



“Tips Industries Limited
Q2 FY ‘23 Earnings Conference Call”
October 22, 2022



MANAGEMENT: **MR. KUMAR TAURANI – CHAIRMAN & MD – TIPS INDUSTRIES LIMITED**
MR. GIRISH TAURANI – COO – TIPS INDUSTRIES LIMITED
MR. SUNIL CHELLANI – CFO – TIPS INDUSTRIES LIMITED

MODERATOR: **MR. RAJESH AGRAWAL – ORIENT CAPITAL**



*Tips Industries Limited
October 22, 2022*

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '23 Earnings Conference Call of Tips Industries Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajesh Agrawal from Orient Capital. Thank you, and over to you, sir.

Rajesh Agrawal: Thank you. Hello, everyone, and a very warm welcome to Q2 FY '23 earnings call of Tips Industries Limited. Today on this call, we have Mr. Kumar Taurani, Chairman and Managing Director, Tips Industries Limited, along with Mr. Sunil Chellani, CFO for Tips Industries Limited, and Mr. Girish Taurani, COO for Tips Industries Limited. This 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. Our detailed safe harbor statement is already given on Page 2 of the company's investor presentation, which has been uploaded on the stock exchange and the company's site as well.

With this, I hand over the call to Mr. Kumar Taurani for his opening remarks. Over to you, sir.

Kumar Taurani: Thank you. Good morning, everyone, and welcome to the Q2 FY '23 Earnings Call of Tips Industries. Firstly, I would like to wish all the participants are very happy Diwali. Our teamwork is paying off, and we have been able to report a substantial increase in our revenue from operations for the quarter and half year ending September 30, 2022. We released 228 new songs, which is highest in any quarter so far. These include 140 new film songs and 88 non film songs.

This quarter has seen a substantial increase in our content cost, which reflects our investment in the music business. Our YouTube channel too has gained more subscribers. And for Q2 FY '23, our subscriber count was at over 74.84 million subscriber/followers and our views for Q2 FY '23 were about INR 27.3 billion, which is an increase of almost 31% in our views over the previous quarter.

We will continue to invest in quality music to achieve our vision of becoming the number three player in the industry. Now let me hand over the call to Mr. Sunil Chellani, our CFO, to share the financial highlights of the quarter. Over to you, Sunil.

Kumar Taurani: Thank you, sir. Good morning, everyone, and wish you all a very happy Diwali. As you know, at Tips Industries, our finances statements are very simple and transparent. Let me take you through our financial highlights for quarter gone by now. Our revenue from operations for Q2 FY '23 stood at INR 49.6 crores as compared to INR 29.1 crores in Q2 FY '22 an annual growth of 70%. Operating EBITDA stood at INR 27.2 crores for Q2 FY '23 versus INR 17.8 crores in Q2 FY '22. The Y-o-Y growth is 52% and operating EBITDA margin was at 54.8% for this



*Tips Industries Limited
October 22, 2022*

quarter. Our profit after tax for Q2 FY '23 stood at INR 20.8 crores versus INR 11.2 crores in Q2 FY '22 with a PAT margin of 41%. PAT has gone by 85% on Y-o-Y and 21% on Q-o-Q basis. With this, I open the floor for discussion. Thank you very much to everyone once again.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Akshay from Sam Capital. Please go ahead.

Akshay: Happy Diwali, sir, to your entire team and congrats on a fantastic set of numbers. Sir, generally, the December quarter for us is the strongest quarter for us because of various reasons because of obviously the Warner contract signing also happened in the December quarter. So majority of the revenue growth this quarter, obviously, it's very heartening to see, so where did it mostly come from? Because obviously, I know that we signed a regional deal with Spotify as well. So I was just trying to understand where did the majority of this fantastic growth this quarter come from. If you can explain a bit

Kumar Taurani: Yes, we are doing well across the platforms. But YouTube is the key you can say. Plus we have signed a deal with Resso was big for us. And overall, also our few deals like TV deal and all that, that is from all the sectors you can say. But major is, I think, Resso and this YouTube

Akshay: The Spotify deal we've done it via self or via Warner?

Kumar Taurani: Spotify Hindi repertoire, we have done through Warner. But Spotify and balance repertoire], we have done through -- there's a company called Merlin. We have done through them. but we have not got any advanced money. We will have on a performance basis, whatever money we accrue our repertoire will earn, we will get money.

