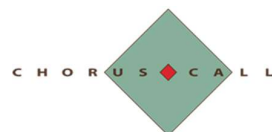




“Tips Industries Limited  
Q2 and H1 FY ‘24 Earnings Conference Call”

October 18, 2023



**MANAGEMENT:** **MR. KUMAR TAURANI – CHAIRMAN AND MANAGING DIRECTOR – TIPS INDUSTRIES LIMITED**  
**MR. GIRISH TAURANI – EXECUTIVE DIRECTOR – TIPS INDUSTRIES LIMITED**  
**MR. HARI NAIR – CHIEF EXECUTIVE OFFICER – TIPS INDUSTRIES LIMITED**  
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**MODERATOR:** **MR. NIKUNJ JAIN – ORIENT CAPITAL**



**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 and H1 FY24 Earnings Conference Call of Tips Industries Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nikunj Jain from Orient Capital. Thank you. Over to you, sir.

**Nikunj Jain:** Thank you, Dorwin. Good morning, ladies and gentlemen. I welcome you for the Q2 and H1 FY24 Earning Conference Call of Tips Industries Limited. To discuss this quarter's business performance, we have from the management Mr. Kumar Taurani, Chairman and Managing Director, Mr. Girish Taurani, Executive Director, Mr. Hari Nair, Chief Executive Officer, Mr. Sushant Dalmia, Chief Financial Officer. Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risk and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website. Without further ado, I would like to hand over the call to the management for their opening comments and then we will open the floor for Q&A. Thank you and over to you, sir.

**Kumar Taurani:** Thank you, Nikunj. Good evening, everyone, and welcome to the Q2 FY24 Earnings Call of Tips Industries. It's a little early, but on behalf of my entire team, let me wish you all a very happy Dussehra and very happy Diwali. As you already know, our team works very hard and their efforts of the last few years are now showing in the performance. Our catalogue is very popular and attracts a lot of listeners. We are observing very strong usage rates across all our digital platforms and helping us to improve our market share. In preparation for the next stage of growth, we are strengthening our team.

Just this month, Mr. Hari Nair has joined us as CEO and you already interacted with Mr. Sushant Dalmia, our CFO. The board has declared an interim dividend of INR 2 per share as part of our ongoing efforts to reward our shareholders. That makes the interim dividend for the first half INR 3 per share. Allow me to introduce our CEO, Mr. Hari Nair. He has 25 years of diverse experience in media and technology. He has worked in various roles in the music industry for the past two decades. In 2019, he joined ByteDance and led music partnerships and licensing in South Asia for them. He was instrumental in launching Resso in India and working with apps like TikTok, Hello and CapCut. With this I hand over this call to Hari. Over to you Hari.

**Hari Nair:** Thank you sir for the kind introduction. Let me extend a warm welcome to everyone on the call and also like so wished I wish you a happy Dussehra and a very happy Diwali. I'm very excited to be part of Tips and keenly looking forward to contributing to the growth of this company. I joined on October 1st and I'm still getting acquainted with the people and systems. Also, I'm very pleased with whatever I've seen till now and fully committed to delivering the organization objectives of 30% for the next few years. I'll interact with all of you in more detail once I'm fully acquainted with the business and the organization. With that, I will hand over the call to Girish to brief you about our performance on the digital platforms. Thank you, everyone.



**Girish Taurani:** Thank you, Hari. Good evening, everybody. Our catalogue has been doing exceptionally well. And all our distribution partners are very happy with the Repertoire's performance on their respective platforms. Let me share some metrics with you. Our YouTube subscribers have increased to 89.7 million across all channels on YouTube. YouTube views for this quarter were 50.9 billion and have registered a growth of 86% over the corresponding quarter last year. On the audio streaming side, Spotify is now focusing to grow the paid subscribers in India. At this point, I will restrict myself here and before I hand over the call to Sushant, I wish you all a very happy Dussehra in advance and happy Diwali as well. Thank you.

**Sushant Dalmia:** Thank you Girish and welcome everyone to Q2 FY24 Earnings Call. As you are aware we at Tips Industries charge off the entire content cost in the quarter of release. Now let me take you to the financial highlights of the quarter gone by. The company has reported a healthy quarter. Our revenue for the quarter was INR 60.9 crores as compared to INR 49.6 crores in Q2 FY23. That is a year-on-year revenue growth of 23%.

