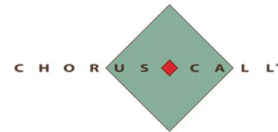




“Tips Industries Limited
Q4 FY '24 Earning Conference Call”

April 29, 2024



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**
**MR. SUSHANT DALMIA – CHIEF FINANCIAL OFFICER –
TIPS INDUSTRIES LIMITED**

MODERATOR: **MR. NIKUNJ JAIN – ORIENT CAPITAL**



Moderator:

Ladies and gentlemen, good day and welcome to Q4 and FY24 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 star and zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikunj Jain from Orient Capital. Thank you and over to you, sir.

Nikunj Jain:

Thank you, Muskaan. Good evening, ladies and gentlemen. I welcome you to the Q4 and FY24 Earnings 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 and 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 management for their opening comments and then we can open the floor for Q&A. Thank you and over to you, sir.

Kumar Taurani:

Hi. Good evening, everyone, and welcome to the Q4 FY24 Earnings Call of Tips Industries. During FY24, we distributed a total interim dividend of INR6 per share as compared to INR0.50 per share in FY23. The Board of Directors have announced a buyback of shares the promoter family has decided to abstain from participating in the buyback. Therefore, the amount, the entire amount of INR37.19 crores excluding taxes will be distributed amongst minority shareholders. That we are able to reward our shareholders in this manner is a matter of pride for me.

I think and appreciate our team's work, which reflects in our financial performance. We have been producing and acquiring non-film as well as film music rights. Our in-house productions will come from Tips Films and we will selectively acquire quality music rights from the other producers as well.

We were not getting good quality music last year and even if we got it, the prices were extremely high. We will pick quality music at the right price, hence our investment in the content fell short by approximately INR15- 16 crores. Tips will always focus on buying, producing and delivering quality music. For FY25, we expect investment in content to be higher than last year, but it also depends upon availability of quality music, price that is being demanded, release calendar of films and other factors. Now, I will ask our CEO, Mr. Hari Nair to share his thoughts. Over to you, Hari.

Hari Nair:

Thank you, sir. Good evening, everyone. So, as you see the global IFPI report, the average growth rate of the music industry is about 10%. Similarly, there was a report from EY Media and Entertainment, I think that also projected the same numbers. We have done better than the global and domestic average. We look forward to repeating this growth rate in FY25 also.



Last quarter, we entered into a new global exclusive contract with Warner Music Group and that strategy improved the scope of our digital distribution across India and globally. We have also set up new brands and partnership division to further fuel growth of our business. Audio Electronics brand BoAt use our song Hai Rama to promote their new headsets, which also featured actor Ranveer Singh.

Our catalogue continues to be in demand and our recent film music of Crew was trending on YouTube, Spotify, JioSaavn and continues to be in charts. Radio broadcasters are also playing the song on repeat. I will hand over the call to Mr. Girish to provide insights on our content business. Thank you.

Girish Taurani:

Thank you, Hari. We have added 179 new songs in Q4 of FY24, bringing the total songs released in FY24 to approximately 733 as compared to 896 last year. This time the focus has been much more on quality songs.

We released the music of the film Crew and all three songs, Choli Ki Peeche, Naina, Ghagra are among the top 10 trending across all major platforms. Sona Kitna Sona Hai is also picking up on the streaming services. The non-film songs that we released last quarter are Sabki Baratein Aayi 2, Jab Tum Saamne The and devotional song Tere Bharose Guruji.

All are doing decent numbers as per our expectations. Our catalog song Dil Laga Liya from the film Dil Hai Tumara crossed 1 billion views on YouTube. This marks a very significant milestone for us. On a regional music front, Telugu music from the film Hanuman continues to trend and stream across all audio platforms. Similarly, we had a good run with new Bhojpuri and Rajasthani releases. This showcases diversity of success we had with our music production and acquisition.

Last quarter, we signed an independent artist DJ Flipside exclusively for producing our remixes. He is a young and talented individual from the South. We have aggressive plans for film music content acquisition in FY25. We will also invest in independent music sign-up talent as well.