Akshay: Okay. So also just wanted to get your opinion on with this majority of the economics slowing down or -- so where do you see the ad rates going in this particular time when economies all across the world are slowing down. Where do you see the ad rates? Do you think that they will also come down? Or where do you see

Kumar Taurani: I don't think it will come down. What we see, if you see this YouTube or everywhere, it's the same or maybe they are increasing. Maybe the growth is not what they predicted the 35%, 40% will be growth. Maybe it will for one, two months or three months, maybe it will come down to 5%, 10% reduced -- but I don't feel this will be a problem for us.

Akshay: Okay. Sir lastly, suggestion because I saw that our TIPS Official channel on YouTube was hacked because the name was changed by some, I think, cryptocurrency company or something. I hope we are taking some measures on the cybersecurity front, to protect our IP on YouTube



*Tips Industries Limited
October 22, 2022*

because the name was changed and I think it was shut down for a while as well. So that's the suggestion, if you can comment on that.

Kumar Taurani: Yes, I know that. I know that happened. We are all on alert and all the precautions has been taken. And you know we are in a technological world, and these things sometimes happen, but we'll make sure it won't happen in the future.

Moderator: Thank you. The next question is from the line of Sagar from PhillipCapital. Please go ahead.

Sagar: Season greeting to the Tips family. Sir my first question is, what is your self-assessment on the response that PS1 songs have got, if you look at YouTube viewership as a sample. So that is my first question. Secondly, you have released about 228 songs during the quarter and you write off the content cost in the same quarter from the P&L as a policy. So if you see the content cost to make those 228 songs at just INR 17.2 crores, am I missing something here? Probably, there might be some overlapping in terms of the regional songs that you might produce. So what would be the unique number of songs that you might have made during the quarter?

Kumar Taurani: This 228 songs you have released and whenever we start making our song we just keep on spending money and we keep that as an advance. And whenever we released, the same quarter we write off in the report or a statement audited or unaudited statement results. So this is whatever we release in this quarter, we have written of everything.

Sagar: And on the PS1 song, what is your

Kumar Taurani: PS1 has really, really picked up very, very well. We are really doing well on PS1, particularly that Tamil language film. And I feel that now PS2 is also coming, so this craze will be till then. So I expect in next June, July, PS1 and PS2 will be alive and we will make good money on that.

Sagar: And this INR 25 crore acquisition cost is for PS1 and PS2 put together?

Kumar Taurani: Yes, actually, it's not so much it's we are calculating, including promotion, you can say, promotion costs also I'm putting in this approximately that much will be the ultimate cost, maybe a little less.

Sagar: Okay. So that includes in the content creation itself.

Kumar Taurani: Yes.

Sagar: And any update on renewing contract with JioSaavn?

Kumar Taurani: Let's hope for the best. We are trying this quarter, we can have some good news. Let's see.

Sagar: Yes. And last question, sir. You mentioned that YouTube channel was one of the platforms on which the growth came in during the quarter. So if you see on the Socialblade, the September



*Tips Industries Limited
October 22, 2022*

viewership were down for us. And despite that, it became a primary driver of the revenue. So you have thoughts on that?

Kumar Taurani: Actually, that small thing here and there, it will keep on happening. So not bothered, there are some people have not seen YouTube. They must be busy in their festivals and all that. And I think these things will happen. But touchwood everything is good, so I'm actually not concerned

Moderator: Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Hi Taurani ji, on a great set of numbers. Taurani ji, firstly, Is this Spotify deal has been done directly or by third party?

Kumar Taurani: Yes.

Ankush Agrawal: What are the reasons that we are not getting this deal possible, as we have to go through third party. I believe if we go to a third party, we will have to share some part of our revenues with them as well. So why are we not able to approach directly, sir?

Kumar Taurani: We are also doing it directly. And it is not like this, 99% of the deals are done directly. But as a regional content, if we have regional content, then we had a small strength and the company in which we are dealing, it has big global deal with them and we will be in a big pie of the deal. So what we calculated, we will make better monies, and we will have a lot of insight. And this company is actually doing many, many businesses and they must be supplying content to 100 companies. So we will have access to many, many other businesses as well.

So we decided lets do it through main line, then we will see how benefit we got. So this is a temporary deal for one-two years. So once its done, we can go back to Spotify directly as well, not a problem. We thought let us learn that how many more parties are there and we can approach and start our business.

Ankush Agrawal: So sir, some revenue from this deal has come in this quarter?

Kumar Taurani: I don't think so. It would have come yet, maybe will come in the next quarter recently, when we released PS1, we have started the deal back.

Ankush Agrawal: Secondly, sir, recently our channel on YouTube was hacked, so did we do some analysis: what is the root cause of it? How did it happen and what are we doing to fix it next? Can you elaborate more on this?