Operating EBITDA for the quarter stood at INR49.8crores vs. INR27.2 crores in Q2 FY23 i.e. an annual growth of 84%. Operating EBITDA margins were at 81.9% for this quarter. Our profit after tax for Q2 FY24 stood at INR39.7 crores vs. INR20.8 crores in Q2 FY23. That is a growth of 90%. PAT margin for the quarter was 65.2%. Content cost for the quarter was INR4.7 crores vs INR17.2 crores in Q2 FY23. In this quarter, we have also booked one-off export incentives that is of INR1.13 crores of the past year on account of SEIS scheme. This forms part of our other income.

Highlights of first half FY24 are as follows. Revenue for first half FY24 was INR113.5 crores versus INR83.8 crores in first half FY23, which was a growth of 35%.

PAT for first half FY24 was 66.8 crores versus 38 crores for first half FY23, which was a growth of 76%. With this, I conclude my opening remarks. I wish you all a very happy Dussehra and a very happy Diwali in advance. And with this, I open the floor for discussion.

**Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of CA Garvit Goyal from NVEST Analytics Advisory LLP. Please go ahead.

**Garvit Goyal:** So congratulations for a good set of numbers. My question is on the margin side. So 82% margin seems dramatically high and majorly due to fall in other expenses. So can you please comment on why this fall is there and how sustainable it is?

**Kumar Taurani:** See, our content cost was lower this quarter. So because of that also is a major reason. But actually we are also doing very well on our repertoire side. So if you see the end of the year, we will as committed as I suggested, we target key, we will have a top line of 30%. And even this year we will have a top line of 30% and bottom line also will be 30% so I think it will be more than 30% I guess now.

So and major reason is that because our yes we have a less new releases but apart from that our catalogue whatever we have accumulated so far our repertoire is really doing very very well. So these are the two reasons we can say.



- Garvit Goyal:** And sir you mentioned 86% growth Y-o-Y on YouTube views, but revenue growth is only 23% so what is the reason for it?
- Kumar Taurani:** See in YouTube numbers there is a new service called Shorts so that is a huge numbers accumulating huge numbers on that and that service actually is a lump sum deal with YouTube so we are not making huge money on that side, but overall if we see YouTube, that is also growing.
- Garvit Goyal:** And how do you look at H2? Because 30% earnings growth guidance as you mentioned for full year FY24, over FY23. But if you look at the numbers, we are already close to entire over FY23 in first half only. So the fact is Q3 is our best quarter. So how do you look at H2 over H1?
- Kumar Taurani:** H2, you're talking about PAT basically.
- Garvit Goyal:** Yes, bottom line, right.
- Kumar Taurani:** On the bottom line, I feel like, I said 30% we will do, but it seems we will also cross 40%. So, let's keep finger crossed and we are pushing ourself to do big numbers this year. So, let's see.
- Garvit Goyal:** So, how do you look at this margin profile because these margins are very much fluctuating obviously on the positive side right now. But on a sustainable basis, what is our margin profile for the next 1-2 years?
- Kumar Taurani:** I already said that 30% will be top line, 30% will be bottom line. That I see in the next 2-3 years, I think this will keep going. So it seems that we can do that and we will do that.
- Garvit Goyal:** I was asking from the EBITDA margin profile, OPM margin?
- Kumar Taurani:** EBITDA will be, I think that will be you plus the taxes, so you will get that number. But I think let Sushant take this. Sushant, can you say how much EBITDA will be?
- Sushant Dalmia:** So, let's say on the margin front, operating margin front, Mr. Goyal, let's say last year in FY 23 we reported around 55% of operating earnings margins. Let's say this year also, with 30% revenue growth and a likely bottom line growth of 30%. It could range between 55% to 60% for the full year.
- Garvit Goyal:** Understood, sir. And so with new CEO, Mr. Nair, entering into the business, what is our strategy for growth going ahead? Like you mentioned in the press release that some next phase of growth and increasing major distribution capabilities, along with the expanding on the new domains, etc. So what are the exact plans to achieve these milestones in order to have the ultimate growth?
- Kumar Taurani:** Give him six months, we'll come back to you. There is a, every quarter we talk to you. We will tell you next two, three quarters, let him understand the company and whether we from 30% we can go to 35% or 40%. So let us see that.