Now I will pass on the call to Sushant to discuss the financial performance of the company. Thank you.

Sushant Dalmia:

Thanks Girish. Welcome to the Q4 FY24 Earnings Call. I am delighted to share the financial highlights of this quarter, reflecting the strong performance of the company.

Our revenue for this quarter amounted to INR63.26 crores compared to INR52.01 crores in Q4 FY23, resulting in year-on-year growth of 22%. The other income of INR5.33 crores includes one-time income of INR1.7 crores from SEIS scheme. Secondly, the employee expense of INR4.7 crores this quarter includes one-time ex-gratia payment to employees of around INR1.2 crores during the quarter. Operating EBITDA for the quarter reached INR30.2 crores, showing an annual growth of 14%. Our PAT for the quarter was INR25.8 crores, a notable increase of 41% from INR18.36 crores in Q4 FY23. Content cost for the quarter were 23.95 crores up from 18.95 crores in Q4 FY23.



Now moving on to the FY24 highlights. Revenue for FY24 reached INR241.6 crores up from INR186.8 crores in FY23 demonstrating a growth of 29%. PAT for FY24 stood at INR127.2 crores compared to INR76.52 crores previously marking a growth of 66%.

During FY24, the company has declared a cumulative interim dividend of INR6 per share which brings the pay off ratio for FY24 to be around 60.6%. With this, I conclude my opening remarks and open the floor for Q&A discussion.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Garvit Goyal from Nvest Analyst Advisors. Please go ahead.

Garvit Goyal: Hello. Am I audible?

Moderator: Sorry, sir, you are not audible.

Garvit Goyal: Hello, am I audible?

Moderator: Can you speak little louder sir?

Garvit Goyal: Hello.

Moderator: Can you speak little louder.

Kumar Taurani: Let's proceed and see how it comes.

Garvit Goyal: Hi, am I audible, right?

Moderator: No sir you just disconnect and connect again. Please sir. The next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead.

Ravi Naredi: Taurani sir. Good afternoon.

Kumar Taurani: Good afternoon.

Ravi Naredi: Sir, how many films released in quarter 1 and what are content cost of song in quarter 4 of these films which we have released?

Kumar Taurani: Quarter 4, I think we have done around INR20 crores to INR23 crores. Sushant, please tell me what is the exact number?

Sushant Dalmia: INR23.95 in Q4.

Kumar Taurani: 20...

Sushant Dalmia: INR23.95 CR.

Ravi Naredi: How much 3? Sir, I could not listen.

Kumar Taurani: Around INR24 crores approximately 24 crores.



- Ravi Naredi:** INR24 crores. Sir, any more movies plan in quarter 1 of financial year 25?
- Kumar Taurani:** Yes, we have some plans. Ishq Vishk Rebound is coming in quarter .So that will release.
- Ravi Naredi:** Sir, very interesting point to this our company. Paid streaming revenue in our top line and what plan you give for next 2 years for paid streaming? How much we will receive and how it is going on? How the industries will gear up for paid streaming? Can you tell through what because you are leader in this industry, so you can guide in completely?
- Kumar Taurani:** I think industry, music industry worldwide doing well and same will be in India also industry is doing well. Everybody has a growth, but I think we will be little different than others. As our repertoire, whatever we have done so far is really doing well. Our repertoire whatever we acquired started acquiring from 1988 till 2023 you can say doing pretty well.
- So as committed earlier, this year for FY25 I feel 30% growth on top line is possible -- as you see in FY24 bottom line as compared to last year was up by 66%. But still we feel on 66% we will do another 30% this year i.e. in FY 25 as well. So I am targeting myself for that and really we will all do hard work and I feel we will achieve that.
- Ravi Naredi:** Understood, sir. But paid streaming can you tell few more words about that?
- Kumar Taurani:** Yes, paid streaming is increasing, day by day it's showing a progress and all the focus of all these platform companies like Spotify or Wynn or Gaana all their focus is on the paid to increase paid by. So I think that's a good thing for the industry, but as mentioned earlier it will still take 2 years, 3 years more to have very good numbers to see.
- Ravi Naredi:** Sir, in quarter 4, net profit margin is 41% versus 53% in quarter 3. So what estimate we may take for financial year 25?
- Kumar Taurani:** FY25 see now you can calculate whatever our entire year's bottom line you calculate 30% growth on that. Our target is to achieve that. So we will try and achieve that.
- Ravi Naredi:** Net profit margin?
- Kumar Taurani:** Yes. You are talking about PAT I think.
- Ravi Naredi:** Thank you, all the best, sir.
- Kumar Taurani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.
- Pallavi Deshpande:** Yes just wanted to understand, was this acquisition cost lower or so like you said was there any change in the in-house versus outside movies or anything in that, that helped us to have lower costs because the number of songs released is nearly the same, yet the cost is lower sir?