Kumar Taurani: Yes. YouTube and our team had a discussion and there was some mischief, The exact details haven't been found yet, but the teams are engaged: and that nothing like this will happen in the future. And whatever precautionary measures need to be updated, have been done from both ends.



*Tips Industries Limited
October 22, 2022*

- Ankush Agrawal:** Okay. Lastly, Taurani ji like we have almost 100 crores of cash accumulated and still we are spending entire content cost to P&L and internal accruals to pay through this Cash. So what difference does it make to use this cash? I believe you will be saving some cash for the future's good opportunity which will comes up. But if you have any such number in your mind that we have to save 200 crores cash and post that we will try to distribute and all that stuff.
- Kumar Taurani:** I think, we are a cash company and we keep getting too many deals, so we will be generating more cash in next two quarters. So we are debating to do a buyback this year. And all our investors should get benefit from it and I'm thinking about that. So in in 10-12 days we will take this call, and yes, you are right, we should have at any given time, INR 100- INR 150 crores or up to INR 200 crores maximum, so if there are any good opportunity we are ready to invest and do some good buy also.
- Ankush Agrawal:** Okay. Sir, this buyback is good. But just another suggestion is to do the buyback in open market so that our cost is better. If that is discussed internally, that would be very helpful.
- Kumar Taurani:** Okay. I'll talk to my people if they all understand we will do that.
- Ankush Agrawal:** That was very helpful. Thank you
- Kumar Taurani:** Thank you. The next question is from the line of Garvit Goyal from Nvest Research. Please go ahead.
- Garvit Goyal:** Sir, firstly, what is the rationale behind the beating in the EBITDA percentage for the current quarter, sir?
- Kumar Taurani:** What you're saying EBIT or profit or percentage?
- Garvit Goyal:** EBITDA percentage. Sir, so there is a dip in current quarter. So I was asking for the rationale for that?
- Kumar Taurani:** Yes. So please understand, we have written off a big number on content cost -- so because of that, there is a dip, you can say. So that's the only reason because of that. But percentage wise maybe it's reduced. But if you see number-wise, after writing off so much -- such a big amount, compared to last year's Q2 '22, we are much higher in all the criteria. Plus if you compare even this year's quarter 1, we are much, much higher. So I think these things will happen. But I explained earlier and always, you see a bigger picture, what I say 25%, 30%, you must see we should maintain top line year-on-year basis and plus 15%, 20% in the bottom line. So we are -- I feel as of now, we are heading for that. We will achieve that.
- Garvit Goyal:** Understood, sir. And sir, is there any kind of headwind in the industry that you are looking at in the near term or medium term? Any kind of negative outlook for the industry?



*Tips Industries Limited
October 22, 2022*

- Kumar Taurani:** Industry is doing well worldwide. Music industry is doing well. Music industry has a very good future, I feel. So, I'm okay with -- nothing is a concern, no concern at all.
- Garvit Goyal:** And sir, in the half year one, we have released around 413 number of songs. Then in the second half, what is the outlook in the number of songs that we can release?
- Kumar Taurani:** I think total target was -- this year was 550 songs, 600 songs. I think we'll do more than that, around 650 songs, 700 songs we will cross.
- Garvit Goyal:** It's 650 songs, 700 songs. And already, you have done 413 songs, right?
- Kumar Taurani:** Yes.
- Garvit Goyal:** So what is the guidance for the topline rest of financial year FY23?
- Kumar Taurani:** Top line, I told you already to last year at 135 so, the 25%, 30% coming at around 175 to 180 around that much, it will be depending upon the -- but this will be definitely happen. I am seeing that it's happening. But the two more quarters to go, and if we crack some other deals, so maybe it can go a little better also, it can become better also.
- Kumar Taurani:** Because December quarter is strongest for us. So I hope it will be better than September, and September is already very good. So we hope that the banker percentage.
- Kumar Taurani:** We are working hard. We are pushing from everywhere. We have a releasing many new titles as well, big titles this quarter. So, Honey Singh is the key artist, big artist coming this year. And we have also recorded a Badshah, Badshah's song also coming. So maybe Badshah will also launch this quarter because it's a party quarter, parties happen and they sing a party sounds, we are doing many things like that.
- Garvit Goyal:** Sir. And sir, that PS-2 that you are saying it will be releasing June or July next year. So, the entire cost for PS-1 and PS-2, you have written-off in this quarter or something is to be written-off later at the time of PS-2 release?
- Kumar Taurani:** No, we have written-off only PS-1. PS-2 will write-off when we release the music of that.
- Garvit Goyal:** Okay. Understood. And is there any kind of new platform where we are currently in discussion with or any kind of inorganic opportunity we are considering any kind of such development internally going on, sir?
- Kumar Taurani:** We regularly talk to all the partners, whether it is our content is available or whether our continent is not available. We always try to crack a deal. So, and these things happen, I think just wait for another quarter, we'll try and give you good news.
- Garvit Goyal:** Okay. Congratulations for the good set of number, and happy Diwali to you and your team.