- Garvit Goyal:** Understood. And sir one last question on the Spotify side. So that is our digital partner and that has changed its free services like it is now charging for repeat song features, tapping back and play in order. So two questions on this side, have you witnessed any fall in revenues because of that and secondly have you any communication with them like in near term Spotify may face any headwinds due to these restrictions imposed by them on the user?
- Kumar Taurani:** No, I don't think it's too early to comment on that because I think they have done last week only and I don't feel they will get any negative about this because people are really enjoying and liking Spotify. So everybody will pay INR100 I feel. But it's a good thing for the industry. At least Spotify has taken this call. It's very good for industry. At least somewhere it is started.
- Moderator:** Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** Thank you very much. We welcome Hari Nair, a CEO of company, which was very much necessary for the company. Mr. Taurani, you bring Diwali to every investor home before Diwali with fine results. Thanks to you a lot.
- Kumar Taurani:** Thank you. Thank you.
- Ravi Naredi:** Sir, how you utilize INR150 crores cash lying with us, this is a very important thing and I think it will be clarity in your mind how to utilize for the benefit of company?
- Kumar Taurani:** See we always keep some cash if there is an opportunity to acquire some special content or some small label or something, acquisition comes up with us. So idea is to keep INR200 crores as in the company but not immediately first keep 200 crores and then start paying dividend or doing buybacks. The idea is to keep doing buyback and giving dividend. Within the next 3-4 quarters we will build a kitty of INR200 crores in the company. If we get an opportunity, we will be ready for that. Otherwise we will keep dividend and buyback.
- Ravi Naredi:** Yes, I understand sir. Very nice thought about this. But in INR200 crores, which type of opportunity are we looking?
- Kumar Taurani:** There are many opportunities. There are many small labels. If it happens, then it's fine. If we get labels or something like that, then it's fine. Otherwise, there is no other way. We will keep giving more dividends and pay out, we will do buybacks. What else will we do?
- Ravi Naredi:** Right. Sir, YouTube views from quarter 2 to quarter 1 rises 5% only. While it is in quarter 4 to quarter 1, it rises 44%. So, what are the reasons for slow growth?
- Kumar Taurani:** No slow growth. The growth is healthy. Sushant please tell something on this.
- Sushant Dalmia:** Raviji no specific reason. The growth is healthy. Quarter-quarter, last quarter it was approx. 100% YOY here. This quarter is also 86% YOY. So we don't see any specific reason. The growth is healthy for us.



- Kumar Taurani:** 86% growth is fixed. Best growth here.
- Ravi Naredi:** Right. That we understand. And sir, any new film releasing quarter 3 and quarter 4 for this current year which music we already bought?
- Kumar Taurani:** Yes, I think 4 or 5 films will get released. 2 films in next quarter, I think this quarter in Q3, Merry Christmas and one maybe there is a Balaji film called Buckingham Murder. Maybe we release that film and Merry Christmas is a Tips film. We release these 2 films and after that quarter there is another Balaji film. We have Crew and there is another film, Ishq Vishk from Tips films that will release. So these four films will release.
- Ravi Naredi:** All music rights with Tips industries, right?
- Kumar Taurani:** Yes, yes, yes.
- Ravi Naredi:** And sir, one thing here, what is the cost of new film music at present? Like this you have bought from Balaji. What will be the cost? Do you want to give any figure?
- Kumar Taurani:** See, I can't give you figure, but I can tell you the range. From INR50 lakhs to around INR35 crores-INR40 crores is the cost of music price of the films these days.
- Ravi Naredi:** INR50 lakhs to INR35 crores?
- Kumar Taurani:** INR40 crores. INR40 crores also.
- Moderator:** Thank you. We have the next question from the line of Saket Mehrotra from Tusk Investments. Please go ahead.
- Saket Mehrotra:** Hi. I had a question on the growth, right? Is it like, were there any new platform additions this quarter or is it just like more usage of our existing catalogue and new content like if you could give us some sense on that?
- Kumar Taurani:** There is no new platform or nothing new existing platforms, existing companies we are dealing with so nothing our repertoire is doing really well. So that is the thing.
- Saket Mehrotra:** Okay. Are there any one-offs by any chance? Like any new MGs or any new contracts that we've gotten into or price revisions?
- Kumar Taurani:** Nothing has happened actually. It's a routine. Also, Yes, nothing is like that.
- Saket Mehrotra:** Okay, and in the opening statement, Sushant, you mentioned about SEIS, it was not very clear. How much did you say was the export incentive that we want?
- Kumar Taurani:** INR 1 crore 13 lakhs
- Saket Mehrotra:** Okay, and this is...