- Kumar Taurani:** No, Pallaviji, we are focusing to acquire good quality content and our budget is the same. Maybe our target is, maybe we will reduce further, and maybe this year we will do only between 150, approximately 150 songs. So we are not going to reduce amount, but we are improving our quality and going for bigger numbers, bigger artists and bigger those things. So I feel keeping that budget in mind, we will produce better songs. So I think, so there is a, from this year onwards, our focus is on quality rather than quantity.
- Pallavi D.:** Right. So even last year was something like that, but yet we did 740 songs. So just understanding, from 740 we will go to 150, is that the right number?
- Kumar Taurani:** Yes, I feel it's the right number. I'm not focusing on really a hardcore number, maybe it will be for 140 or 170, that depends upon how, whatever we are acquiring. We are acquiring some films and some film has 4 songs, some film has 8 songs. So we can't say the exact number, but approximately I told you that.
- Pallavi D.:** And in terms of the number of movies per song acquisition, that will also be three to four Hindi and total 10 to 15 songs?
- Kumar Taurani:** I think our target is to at least acquire Hindi, Tamil, all languages put together, around eight to 10 films, yes. And average should be five songs per movie, so 50 songs we should get from film side. That's the idea.
- Pallavi D.:** Right, so there was this news about this Varun Dhawan and David Dhawan tie-up with TIPS, released on October 2. Have we already paid for that? Have we got purchased the music rights for that one?
- Kumar Taurani:** That is Our other company TIPS Films has signed them. We have not done any deal about that with the company. That will happen in due course.
- Pallavi D.:** And sir, will that film be on profit sharing? Because then I wanted to understand how does the music right acquisition work if it's on a profit sharing?
- Kumar Taurani:** What we have done is, we have done that we have appointed a valuer, a government approved valuer. And he has given us a formula, on this basis you can acquire, you can do transaction with TIPS Films. And our both auditors and the plus board has also approved that, entire policy what we have made. And accordingly we buy music from them.
- Pallavi D.:** Nice. And sir, lastly on this Warner Brothers deal for the global music rights, I just wanted to understand that a little better. Right now how is it being then accounted for? Because now you have Warner for global, but till now how was it being done?
- Kumar Taurani:** See, Warner, we had a smaller deal, three and a half years back. And now we have done a next deal with them. And so we have given them all existing audio streaming services, platforms, and one or two other things. And we have done a deal with them on an MG basis, minimum guarantee we will get. And we will get every year's money upfront. And then they will keep sending us, every quarter they will send us reports.



Every month they will give us a report and finalization of all three months report will be combined. And we will show those figures in the books. And whatever money's we got, that will be as a non-refundable advance will be with us. So that is the arrangement we have done with them.

Pallavi D: So till now they were only doing domestic and now you are doing with the international as well, is that right?

Kumar Taurani: They were earlier also doing domestic and international. And now we have given them a few more platforms where they can do international and India, both.

Pallavi D: Okay, got it. Thank you, sir. Come back later.

Moderator: Thank you. The next question is from the line of Aashish Uplagaonkar from InvestQ. Please go ahead.