*Tips Industries Limited
October 22, 2022*

- Kumar Taurani:** Thank you. Happy Diwali to you and all the investors. Thank you.
- Moderator:** Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** Really, it is a fantastic result. My point is since I have just joined late, why the reason of other expenses, too much?
- Kumar Taurani:** Because of PS-1, we have released a big film, PS-1, and it has a huge cost of acquiring rights of that film and marketing expense on that. So that's a major reason for huge cost expense.
- Ravi Naredi:** Understand, sir. And this is again reason of EBITDA margin down by 1,100 points?
- Kumar Taurani:** Yes.
- Kumar Taurani:** But Percentage wise this is down, but overall, if you see numbers, we are quite up. Maybe our percentage is down, but our numbers, if you see top line, bottom line compared to last FY '22, second quarter or this year's first quarter, we are quite up, big time up.
- Ravi Naredi:** Right. Sir, can you tell the top five contributors in our revenue like YouTube, OTT or TV channel and any others?
- Kumar Taurani:** See, I can't tell you a customer wise, but I can tell you the 75% is digital market. And from 75%, you can say around 45%, 50% is YouTube. 25% to 30% other digital companies put together and rest is TV and that public performance, we get money. We get money from sync deals, etcetera, small-small money that comes, right.
- Ravi Naredi:** And sir, will you manage TV film is con-call separately when you come out with result?
- Kumar Taurani:** Yes, absolutely, we do that. And we have done that. I think recently, a few days back, I have done the first call, first of this.
- Moderator:** Thank you. The next question is from the line of Om Prakash from Ultra Sign Holdings. Please go ahead.
- Om Prakash:** When I accumulate, YouTube, all channel related to TIPS industry, then that was only 250 to 300 crores views in last quarter, but you showed 27.3 billion views, can you explain this difference?
- Kumar Taurani:** No, we don't have one channel. We have around 20 channels, 18 channels, 20 channels. So we -- whatever we have in written...
- Om Prakash:** Yes, sir. I accumulate all channels viewership in about section.



*Tips Industries Limited
October 22, 2022*

- Kumar Taurani:** Yes. So we'll come back to you in this meeting in the end, I'll tell you, just tell me what is the difference you said? What you have calculated?
- Om Prakash:** According to me, these views are 3 billion, but you showed 27.3 billion views.
- Kumar Taurani:** 30 billion, and according to you, its 27 billion -- in report may 27 billion we have written and according to you, it's 30 billion.
- Om Prakash:** No, sir, 3 billion. 300 crores.
- Kumar Taurani:** Okay. So much difference? I'll just tell you. Give me a few minutes.
- Om Prakash:** Okay. Thank you.
- Kumar Taurani:** Mr. Om Prakash, I'll come back to this within the in this meeting. Yes, we'll find out.
- Moderator:** Thank you. The next question is from the line of Basava from Basava assets. Please go ahead.
- Basava:** I have a few questions regarding the Tips south. First of all, congratulations on Tips Tamil, you got around 450k subscribers and around 180 million to 190 million subscribers from the PS-1. I think it is a really good performance. My question is on Tips Telugu, could you please explain your strategy on Tips Telugu? So for whatever the -- around two to three songs are releasing on average for every week, but those are all not on good star cast. These all upcoming kind of thing. So, I mean, in Tips Tamil, you're going with one approach and Tips Tamil you're going with a different approach. Though you have the Harihara Veramallu and Sakuntalam with a good power cast, but so far, in the Tips Telugu, it is going in a different direction, could you please explain that one, your strategy?
- Kumar Taurani:** See, we have to build a repertoire over there. We don't have much content in those languages. So we whatever -- we get which we are buying -- we have to build the content also in those zones and languages. So that's why we are doing that. And whatever good film, big film, so we are open to everything. We are not open to just big films or just small films. Like you said, we have bought Harihara Veramallu and that Sakuntalam or PS-1, PS-2 so we are buying many films.
- Basava:** Okay. So whatever the -- so for the small films, we are not paying much. Those are just like -- yes.
- Kumar Taurani:** We are paying a correct value.
- Basava:** Okay. That is what my exact question. So, can you assume something like is something like your volume channel, so far from the small film. So it will perform according to their views, and according to their views we are paying, is the current assumption?