- Sushant Dalmia:** Part of other income.
- Saket Mehrotra:** Okay, and this is for how many years?
- Sushant Dalmia:** This is for one year.
- Moderator:** Thank you. The next question is from the line of Ankush Agarwal from Surge Capital. Please go ahead.
- Ankush Agarwal:** Yes, hi everyone. Tauraniji, recently we won this court case with Wynk . So, any revenue impacts on Q2, because I think court judgment mentioned some INR5 crores of protest money that Wings has deposited?
- Kumar Taurani:** Yes, actually two years back, I think three years back, first appeal with the court, they deposited INR5 crores with the court. We have not received any money from them and from court also we have not received any money from them. We have judgment in favor of Tips. So we will try and reach with them and try to settle this matter with them and settle past also and start business also with them.
- Ankush Agarwal:** Secondly, Tauraniji, now that you have hired a CEO, can you tell us the clarity between responsibilities, that you will focus more on the content creation and Hariji will take care of more of the distribution and monetization part? Have you thought about this?
- Kumar Taurani:** We have a lot of different thoughts in our mind. And what you are saying, that's also a major thing we have in mind. But still, let's see for a few quarters, how things are made. When Hari is interacting with the entire department, and he will tell us how we can further grow our business.
- We have brought it to this point and our vision of 30% how we can increase it further. So, all this will be clear in the next 1-2 quarters and Hari will talk to you further about many things. So, he will tell you everything.
- Ankush Agarwal:** Lastly Tauraniji, if I talk about contents, content cost is absolutely low. INR 4 crores is very low compared to last 7-8 quarters. This is a specific reason that you are looking at something structural. You said last quarter that you will focus on quality and will complete 200-250 songs in a year. But INR 4 crores, INR 5 crores content cost is very low. I mean, you said at the start of the year that you are seeing INR 80 crores, INR 85 crores of content cost on FY '24. So, is it still intact and is it more of a temporary phase and will there be more content cost next to it or is there something else behind it?
- Kumar Taurani:** No, the numbers are very good and plus, content is not in our hand sometimes. We acquire as many as non-film or make, sometimes we never make a video of someone who is yet to be fixed in music, or the rights of the film have been taken away, the film has been postponed. So all this keeps happening. For this, I always tell you all, please treat us as a one year, that in one year we are achieving our targets.



And no content has come in this quarter, so I think that's what we will do this year. We will do 30% of revenue towards content with respect I think we will do that much our 30% of revenue this year. But because our catalogue is really doing well, so profitability is increasing and that is benefiting the company.

**Ankush Agarwal:** That's right, Tauraniji but if the content is running in the short term, but in the long term, if you want to build a company, then you will have to invest preemptively. Just because your content is still running, it doesn't mean that you will stop investing?

**Kumar Taurani:** No, I have never said anywhere that I will not invest. I always maintain that we will do 30% of revenue. I always say, we will take quality content and will be more focused on what to do and will work harder on it. And we definitely need content. I am a firm believer in that. And one more thing I assure you, even our repertoire, whatever we acquire till now, all these repertoires, I think from the 90s to 2020, if I calculate as a back catalogue, I don't face any problem. I can easily say that we are safe for 25 years. There is no problem. But that doesn't mean that we won't create new content. We will achieve our target of 30%-35% of revenue. In big multinationals, the target is to spend money also. So we are working towards that.

**Ankush Agarwal:** Last question, just a feedback. Like you said earlier, if you could share the percentage of revenue, the percentage of catalogues between different decades, like if it's from the 30s, 90s, or after 2000, if that is possible, can you share it? It's really very good.

**Kumar Taurani:** See, the majority, I think 90% of business is from catalogue till 2020. You can calculate from the beginning to 2020. We haven't made such big investments till now. Last year we only had three big films. And there is not much. But actually we are trying to, we are developing that system. Hari has come, so we will make our analysis team and reporting very strong. In the next 4 to 6 quarters. And we will work on that very fast. That is also a major thing we want to see.