Aashish Uplagaonkar: Yes, hi. Thank you. Sir, regarding this deal with Warner, taking it further. So I believe the payouts are a bit amplified versus what it was earlier. So does that in any way change the trajectory of top line and earnings for you? Or that 30% CAGR which you have been guiding, that was keeping in mind the amplified payouts that will happen with this deal?

Kumar Taurani: The 30% including this deal Yes. Because it's the same thing. If we do directly or do through Warner, it's the same thing. So it's including whatever we are guiding 30% year-on-year, it's the same thing, including Warner as well.

Aashish Uplagaonkar: Okay. And on the content side, I think this quarter, I understand that you have been saying that one should look at it annually. But was there one-off increase in the content for this quarter? Because it's I think almost 45% of the annual content that is written off in this quarter. So is there anything which is one-off or higher?

Kumar Taurani: It can happen in future also. Please understand, content is not in my hand. When producer decides, I want this crew on 29th March, so I have to release that in February. If they say, I am going to release in June, so it could have gone in the next quarter. It could have been further inflated the profit. But I think it's applicable for entire industry, not only with the Tips. So whenever producer writes his film, sometimes it's come early, pre-poned by one or two weeks. And sometimes it goes, maybe they can delay by one quarter or two quarters also. So these are the regular happenings in the industry. So we follow that.

Aashish Uplagaonkar: Okay. So in the past few years, you have been exceeding the delivery on revenues and profits versus what you have been guiding, though you have been guiding that 25%-30% kind of growth. So are there possibilities there that something might expedite versus what we think right now? Maybe the pay model clicks earlier than what we are thinking right now.

Is there anything on the ground to suggest that the delivery on growth for you would be higher than what you are anticipating right now?



Kumar Taurani: Ashish, it can happen. Really. I am very positive about our business. Really, it can happen. And we are really pushing from all the sides. Recently, we have Mr. Hari has joined us last six months. And he has also brought in many good people. And we are also concentrating on other businesses rather than regular businesses. We are talking to brands. We are talking to sync. There are lot many other options as well. So we are doing that and this is 30% I think it's safer, but whatever happens see this year we have a bottom line of 66% and now our next year will be I am trying and I am very confident it can happen on 66% we want 30% growth.

So our target is like that. So I think it's already showing our reports. If you see from INR90 crores in 2021 till INR241 this year in 3 years' time. So I think whatever comes, it comes and we are pushing it. We are targeting ourselves for 30% growth, but if it happens more we are absolutely ready and aiming for that.

Aashish Uplagaonkar: Lastly, you said that the industry is trying to get into the pay model, but if we understand correctly the bigger platforms still are not pushing it as much. I understand Spotify and others are doing that, but the bigger platforms are still not doing that. So is there anything to suggest on the ground that they would also fall in line with the effort that others are putting in?

Kumar Taurani: See there is recently there was an event happened of Spotify. Spotify is number one today and I think in a stream service Spotify must be 45%, 50% of the entire FY. So they said they have celebrated 5 years in India and they have announced publicly that our next focus for the next 5 years will be that we want to convert at least 60%, 70% of this market as a paid market.

And they have done that successfully overseas. So I feel that the platform is saying and they are focused and they also know they also need growth and they also know that they also have to provide us growth. So they will focus on that and if you see recently if you go on YouTube or if you go on Spotify they trouble you a lot of advertisement and they push you to be a paid subscriber. I think that's happening well. It's converting. It will take a little time, but I think we will see good numbers in future.

Aashish Uplagaonkar: Okay. Thank you so much sir.

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

Ankush Agrawal: Hi, sir. Thank you for taking my question. Taurani ji couple of questions on this Warner deal. So I think in one of the recent interviews you have said that in this new deal MG is 10x more than the earlier deal. So I wanted to understand that in the earlier deal, were we getting an overflow or were we getting just MG?