*Tips Industries Limited
October 22, 2022*

- Kumar Taurani:** Don't pay everybody the same. No. Absolutely. We buy films in few lakhs, and we buy films in crores, don't worry about that.
- Basava:** Okay.
- Kumar Taurani:** Can I answer to one Mr. Om Prakash's question, Operator, can you open Mr. Om Prakash's line?
- Moderator:** Yes, sir, sir his line is in talk mode.
- Kumar Taurani:** Yes, we have checked our system. 27.3 billion is a correct number. And wherever you got such a big difference, 3 billion, you can please write us an email, we will reply. But our number is correct. Because we have -- we take these numbers from YouTube. We have a system in the place with YouTube so, and they will report to us on a daily basis, you can say.
- Om Prakash:** But I checked in about section you whole channels, YouTube to about section.
- Kumar Taurani:** I don't know, but if you can please tell us, give us an e-mail, you can send us e-mail, we will definitely tell you, no problem. For example, just I got that just our 9.7 billion is only in September. I don't know how you have counted? Just write us details of that also, though we will clarify that where is the mistake.
- Om Prakash:** Okay. Sir, I will mail.
- Kumar Taurani:** No problem. Okay, sure.
- Moderator:** Thank you. The next question is from the line of Rakesh Wadhvani from Monarch Network. Please go ahead.
- Rakesh Wadhvani:** I have a few questions. One is like we have acquired lots of regional content also in this last two quarters because we can see non-movie songs and rest of the movie songs. So they will be either from Hindi or other region views also. So just want to say where you're acquiring in which language you're acquiring more and seeing more traction?
- Kumar Taurani:** We are acquiring in many languages. Whatever you see my all channels, we are acquiring in all those things. But I think this is a good suggestion. Next quarter, maybe we will include the language wise how much content or how many songs we are acquiring. We'll give you that detail as well in the report. So you will be perfectly knowing how many songs we are requiring language wise.
- Rakesh Wadhvani:** Okay. And sir, second question, you mentioned in the presentation and so Q4 results and as well as in the Annual General Meeting that the content cost will be around 2-x of the last year, so we assume it will be in the range of INR 55 crores to INR 60 crores and so INR 55 crores to INR 60 crores assume, and we have around INR 100 crores cash flow and next two quarters cash will



be also accumulated So sir, what is the reason behind buyback? I just want to understand your perspective that why you're thinking that way? Because INR 60 crores content cost expense there and some amount of cash would be with us because in order if good films comes you can just like PS-1 or PS-2, you should have some buffer cash with you so that you show that a good movie come and you can get it?

Kumar Taurani: Correct. So that's we have doing that. So what is your question basically?

Rakesh Wadhvani: Sir, I mean why are you thinking about buyback, because cash should be available with us, so that in the future any good movies like 4 movies, 5 movies comes and you can -- that is my thinking?

Kumar Taurani: Yes. Understood. So no, we have surplus cash, we have a lot of cash. I don't think I need that cash Whatever is there, has been accumulated to the money that we have in the past, whatever money we are spending now, whatever money is coming in, then if seen, that money is being spent from that, it is getting surplus, every quarter-on-quarter basis. So I don't feel that we need that amount of cash now, so wherever we get a chance, and why to keep money in the company, then all of us are shareholders, it is good for all of us that we get less tax free money, its good. Even if you will see within one and two months the same cash will be there, even if we buyback this you'll see that we have the same cash remaining with us after spending so much money.

Moderator: Thank you. The next question is from the line of Mayur Parkeria from Wealth Managers. Please go ahead.

Mayur Parkeria: Good set of numbers. So congratulations on that. Sir, I had a couple of questions. One is on the balance sheet, if we look at the current assets and noncurrent assets, both put together are roughly INR 40 crores Sir, what would be the inventory in that? Which has been non-monetized and which is in work-in-progress, the inventory, how much will be that?

Kumar Taurani: Yes. Chellani question for you, please, reply.

Sunil Chellani: Yes, it will be around INR 30 crores put together.

Mayur Parkeria: So the current asset part is the inventory part, right? Hopefully?

Sunil Chellani: No, we have to put together because we have to bifurcate it current and non-current.

Mayur Parkeria: Okay. So sir, why would any part of inventory be non-current assets?

Sunil Chellani: Depending on what is the age of the inventory? Suppose we have given some advances and the advances are more than a six months or eight months old. So we have to bifurcate what is the current and what is the non-current.