**Moderator:** Thank you. The next question is from the line of Prashant Galphade from Whitestone. Please go ahead. Prashant, the line for you has been unmuted. You may proceed with your question.

**Prashant Galphade:** Sir, at the moment I don't have a specific query, I have the answer to my question.

**Moderator:** Thank you. We have the next question from the line of James from PrimeCap. Please go ahead.

**James:** Congratulations on a great set of numbers.

**Kumar Taurani:** Thank you.

**James:** Sir, just regarding the content cost, there was one question. Do you see that in the coming quarter the content cost will go back to, you know, the previous quarter which we were seeing?

**Kumar Taurani:** Yes, it will go back to previous quarter.

**James:** Okay, and this would be maintained with the same revenue or it would be even see revenue growth going forward?





- Kumar Taurani:** You can calculate revenue like 30% more of last year numbers. So, accordingly numbers will be achieved and reach that numbers. And bottom line, after maintaining content cost to 30%, it will come to 30% plus PAT.
- James:** Okay, sir. Thank you. That's it from my side.
- Moderator:** Thank you. The next question comes from the line of Marutinandan Sarda an individual investor. Please go ahead.
- Marutinandan Sarda:** Hi sir, good afternoon.
- Kumar Taurani:** Good afternoon.
- Marutinandan Sarda:** Congratulations for great set of numbers. Sir, my question is regarding, currently there is no income from Instagram. Is it a correct fact?
- Kumar Taurani:** Yes.
- Marutinandan Sarda:** So, if you look at the situation worldwide, is there any opportunity or scope for us in future to monetize from Instagram and if we take a very conservative outlook also, what can be the revenue potential from this?
- Kumar Taurani:** According to us, it's a big number. But according to them, Instagram, is a very small number. That's why we are not there on that service. But, earlier also, we were not there on JioSaavn, we were not there on Spotify. But slowly, slowly, we came there. And we are now, except Wynk and Instagram, we are everywhere. Even now, we won a case with Wynk, so I feel -- we will be soon on Wynk too, next quarter. And Instagram also, we keep talking but lets see, when the ice breaks happens at what point of time.
- It will happen right now or after one quarter or two quarter.-- they need us, we need them. Both of us --- need is there. But numbers has to be correct. They have to value our content. Sometimes they feel Tips, which was four years before, it is the same one. But people have slowly, slowly realizing that, Tips is changing. If you compare the Spotify with us in the last year, our business has doubled compared to them.
- Our partners are really valuing us. If you see our presentation also, how we have grown, how our market share has increased. All this is happening. Instagram is the only party, last person I feel with whom our content is not available. That will also come. But if you see it business wise, the way the price they are offering us, its negligible.
- It is not worthy for long term, if you see it in five years- seven years, it will have a huge impact, if we do not take such tough calls. So, we need to take such tough calls. So, please be with us and trust us. Whenever the deals are done, we get happy, we want to crack deals, but sometimes these problems are there, so we have to do take little hard calls.
- Marutinandan Sarda:** Okay, thank you for clarification and all the best for future. Thank you.