Kumar Taurani: Actually, in the earlier deal there was MG . When we did the deal, we thought that they will recover MG, but maybe they won't -- maybe they will have a loss , but touchwood they have recovered their money. They have done entire profit and we are getting overflow. Yes, we are getting overflow on that deal as well.

Ankush Agrawal: Okay. And sir, how many years is this new deal I think last 3.5 years this new deal is about?



Kumar Taurani: New deal is approximately around 4 years.

Ankush Agrawal: Sir, will MG remain constant or will it increase year after year?

Kumar Taurani: MG is constant. MG is constant. It is fixed. We have taken it from them according to the projection of 4 years. And if we surpass that MG there will be an immediate kick-in of overflow.

Ankush Agrawal: And there is a split of 85-15, right?

Kumar Taurani: Yes, yes.

Ankush Agrawal: Another question, Taurani like now since all the platform deals like excluding YouTube, I am assuming YouTube is not into this, right?

Kumar Taurani: Yes. We have given them two, three South Indian channels which we really need to grow and one, two channels which are Punjabi we have given them those five channels. We wanted to see in YouTube if an international player does business on YouTube, what is the revenue and if we do it, what is the revenue? So, we have given them five small channels.

Ankush Agrawal: So, we have given some regional content to Warner on YouTube also?

Kumar Taurani: Yes.

Ankush Agrawal: So, sir, the fundamental question in this will be that there will be a client concentration type of theme because Warner would be dealing on our behalf with everyone, like from Spotify to all the streaming platform? So, don't you think there is a risk somewhere?

Kumar Taurani: Ultimately, if you look at our music business deeply, it is a content game. Main is a content game. Distribution is a secondary thing. So, the one who has the content he is the king. So, distribution is fine. We need them too. It's not that we don't need them. But as I was telling you when our deal was coming to an end, Spotify and all those players with whom we did not have a direct deal, they also approached us directly.

We have not gone to them. They approached us directly. Why don't you come directly with us? But we felt very comfortable and we are getting upfront MG for 4 years. So, we felt that going this time with Warner is very good and we will see that in future if we want to change that.

Ankush Agrawal: Second question, sir till now some of the platforms like Gaana, JioSaavn these were not there because we were trying to negotiate hard to get the right price for ourselves, but now since Warner would be doing that and they would be looking at it a more larger deal like a consolidated deal. So, maybe they won't negotiate that hard deal by deal. So, don't you think there can be some revenue loss there?

Kumar Taurani: No, there won't be any revenue loss. I think Warner being an international big player, their negotiation power is better than us. It is not less than us. So, you can rest assured that we took this decision very carefully.

Ankush Agrawal: So, in Q4 you didn't get any benefit from the deal?



- Kumar Taurani:** Even today, I can assure you that the 40% 50% of our YouTube business the 1%, 2% that we have given to YouTube the majority is with us. Other all revenues the 25% that we have got that is with us. I still feel that we are holding 65% of our business ourselves.
- Ankush Agrawal:** And in Q4 there should not be any benefit I think till March it was there in Q1 you will see the benefit?
- Kumar Taurani:** Yes.
- Ankush Taurani:** Lastly sir just accounting clarification so our noncurrent liability has jumped about INR70 crores. So I am assuming it will be MG what we might have got?
- Kumar Taurani:** Yes. I think it will be more than INR70 crores.
- Ankush Agrawal:** Non-current liability is INR70 crores. Okay, sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Shriksha Jain from PMS Wealth. Please go ahead.
- Shriksha Jain:** Hi, sir. This is Shriksha. Thanks for giving this opportunity. Sir, am I audible?
- Kumar Taurani:** Yes.
- Shriksha Jain:** Hi, sir. Sir, my first question is in terms of the content cost for next year. So what I understand is, what you said is, we will be releasing 150 songs, right? And the content cost would be similar to this year's level, like INR70 crores to INR75 crores kind of is what we are planning to invest in content next year, sir?
- Kumar Taurani:** Yes, we have a budget of INR75 crores-INR80 crores. We have thought about it. Yes.
- Shriksha Jain:** And, sir, in terms of our employee cost, even if I exclude the one-off that we have, there is a slight jump in the employee cost. So can we assume that as the new run rate for the employee cost going forward, sir?
- Kumar Taurani:** Little bit will be here and there, very nominal. It won't affect much. But it will go up because we need a few expensive people. And with these new businesses, we are getting more aggressive in that. So we need few people. So we are hiring those. And already, I think hiring is already almost complete. Maybe one or two persons will come in more.
- Shriksha Jain:** Right. Okay. And, sir, another question was we have a short-term investment of INR91 crores. So if you could just help us understand what kind of instruments we are holding in the short-term investment?
- Kumar Taurani:** Sushant, tell us.
- Sushant Dalmia:** Can you repeat your question? Sorry.