*Tips Industries Limited
October 22, 2022*

Mayur Parkeria: But sir, normally, isn't non-current means something realizable for more than one year? -- so because I was just trying to correlate with our policy that we will write-off most of the so. Is it that the project is longer duration and advances investments. So actual project will commission so it will factor or will get the music a little longer in period and that is why...?

Sunil Chellani: I'm talking about the advances.

Mayur Parkeria: Right. But advances would be for acquisition of rights of movies like the music right, right?

Sunil Chellani: That's right.

Mayur Parkeria: Okay. Sir, once again, I'll reiterate this is a great policy of writing-off 100% of the cost. So, no matter what the -- there will be cycles in the industry in the future also. Hope you continue to maintain that kind of a policy, it's a transparent and a conservative policy. So that's great. I joined the call a little late, so I had two more questions. Can you throw some light on the deal with ISRA?

Kumar Taurani: Yes. Actually, I want to brief all of you. We have two good things happen with Tips and the industry, actually industry. One is ISRA, ISRA is a as body of Singer Association, Indian Singles Association, and government has given them license to collect money on their singles behalf. But when this copyright act was formed, the single right is actually assignable. We can take that right from them and then we don't have to pay them any royalty or anything. And 99.9% all the music companies in India are doing that, we are buying them, we are paying them lump sum or producer fees recording or any film producer, singer is singing, so we are paying them money, and we are given them lump sum and no royalties or nothing.

But their interpretation of a few sections of the law was different and they were a little troubling us in the market, this is my right, I also need money, we need this. Those few people who are scared, what should be done, that was like a nonsense? So we have resolved that with them. We have spoken to them. And because of that, business of that public performance was also hurting, how many agency is going to come, what will happen, we have settled with them, and we have to pay them some money.

All the members put together. So we will have a little hit. But with that, our business will be too huge for that section in the next three years. It will be grow like 100%, it will grow. So we have -- entire industry has taken this call, and we have settled with them, and we have signed a deal with ISRA (singers association), we will pay them some money from our earnings of that public performance basically.

So we have done that. And also, number two, there was another case on TIPS Airtel that wing service, they have put -- they've given the abrupt like radio, they do they decide how much royalty they have to pay, they have taken that route for Internet, I think in 2017. So we have put



*Tips Industries Limited
October 22, 2022*

a case on them. And in 2019, we won that case a single judge Khatawalaji has given the order in our favor.

All the points he favored us, no TIPS right on all the fronts, then Airtel gone to gone for a two-bench application, that this order is wrong, we will hear once again. So that was also -- we are fighting with them for the last three years. So ultimately, last Thursday, Thursday orders came in our favor. TIPS's favor. Internet is not radio. It's not compulsory. You have to take a license. You can't use, it's my exclusive property of TIPS and you -- they have to take my rights.

So we have won that case. So these are two good news. And actually, this even judgment -- TIPS for, but this has actually saved the entire industry. Actually, we have fought for that. So these are the two good news I want to share with all of you.

Mayur Parkeria: Great, sir. That's great congratulations. Sir, on the like ISRA [Inaudible:37:28-37:35] it and everything is like normal the way you give the singers. The only thing on the public performance, there was it was taking a little bit as if I mean, the actual impact if we see now the thing will be it will get more clarified the picture that uncertainty has gone. And the revenue model and the sharing model is more clear now?

Kumar Taurani: Yes, absolutely.

Mayur Parkeria: Okay. And sir, how much hit will it come to TIPS and over what period?

Kumar Taurani: I think first two, three years, it will be INR 2 crores, INR 3 crores and longer-term mix, that will be -- it will come on a percentage basis. So maybe it will come more -- but then we are also making more money.

Mayur Parkeria: Okay. INR 2 crores, INR 3 crores a year sir?

Kumar Taurani: Yes.

Mayur Parkeria: Okay. Great.

Kumar Taurani: But then please understand that support that all the singers today, we have settled with IPRS. So earlier, we used to make from IPRS only even INR 1 crore, INR 2 crore. But now we are making INR 10-plus crores from them. So that's a big thing. So similar thing will happen with -- ISRA - - so now all the creative people, singer, composers and publisher, like music company, publisher, everyone is on the same side, one side. So it's a big thing for us. I think we will really -- you will see the very, very big monies coming from that section. That genre of the music.

Mayur Parkeria: Great, sir. Last question from my side, sir. In our vision, the first the vision itself talks about our vision to have almost a bouquet of ...

Kumar Taurani: There is a disturbance in your sound, It is coming and going.



*Tips Industries Limited
October 22, 2022*

Mayur Parkeria: So now is it clear?

Kumar Taurani: Yes, it's better, yes.

