as far as growth you have said it's just the same. Digital is also growing, television also growing, even public performance that is also growing. So, it will be same in that ratio 75:25.
- Pratik Jain:** Yes, but on steady state basis do you believe that we will be able to maintain this 60% to 65% margin going forward FY23-24?
- Kumar Taurani:** That 60% to 65% margin, no just a minute. Not really, yes that will be reduced a bit.
- Pratik Jain:** And the reason for that?
- Kumar Taurani:** Content cost. Content cost will be more.
- Pratik Jain:** But eventually our revenue will shoot up going forward so it should match on a steady state basis?
- Kumar Taurani:** Top line will shoot up top, top line will shoot up absolutely and bottom line will also shoot up in totality but that percentage, bottom line percentage, 60% I think this year's EBITDA what you're saying is 86-87 versus 135. I think that will be a little here and there 5%-10% here and there.
- Moderator:** The next question is from the line of Basavraj Shetty, an Individual Investor.
- Basavraj Shetty:** My question is in the investor presentation there is a mention of JioSaavn whereas we don't have the presence in JioSaavn. Does it mean that the deal is done and it's the soon going to start?
- Kumar Taurani:** They are my partners. We keep on talking and it's up to both of us that we should agree on the terms. So, we keep on discussing. We can't say that when it will can happen but it can happen today also, tomorrow also, after 1 month or after 3 months also. It's not anything fixed , but I can tell you, assure you, all of you that we all keep on talking to these people and it will happen. Ultimately, they have to take our content and we have to also give it to them. So, it's not a tough thing.



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- Basavraj Shetty:** My second question is also like on the cost, other income sorry other expenses. Some people asked that question already. There is a jump of Rs. 5 crores as per the comparison with the last year. Is it because of the content cost because we don't see any new content in last 2-3 months? Is it advance payment for next year's content or something like that?
- Kumar Taurani:** No, this is an everyday content costs, actually I think so it will be a content cost because we release in so many languages. Maybe you are only following Hindi. We release content in so many languages. We have a 20 now, earlier last year I think we had only 7-8 channels on YouTube. Now we have around 20 channels on YouTube. So, left, right and center we are releasing music. So, it should be that but annual report you will anyway see that.
- Moderator:** The next question is from the line of Devesh from DS Investments.
- Devesh:** Quick question on our digital platforms. Just qualitative wanted to understand that how is the realization shaping up? I mean let's say in Q3 we had the 15.1 million views and Q4 we had more on that. If you were to take realization per stream, how do you see that shaping up over the quarters or years? Any qualitative commentary?
- Kumar Taurani:** See, actually this you're talking about YouTube I feel and but YouTube is not related to views or earnings. Earnings are separate than views. So, there's a no match between them. If you see the YouTube channel and maybe you're not seeing the ad and maybe that song or that particular content, nobody has budgeted for that so ad won't come but you are still seeing that. We won't get any money on that. So, it's two different wings, different mathematics. Whatever our songs, our content earns money of that we get a share from there.
- Devesh:** Right. So, maybe let me put it this way that whatever share we are earning from YouTube last quarter versus this quarter; I mean just wanted to get a pattern in terms of is it increasing in terms of what we are looking at in proportion to the views or is it completely there's no correlation?
- Kumar Taurani:** Actually, it's a no correlation as I mentioned earlier so no correlation and I think but I feel the December quarter will be more because as I explained earlier it's a seasonal month and many people do a party at home, they also play lot of music, consume a lot of music. So, I feel that there's a no relation between them.
- Devesh:** Just going back to I think previous participant also asked about the other expenses part. We released about 75 songs this quarter. Is it fair to say that if I were to take last quarter other expense and compare to this quarter and see the trend that 75 per quarter this year, next year we are planning 100 per quarter? The proportionate increase in the other expenses would be aligned to that?
- Kumar Taurani:** No, it won't. It's a please understand the content costs same as earlier somebody mentioned if you are releasing a content on say Rs. 1 crore you are investing on March 2nd or 5th and when