- Kumar Taurani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Congratulations, sir, on good set of numbers and thank you for the opportunity. Sir, I just wanted to understand, if I'm not wrong, you earlier guided for somewhere around 55% to 60% operating margin, whereas we have earlier done like 67% operating margin in the first quarter and 82% in quarter 2. Is there any specific reason or you are being very conservative on your this side of the fight?
- Kumar Taurani:** It's a major content cost. Content is less this year. Because of that, our numbers are really nice. But overall also, we are doing good. Our repertoire is selling, music is selling. So as committed that 30% will be our PAT growth but what I see now, it will be 40%. This year, PAT will be touched or little more also. So it's doing well. Our music is selling on all the platforms.
- Vignesh Iyer:** I got the point that since we didn't do any acquisition except in this quarter and we do 100% of cost in the same quarter of the acquisition. So with 55%- 60% are we going for an aggressive set of acquisition in next two quarters? That's why is it -- any hinting towards that.
- Kumar Taurani:** No, no, no. we see Mr. Vignesh we never do this that we suddenly get aggressive that if it is a good number then let's go let's run buy content no we go on our yearly plan or two years three years plan 30% we have to invest 30% to 35% our plan, 30%-35% May be 32% or 28% of revenue in some year. In that range we will be so according to that range, we have already taken our content for this year It didn't come in this quarter, it will come in next quarter. So ultimately we will end up spending 30% of our number. We have to spend this much money on content acquisition. We will do that, we have to spend this much money on content acquisition, we will do that. We will spend that money, plus the top line 30% we will achieve that. The bottom line instead of 30% growth what I feel we will achieve 40% growth this year.
- Vignesh Iyer:** Okay, right, right. Got it, got it. That's all from my side and all the best. Thank you.
- Kumar Taurani:** Thank you.
- Moderator:** Thank you. The next question is from the line of V P Rajesh from Banyan Capital Advisors. Please go ahead.
- V P Rajesh:** Yes, hi. Thanks for the opportunity and congratulations on a very good set of numbers. So you gave the range for the cost of acquisition of a song between INR 30 lakhs to INR 40 crores, or INR 50 lakhs to INR 40 crores, I think. So can you share also the average cost you have paid in the last 12 months per song?
- Kumar Taurani :** Average per song? Last year, you are saying?
- V P Rajesh:** Yes, in the last 12 months or in fiscal 23, just to get a sense of where that cost comes out.



- Kumar Taurani:** Last year we spent INR 60 to INR 63 crores and around 700 songs were taken out. So, what would be the average? INR80, INR70 lakhs. Hello?
- V P Rajesh:** Yes, I'm here.
- Sushant Dalmia:** Mr. Rajesh, the average would be around that INR6 to INR7 lakhs.
- V P Rajesh:** INR 6 to INR 7 lakhs, right?
- Sushant Dalmia:** INR6 to INR7 lakhs on an average we are talking Mr. V. P. Rajesh. On an average. Just a broad division of numbers, so INR 62 crores by 900 songs.
- V P Rajesh:** INR52 crores, that's for 900 songs last year, correct? Fiscal '23.
- Sushant Dalmia:** Yes.
- V P Rajesh:** Okay. And then in terms of the competitive intensity, if you can talk about that, sir, in terms of , if you're going for a content acquisition, are you seeing a lot of people aggressively bidding and what is the environment for that?
- Kumar Taurani:** Yes, actually people are aggressively bidding. So that problem we have in the industry. But we are not in that rat race. We have our relationships and that arms length company, TIPS Films, they also produce films. We acquire those films also. So I think that way we are safer. We get a good quality content, what I would project. So I think, we don't have that problem because we are not greedy. We want to acquire all the content. We have our own limits and budgets. Accordingly, we are managing in that. And I think that's a safer kind of thinking.
- V P Rajesh:** Got it. All right, thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Mythili Balakrishnan from Alchemy Capital Management Pvt. Ltd. Please go ahead.
- Mythili Balakrishnan:** Hi, my question was on this growth which is basically like how much was the growth in say the domestic streaming versus the international business versus non-streaming business. If you could sort of break it up for us, that means all three are growing the same or is it slightly different?
- Kumar Taurani:** See always 20%, 25% is from overseas. So it's exactly the same pattern. Maybe 1%, 2% here and there it will happen. But not more than that. So growth is the same.
- Mythili Balakrishnan:** And in terms of the domestic versus the non-streaming business like IPRS?
- Kumar Taurani:** Like I said, that is around 22% to 25% and digital business is around 75% to 78%.
- Mythili Balakrishnan:** Okay, so there is no change in that. All three of them are sort of growing at a similar kind of a...