Mayur Parkeria: Sir, I was saying our vision itself, it says that we need to maintain and grow the must-have hit catalogue. Right. So I just wanted to understand what is our strategy given the cash which we have and what is our strategy for acquiring new music on that side? And what kind of checks and balances will you keep to better the cost of acquisition for good music versus the -- it is already in the hindsight whether the hit actually has played out or not?

So how will you balance what checks and balances will you keep to ensure that the cost is also maintained, but at the same time, utilize the balance sheet cash to continue to acquire good music. And what is our actual plan of acquisition in the next two years? Yes, that will be my last. Thank you sir.

Kumar Taurani: See actually, that problem we have. Now we have a market of two, three companies for content acquiring. But today, we have five players in the market. Everybody wants a good music. But then also we are very selective. So we don't want -- like I earlier also said there is a -- some other company has quoted, there is a market of INR 800 crores of content comes up and they won't acquire INR 200 crores, INR 250 crores content -- but I don't have that budget. I don't want to acquire so much of content. I'm very cautious. I want a very selected product, whatever I like. I don't mind paying INR 2 crores, INR 3 crores more, but I want a very selected product, who is the -- what is the criteria behind the music. We have our own parameters and our experiences with that plus data also, we keep on checking. so we are clear to whatever budget we allocate, maybe 5%, 10% here out there, we can go. But we will not be very aggressive. We will be selective. That's a key point of content acquiring.

Mayur Parkeria: But sir, will it not also calibrate -- will it not also play on the fact that if the competition is aggressive, this period of good music for a couple of years, which we -- because the industry structure is becoming like that and put out on the -- we may have the cash, we don't tie policy, but what is the acquisition we lose out on good music during this era?

Kumar Taurani: Mayur, I said that we will try and we'll get a quality music, I said that. And in our business, quality is better than quantity. So our focus is on that. And trust me, and we will maintain our growth, we will be better than many, many other companies. I'll prove it to you. Just give us another -- and we are proving actually, if you see quarter-on-quarter basis or a yearly basis, so touch wood we are doing well. And we don't want to be very aggressive. And then suddenly, we say, bought INR 100 crores of goods, and out of this INR 60 crores gone, only empty boxes we got. We don't want to do that.

Moderator: Thank you. The next question is from the line of Garvit Goyal from NVest Research. Please go ahead.



*Tips Industries Limited
October 22, 2022*

- Garvit Goyal:** Sir, actually, I wanted a clarification on this ISRA side. Basically, you're saying it will help in long term. So can you explain how the things will shape up because actually, I'm having -- we're not getting that?
- Kumar Taurani:** Actually, I can't hear you, please. Can you repeat? And if you can be a littlslow, please?
- Garvit Goyal:** Sir, I was saying is sir, you were mentioning about a ISRA -- so you're saying this will happen in the long term. You are mentioning about ISRA? So you were saying it will help us in the long term. So can you please explain a little bit more how it is going to shape up for us how it's going to help you ?
- Kumar Taurani:** See, at present, everybody goes in the market and say, this is my right, I also need money, I want to license, event is happening. And so that way, now these companies won't go and we can claim whatever we're charging to the parties, events, any show, we can charge more. We can increase our prices to 50%, 60%. And which we wanted earlier. But because of the chaos, we were not doing that. We were not going aggressive about that. So that will help us. Plus, there is so many small, small issues with Government of India. Now we have settled with the artist, artist will support us and all those things also to recover more money.
- So I think it's a very, very good thing happened with the industry. And you will see the very, very big kind of results in the future. In next two, three years you will find, what is this happened, this is a magic.
- Garvit Goyal:** If you are saying we are giving the fixed amount to this is ISRA and later on, we can realize more money because ISRA will not go to the singers to realize to claim their money?
- Kumar Taurani:** Yes, they won't go to the market. They won't do anything in the market.
- Garvit Goyal:** Understood.
- Kumar Taurani:** And one more thing. They are also in the next one, two years, they will all come back on a profit sharing basis. So now after this profit-sharing basis, they will also help us to increase our profits. It's in their advantage as well.
- Garvit Goyal:** Okay. They will get incentivized in that condition.
- Kumar Taurani:** Yes.
- Garvit Goyal:** Right. Understood. And this is for the entire industry.
- Kumar Taurani:** Absolutely.
- Garvit Goyal:** Understood.