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you will write-off. We will write-off in the same month. Maybe we have not earned that much and maybe going forward say film like big film I am releasing and that film maybe costing me Rs. 10 crores-8 crores. Those big contents are coming this year so maybe that quarter maybe top line is Rs. 50 crores or Rs. 40 crores and suddenly one big film is coming of Rs. 10 crores content and we are writing off so maybe that profit will dip for that particular quarter. That we will time to time you will also understand we will keep telling you but ultimately whatever the budget we are fixed for the content acquisition is fixed. We will not go beyond that. We will make our budgets accordingly. What we feel this kind of a business we expect and this should be our newreleases investment, this is our office expenses all that put together and we budget that way. So, that quarter-on-quarter is actually will be a little problem but year-on-year basis will be the right to think for companies like us content companies.

Moderator: The next question is from the line of Ankush Agrawal from Surge Capital.

Ankush Agrawal: Taurani ji as you are saying 25%-30% growth will come in the top line. So, I give you a hypothetically situation like this year we have a revenue of Rs. 135 crores, next year broadly around it will be (+Rs. 170) crores so you will get additional revenue of Rs. 35 crores. In our business additional general expense that will not increase? So, we will have this entire Rs. 35 crores to expense additional in the content cost. In same way if I see that this year, we would have spent broadly around Rs. 35-40 crores. That means if we double our content costs there's still, we would be able to maintain our margins, the profitability. So, when you say this 15%-20% growth will be there compared to 25%-30% growth in top line. That means you are saying that our content cost will cross Rs. 100 crores easily in mere 2 years? So, can our content cost be of that level in the next 2 years?

Kumar Taurani: I can't comment on the figure but we have done content, we will have to do content and we will have to do good content. The mathematics you yourself have explained according to that you are doing a lot. So, according to me content we will have to do.

Ankush Agrawal: My question is what is your thought process that Tips as a company will spend more than Rs. 100 crores in content? I wanted to understand your thought process.

Kumar Taurani: I will tell you; we are open eyes and previously also some investor asked so I told you that if I have an opportunity that I am getting my content according to me and at a good price then why not. I will strive for it. I will go forward. We have to move forward in life.

Moderator: The next question is from the line of Pankaj, an Individual Investor.

Pankaj: My question is again around other expenses only. So, I wanted to understand is it only content cost or is there something else also apart from content cost in the other expenses?



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- Kumar Taurani:** In our expenses that earlier investor also told us that our major is content cost plus that some advertising marketing cost that's it. These are the two major cost we have. Others all are very nominal, reasonable so that's this.
- Pankaj:** Is it possible to split those two?
- Kumar Taurani:** Can't do that because of this competition market and there is a huge competition happening you know in only in content. Else if we acquire the content after that to say exclusive product there's no competition but only the big competition is acquiring the content. So, can't reveal that.
- Moderator:** The next question is from the line Pratik Shah from Better Investing Solutions.
- Pratik Shah:** My question is that in last quarter in December quarter, we had released 86 songs and in this particular quarter we have released 73 new songs. Can you please elaborate reason behind the lesser number of songs releasing this particular quarter?
- Kumar Taurani:** Actually, see songs where we make a song, there're many things we have to make. Video we have to make, we have to make design, we have to just play on every platform. So, there's a huge-huge follow-up. So, sometime that number will vary. It's not a really a big thing. Big thing is how much revenue we are earning from our content whether it is old or a new, on a yearly basis. I feel that we should see as a yearly basis and I'm confident we will maintain whatever I said. So, that's it. Nothing, it's not a very important. Sometimes we have a as I told you earlier also that we really give a lot of time for quality content. So, sometimes we don't like the song so we reject. Actually, we can release 3 songs per day also, 300 songs per quarter but that will be a very on a library won't last. Bad catalogue it will be. We really invest lot of time on the quality of the songs.
- Pratik Shah:** My next question is from the next quarter onwards can you please share all the like you show of YouTube that how many views have come, in the same way for the partners with whom we have tie-up, can you show this that number also from the next quarter onwards?
- Kumar Taurani:** We'll see that, we'll internally discuss this point and we'll see what we can do best.
- Moderator:** The next question is from the line of Akshay J from Xponent.
- Akshay J:** I have a question on the numbers. If I look at your FY21 presentation, the music revenue is Rs. 90.5 crores and EBITDA is Rs. 73 crores. If I look at current presentation the music revenue is 90.5 crores but EBITDA is 55.2 crores. So, where are we missing the Rs. 17-16 crores such number as is this the margin which was about 80% is now showing 61%?
- Kumar Taurani:** Chellani, you take this.