- Kumar Taurani:** No, I think digital is growing more than other parts.
- Mythili Balakrishnan:** Got it. We didn't add any partners etc. So is it just number of streams that people have listened to that has sort of grown for us? That is leading to the growth?
- Kumar Taurani t:** Yes, people are listening to our music more. So that is a major part of our growth.
- Mythili Balakrishnan:** Got it. That's all from my side. Thank you. Thanks very much.
- Kumar Taurani:** Thank you.
- Moderator:** Thank you. We have the next question from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.
- Garvit Goyal:** Hi, my question is already answered. So.
- Kumar Taurani:** Okay, no problem.
- Moderator:** Thank you. The next question comes from the line of Saket Mehrotra from Tusk Investments. Please go ahead.
- Saket Mehrotra:** Hi, is Mr. Nair there on the call?
- Kumar Taurani:** Yes, he's there.
- Hari Nair:** Yes. Hi.
- Saket Mehrotra:** I just wanted to, get some sense from you on, how do you see this whole short form game evolving. In the last three years, four years, we've seen like the consumption has really gone up. But when do you really see this, let's say, generating some kind of ad revenues or some other layer, where it gets more monetized a bit? Because clearly, it has got everyone's attention. So, what is that threshold where we can see this evolve into like a more money-making business for the industry?
- Hari Nair:** On the short format video app, that's what your question is?
- Saket Mehrotra:** Yes.
- Hari Nair:** Yes, so I think YouTube and Instagram for us will be the major players here and globally, it would be TikTok. But revenue side, it is still very, very early. We see all platforms growing in advertisements, but it's not showing up signs that which will, say it will grow every year consistently at 10%. That's, does that answer your question?
- Saket Mehrotra:** Yes, so, yes, we know that, to a large part, this is driving engagement for these platforms. My question was more to do with, is there like a threshold that, okay, once it reaches, let's say X views, or, y number of subscribers, then we can see some of these really now starting to monetize



as maybe, we have some sort of a threshold for, let's say some of these audio streaming apps that okay, if let's say, you're targeting to reach 10 million, 100 million customers to start to pay, when the Industr' becomes s'mething which is worthy of monetization. So that was basically, what I was trying to get a sense of?

**Hari Nair:** No, so to answer that, if you cross probably 50 million, there's a lot of opportunity for the platforms on the ad sales side. It depends upon the platform on how they monetize, how aggressively they pitch and how the brands go and put in their money in that particular bucket. There's a lot of factors on that. But yes, anything above 50 million in India should make money, start making money.

**Saket Mehrotra:** Okay. Thank you. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Dinesh Kulkarni, an individual investor. Please go ahead.

**Dinesh Kulkarni:** A great set of numbers, sir, first of all. Congratulations to that. I have some very basic questions. Like we see a significant jump in margins, EBITDA margins, both on a year as well as quarter-on-quarter basis. That's a great stuff there. But do we see this kind of numbers sustaining, not for this just year, but like say going forward for the next two years, three years, something like that?

**Kumar Taurani:** Yes, I think 30% top line, 30% bottom line growth will be comfortably we'll achieve.

**Dinesh Kulkarni:** Okay, that's great. And just the Wynk news, like I just want to know, like say assume you come up with a win-win situation for on the both parties there, do we see any incremental advantages there for tips, like in terms of revenues or margins?

**Kumar Taurani:** Yes, absolutely it will happen, yes.

**Dinesh Kulkarni:** Can you just quantify is it possible?

**Kumar Taurani:** Not yet because we have to wait for that. How -- what kind of a deal we are structuring and what kind of a old settlement will happen, it will take little time and we really can't come, what is in their mind, what is in our mind. So we have to just wait for that.

**Dinesh Kulkarni:** Okay that's great. Just another book keeping question here for this. The half year, I see changes in working capital as negative INR23 crores whereas it has been positive for the last both March '23 as well as September '22 half year numbers. May I just know the reasons for that?

**Kumar Taurani:** Sushant.

**Sushant Dalmia:** Hi, Mr. Dinesh. This is primarily due to the change in working capital. One, there has been increase in debtors, primarily because revenue has increased and we would receive this amount by end of October. Secondly, the other current liability, which constitutes non-refundable advance received from customers in earlier quarters has reduced because revenue has been



booked against it. This is actual streaming. So these are the two reasons where you see your cash flow from operations dropping.

**Dinesh Kulkarni:** Okay. That sounds good. Thank you. Thanks for answering my questions and all the best.

**Sushant Dalmia:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Nikunj Jain from Orient Capital. Over to you, sir.

**Nikunj Jain:** I would like to thank the management for taking the time out for this conference call today. And also thanks to all the participants. If you have any queries, please feel free to contact us. We are Orient Capital Investor Relations Advisors to TIPS Industries Limited. Thank you so much.

**Moderator:** Thank you. On behalf of Tips Industries Limited, that concludes this conference.

**Management:** Thank you.

**Management:** Thank you.

**Moderator:** Thank you. Thank you all for joining us and you may now disconnect your lines.