*Tips Industries Limited
October 22, 2022*

- Kumar Taurani:** Major company signed and all that PPL this is handling by PPL. And PPL is all major companies. The entire Board has signed this, and they are taking the next, that agreement in the AGM also. -- and then major member has a major voting rights in that AGM.
- Moderator:** Thank you. The next question is from the line of Rakesh Wadhvani from Monarch Network. Please go ahead.
- Rakesh Wadhvani:** My questions are answered. Thank you.
- Moderator:** The next question is from the line of Ashok Shah from LFC Securities.
- Ashok Shah:** Sir, my question relates to the our inception and IPO since many years ago, we came out with - - at a price of INR 350. Yes. So over the year, stock was down. So last buyback was done at INR 140 in March '20. So since the prices increase, so would it be fair to assume that it will be on similar notes that it will be done on a tender basis only because it's a most efficient way to buyback the shares?
- Kumar Taurani:** That has to be a current value or more than that, we cant go to such a less price -- so still, we have not debated this. This is the only thought I told you. We will discuss among our sales, and we will discuss experts with this and we'll come back.
- Ashok Shah:** Okay. Sir, my second question relates to the -- our final consumer is public. But who pays us? Is it a radio industry pays us or the person or the company which makes the program who pays us a major amount and -- can we just name one or two largest customer of person who is paying us just like...
- Kumar Taurani:** Radio people don't pay us. There's a case going on with the industry. So there is a big problem in radio industry, particularly -- so let's keep that as out for some few more quarters. And rest of my customers -- our earlier business when we used to sell cassette and CD, it was a business to consumer. But now as our customers are like people like YouTube, Spotify, all TV stations, so our business is B2B. So now we give them and we -- and our big customer is YouTube.
- Ashok Shah:** Okay. So YouTube as is the largest user, but does it make sense...
- Kumar Taurani:** About all the music companies, not only for the TIPS but on music labels.
- Ashok Shah:** Yes. But we are the most efficient in all these categories. So does it make sense to acquire some other companies you are the competitor as an inorganic growth? Because there are many old songs and everything is available and also there is one newer way of making a radio like Saregama has done it -- and I think one more company has done and made radio with songs, recorded songs and everything. So are we thinking on the similar line to monetize our assets or the IP



*Tips Industries Limited
October 22, 2022*

Kumar Taurani: No. Actually, please understand my consumer, my customer, what who listens my music is a young audience. The young audience has their -- they know how to operate technology on Spotify, Resso or YouTube and listen music, I can make my own playlist. So I don't need to venture into that. And I don't have such a huge repertoire that I can go for a making of a radio and there is a lot of expense behind that. And actually, it's not a profitable business for at least for me. So I'm very happy with what we are doing, and we will continue doing that. So that's good for us, I feel.

Ashok Shah: So we make almost 90% of the profit of new releases only?

Kumar Taurani: No. You can say our majority of income is from our Repertoire.

Ashok Shah: Okay. So it consists of the new music or the new ideas or something?

Kumar Taurani: No. It's a combination of both, you can say, new and old.

Ashok Shah: So percentage-wise, a new one is some higher because we are also going in a regional way also?

Kumar Taurani: No, it's still -- that new releases, we have started from last year. We are still checking how much will be the ratio of new versus old. So it will take another three, four quarters to tell you exactly what's happening.

Ashok Shah: But any rough idea new and new vs old or something like that?

Kumar Taurani: Rough idea, you can calculate 30, 30-70 or 25-75 something like that.

Ashok Shah: 70 is approximately new releases?

Kumar Taurani: Old, 75 will be...

Ashok Shah: Okay. And what is the percentage of the buy from the new movies. So...

Kumar Taurani: What you're saying?

Ashok Shah: No, from some of the new releases, movie release? Do you buy the new movie release songs also?

Kumar Taurani: Yes.

Ashok Shah: So that's what percentage?

Kumar Taurani: Percentage of new movie buy from.., how many movies are being produced and how much I buy you're saying that?



*Tips Industries Limited
October 22, 2022*

Ashok Shah: Yes.

Kumar Taurani: 2%. 3%.

Ashok Shah: 2%, 3% Only. So remaining are the repeats or something like that. So it's a very good. Thank you sir.

Moderator: Ladies and gentlemen, in the interest of time, that was the last question. I now hand the conference over to the Sunil Chellani for their 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. I would also like to highlight that our presentation now has a link of all our songs displayed on Slide three, and you can view the songs on YouTube. In case you require any further details, you may please contact us or Faraz Ahmed at Orient Capital, our Investor Relations partner. Thank you, and Happy Diwali to all of you once again. Thank you so much.

Moderator: Thank you. Ladies and gentlemen on behalf of TIPS Industries Limited, that concludes this conference. We thank you all for joining us and you may now disconnect your lines.