- Shriksha Jain:** I just wanted to understand the details of our short-term, like current investments of INR91 crores that we have on the balance sheet.
- Sushant Dalmia:** Yes. So, primarily it's into mutual funds, debt mutual funds. And towards, let's say, it's liquid and short-term funds.
- Shriksha Jain:** Okay. And could you also share the details of the investment property that we have? Where exactly is this property and the valuation or some numbers, something around that?
- Sushant Dalmia:** Which property?
- Shriksha Jain:** We have an investment property of INR11 lakhs. Is it...
- Sushant Dalmia:** Investment property, it's old one, let's say, around that INR11 lakhs. That is primarily, let's say, the industrial galas, old galas, which we have. And the current market value would be around that INR4 crores of that.
- Shriksha Jain:** Okay. And Taurani sir, just two more questions for you. Paid streaming, you said it's going to become very big going forward in next five years. What I understand currently for us, the paid streaming revenue has not started coming in, right?
- Kumar Taurani:** No. Paid streaming is coming, but it's not coming -- small money, but it's coming.
- Shriksha Jain:** Okay. So I assume it will be less than 5% of our overall revenue, or is it like you could get some percentage in terms of percentage?
- Kumar Taurani:** It could be that much, Yes.
- Shriksha Jain:** Okay. And, sir, the Warner deal, what I understand is, the MG that we are getting, they are giving it in the form of upfront advance, right?
- Kumar Taurani:** Yes. MG divided into three parts. First part was a little bigger Every year, we will get that.
- Shriksha Jain:** Okay. Plus the overflow.
- Kumar Taurani:** Plus overflow, Yes.
- Shriksha Jain:** Okay. Thank you, sir, and congratulations for a good set of numbers.
- Moderator:** Thank you. The next question is from the line of Abhishek Nagaraj from Alts Wealth Private Limited. Please go ahead.
- Abhishek N.:** Hi. Thank you for the opportunity. This is regarding the deal with Warner. There is a minimum guarantee, but is there any protective clauses around increasing the minimum guarantee once the entire industry also goes behind a paywall? This is one of my first questions, and then I'll follow up with the rest.
- Kumar Taurani:** No. I think whatever we have done is a fixed deal, and we have properly projected our four-year revenue. We have kept all those things in mind, and we have entered a number, we negotiated,



and we closed one number. And if we enter more than that, if the number goes more than that, immediately overflow will start.

Abhishek N.: Okay. Understood. The second question was on, say, for example, if we estimate that we'd be earning INR100 on a particular piece of music that we own, how much of that comes in the first year, second year, and the third year, if you can you give some guidance on that?

Kumar Taurani: Please repeat that.

Abhishek N.: So, basically, on the lifetime value of the music that we own, say, we are earning INR100 on a particular song that we own, how much of that actually translates into revenue in the first year, second year, and the third year? I'm assuming there will be a rundown, right? After a couple of years, the revenue from that particular piece of music comes down over time. I just want to know what is the guidance on that.

Kumar Taurani: See, what I feel -- earlier, we used to decide that this new song is, after six months, it's a catalog song because we used to recover investment in three, four months' time. And now, what I feel is that whatever we invest, we will recover our money in four to five years' time. But still, we write off our entire content cost acquisition in the same quarter. You know that, I feel.