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- Sunil Chellani:** You means quarter-on-quarter or you are talking for FY21 that's a consolidated figure and we have....
- Akshay J:** No, music segment. I am saying the music segment of FY21? If I see FY21 in music then that number I'm talking about?
- Sunil Chellani:** Please repeat your question once again.
- Akshay J:** If I see the FY21 presentation, there was a page where you broke out music and films separately. Revenue, EBITDA and EBITDA margin. Is that you recollect the page?
- Sunil Chellani:** Means you are going for segments?
- Akshay J:** Yes, exactly in that 90.5 was the revenue and EBITDA was Rs. 73 crores, right? Now I am seeing the presentation we released today segmental performance music yearly. It's just revenue of say 90.5 but EBITDA of 55.2.
- Sunil Chellani:** In that there was certain common expenses, corporate expenses, if you segregate the corporate expenses so we will reach to the same figures.
- Akshay J:** How can you say if they're segregated then so now you changed their view on that cost being linked to film versus music now is it because if you have reported EBITDA of a segment then when you cut the business into half into two different segments the EBITDA cannot change, right?
- Sunil Chellani:** If you want to compare to apple-to-apple then that figures we have given in today's presentation you will get a precise one.
- Kumar Taurani:** Maybe this is a content, advertising and other cost he's talking.
- Sunil Chellani:** They are certain mixed expenses which are corporate expenses. If you exclude that corporate expenses then whatever figures you are saying in today's presentation they are fine-tuned expenses. They are comparable.
- Akshay J:** What I am trying to understand that previously also corporate expense was same as now. So, we used to put in movies at that time and now in music, is it a right understanding?
- Sunil Chellani:** Whatever you are saying that corporate expenses that are exclusively for the music.
- Akshay J:** So, what it was previously?
- Sunil Chellani:** Previously means we have two segments film and the music.



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- Kumar Taurani:** Maybe we will, please understand we are doing such a huge business, we had a bigger team, we have a rented a bigger office and so our corporate expenses are increased. That you're saying is that one only.
- Akshay J:** That's understandable, it is just that what we used to see as a 70%-80% EBITDA is now showing the 60% EBITDA. We are trying to understand or rather I am trying to understand that has the nature of the business changed or suddenly our cost expanded that was not that we had not understood in the past?
- Sunil Chellani:** EBITDA cannot be mentioned year-to-year basis because that...
- Kumar Taurani:** Chellani, one second. See please understand biggest difference is due to content cost. That's it and that will keep on happening throughout the year, biggest is that one only nothing else.
- Moderator:** The next question is from the line of Vasant Bhavsar, an Individual Investor,
- Vasant Bhavsar:** Myself Vasant Bhavsar talking. Actually, I am an individual investor. I just wanted to know that the demerger of Tips so I wanted to know if we can get bonus.
- Kumar Taurani:** I missed your voice. Will you repeat your last line?
- Vasant Bhavsar:** When can we get the bonus of Tips Films, that I wanted to know.
- Kumar Taurani:** In July, our agency which is doing this. They have promised this till July this will happen. Till mid-July you will get those Industries, films share proportion you will get that.
- Moderator:** Thank you. Ladies and gentlemen in the interest of time that was the last question. I now hand the conference over to Mr. Kumar Taurani for closing comments. Over to you Sir.
- Kumar Taurani:** Thank you everyone for joining us. I hope we have been able to answer all your queries. In case you require any further details, you may please contact us or Faraz Ahmed at Orient Capital, our Investor Relationship partners. Thank you so much. Thank you, friends. Thank you.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Tips Industries Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.