Abhishek N.: Yes.

Kumar Taurani: We don't carry forward anything. We just write off everything in the quarter we release our content. So, we don't have any liability. So that way, we feel safe. It's our kind of business. But I assume that in case -- if I'm recovering my money in today's time, the competition is too much, in four to five years, actually, mentally, I want the money to come back in two to three years. But for investors' sake, I feel that four to five years is safer. It's a good investment. And we do deals that way.

Abhishek N.: Got it. Also, you were mentioning about the new businesses that you're looking to set up. If you can give some color on that. What are the new businesses? How are we looking at the revenues and the costs that will get impacted once it is stable?

Kumar Taurani: Actually, it's not a new business. We do business that brands and sync rights any movie or any brand to take our song. So, earlier, we used to fulfill whatever query we get. But now, we have appointed a team. They will go to each company, and they will talk to them, and maybe they can bring some business. So, that we are trying to do more.

Abhishek N.: Agree. Last question is from the perspective that the company has been paying out significant dividends and buybacks. One, from a perspective of tax efficiency, dividends and buybacks are not typically considered very tax efficient. Is there any thought process of the management to probably recapitalize or probably distribute bonds to shareholders, which would then become tax deductible expense at the hands of the company, which again goes on to increase shareholder returns? Or is this the policy that we would want to continue with dividends and buybacks? Maybe we can consider this. Sushant, can you say something about this?



- Sushant Dalmia:** We will look into it. But currently, we will continue with dividends and buybacks. But since you brought to our notice on this, we will check with the consultants and circle back.
- Abhishek N.:** I have done some analysis on this, and I am happy to share it across offline. And if it is of interest, that is something that we can look at for the benefit of everyone.
- Sushant Dalmia:** Sure, we will definitely do that.
- Abhishek N.:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mythili Balakrishnan, from Alchemy Capital Management. Please go ahead.
- Mythili Balakrishnan:** Hello, am I audible?
- Kumar Taurani:** Yes.
- Mythili Balakrishnan:** Hi. I had a couple of questions. One is, what would be the mix between your digital streaming kind of revenues versus your non-streaming?
- Kumar Taurani:** That is same, 75%-25%. So 75% is digital and 25% is online.
- Mythili Balakrishnan:** Got it. So both the businesses are sort of going at a similar pace?
- Kumar Taurani:** Yes.
- Mythili Balakrishnan:** Got it. And share of YouTube, if you could sort of indicate in the overall streaming part of the pie?
- Kumar Taurani:** Sushant, how much is YouTube? I think 50% will be there?
- Sushant Dalmia:** Yes, between that 45%-50%.
- Mythili Balakrishnan:** 45%-50% of overall revenues?
- Kumar Taurani:** Yes.
- Mythili Balakrishnan:** Got it. I just wanted to get a sense of this content cost, because earlier we were indicating that we would do 30% of our top line. But in the year coming ahead, it looks like we are aiming a lower number, right? Around 25% odd?
- Kumar Taurani:** Actually, still, if we get a good content, then we will do 30% also. We will go for 30%. 25%-30% is our target. We will invest that much money.
- Mythili Balakrishnan:** In content, And just to get a sense of the schedule? We talked about Ishq Vishq, which is there in Q1. But there was also other movies, right? Buckingham Murder and stuff. Has that caught on?
- Kumar Taurani:** Which one?



- Mythili Balakrishnan:** There was some...
- Kumar Taurani:** Buckingham, Murder. That is coming in second quarter.
- Mythili Balakrishnan:** Okay, so that has got a little delayed and pushed out. And in terms of any other key names that we need to keep in mind, in terms of the timing, etc?
- Kumar Taurani:** We were discussing with a few producers, so it will come. We will tell you in next quarter. We will keep on telling you.
- Mythili Balakrishnan:** Got it. This warner deal I just wanted to get one clarification. This number that we have sort of recorded in current liabilities, this is just for the first year, right?
- Kumar Taurani:** Sushant?
- Mythili Balakrishnan:** For all the four years.
- Kumar Taurani:** No, no, it's the first year. But Sushant, can you clarify please?
- Sushant Dalmia:** Firstly, you have to look at both numbers, non-current and current. Let's say there is INR71 crores in the non-current. That is also pertaining to an advance. And let's say there is INR64 crores lying in, other current liabilities. So you have to look from an advance perspective, you have to look at both the numbers.
- Mythili Balakrishnan:** Okay. So INR71 in the non-current and INR64 in the other current.
- Sushant Dalmia:** Yes.
- Mythili Balakrishnan:** So this is the total which is there for this particular year, right? FY'25. Or does this also pertain to the years ahead?
- Sushant Dalmia:** It would pertain. The non-current would pertain to the years ahead also. Yes.
- Mythili Balakrishnan:** Got it. And how will you recognize it, sir? How does the recognition happen?
- Kumar Taurani:** Quarter on quarter they will give us reports. Accordingly, we will do that.
- Mythili Balakrishnan:** Got it. And the overflow, it is 85:15 in our favor, right? 85% for us and 15% for them.
- Kumar Taurani:** Absolutely. Yes.
- Mythili Balakrishnan:** Okay. Thanks, sir. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Ca Garvit Goyal from Nvest Analysis advisory. Please go ahead. Sorry, sir, you are not audible properly. The next question is from the line of Lokesh Sabarwal, an individual investor. Please go ahead.



- Lokesh Sabarwal:** Hello, sir. Congratulations for the wonderful result. I have a query. You said that you would be coming up with 150 new songs. So in those particular songs, how many of the regional songs are you targeting apart from Hindi, particularly like Telugu?
- Kumar Taurani:** Telugu, particularly Telugu. Telugu, we are trying. But see, South market suddenly has become really very aggressive. So we don't know how many songs. I think at least we will acquire three to four films. Around say 20-30 songs will come.
- Lokesh Sabarwal:** And one more query. In terms of inorganic growth, do you have any kind of plan in terms of acquisition of any Hindi or regional small music label which can increase your inventory?
- Kumar Taurani:** We are always open to that. Whenever opportunity comes, we will definitely look at that.
- Lokesh Sabarwal:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** Hi, sir. Thank you for the follow-up. For clarification, I think you mentioned somewhere that the first year's MG is higher than the rest three years' MG, like on an annual basis.
- Kumar Taurani:** Three years' MG, what about that?
- Ankush Agrawal:** The first year's MG is a little higher compared to next three years.
- Kumar Taurani:** No. It's not like that. Total MG is one package. On the contrary, MG is a little lesser of first year. Second year, MG will increase for four years. But advance, we have taken more advance from the first year.
- Ankush Agrawal:** Advance is coming up, sir.
- Kumar Taurani:** Yes, we have taken a little more advance from the first year.
- Ankush Agrawal:** Oh, okay, got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Vinay Agarwal from Shri Venkatesh. Please go ahead.
- Vinay Agarwal:** Congratulations, sir, for a good set of numbers. Just wanted to inquire that our group company named Tip's Film is now going to expand its portfolio substantially over a period. So, can you give an idea that going forward, what portion of the total content cost would be earmarked for acquiring content from our group company?
- Kumar Taurani:** I think maximum it can be 30%-35% from our own company. We acquire content. I think it will be that much. And that is the target we have kept for this year. And so, let's see.
- Vinay Agarwal:** Okay, thank you, sir.
- Kumar Taurani:** Thank you.



Tips Industries Limited
April 29, 2024

Moderator: Thank you. As that was the last question for today's conference, I would now like to hand the conference over to Mr. Nikunj Jain from Orient Capital. Please go ahead.

Nikunj Jain: Thank you. 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 through TIPS Industries Limited. Thank you so much.

Kumar Taurani: Thank you. Thank you.

Moderator: Thank you. On behalf of TIPS Industries Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

Kumar Taurani: Thank you. Bye.