

# MUSIC... THE RHYTHM OF LIFE



**TIPS MUSIC LIMITED**

Corporate Presentation



The Must Have HITS

## Industry Snapshot

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*Every New Wave Of Technology Has Led To Rising Revenues & Profits*



## 1. Origins of Music:

- Music is one of the oldest forms of human expression
- Rudimentary flutes from paleolithic era, over 40000 years old found



## 3. The Vinyl Revolution (1948):

- Vinyl records facilitated music consumption in every home



## 5. The Internet Era (1990s-2003):

- Introduced new technologies like MP3 which initially had a negative impact on the music industry
- Napster led to unauthorized file sharing & piracy
- Apple's iTunes started selling singles instead of entire album, and broke the economics of the music label



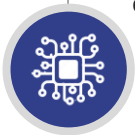
## 7. The New Business Model (21<sup>st</sup> Century):

- Music is the first industry which is fully digitized with streaming becoming the primary source of revenue for the industry



## 2. A Brief History of Technological Evolution:

- Until about 150 years ago, experiencing music required live performances
- Thomas Edison introduced the phonograph, marking the beginning of recorded music
- In the 1920s, radio became a popular medium for enjoying music



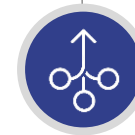
## 4. Cassettes & CDs (1982):

- Cassettes allowed storage of more music & improved the convenience of listening to music
- CDs revolutionized the music industry by offering superior sound quality and durability leading to a surge in profits during 1980s and 1990s

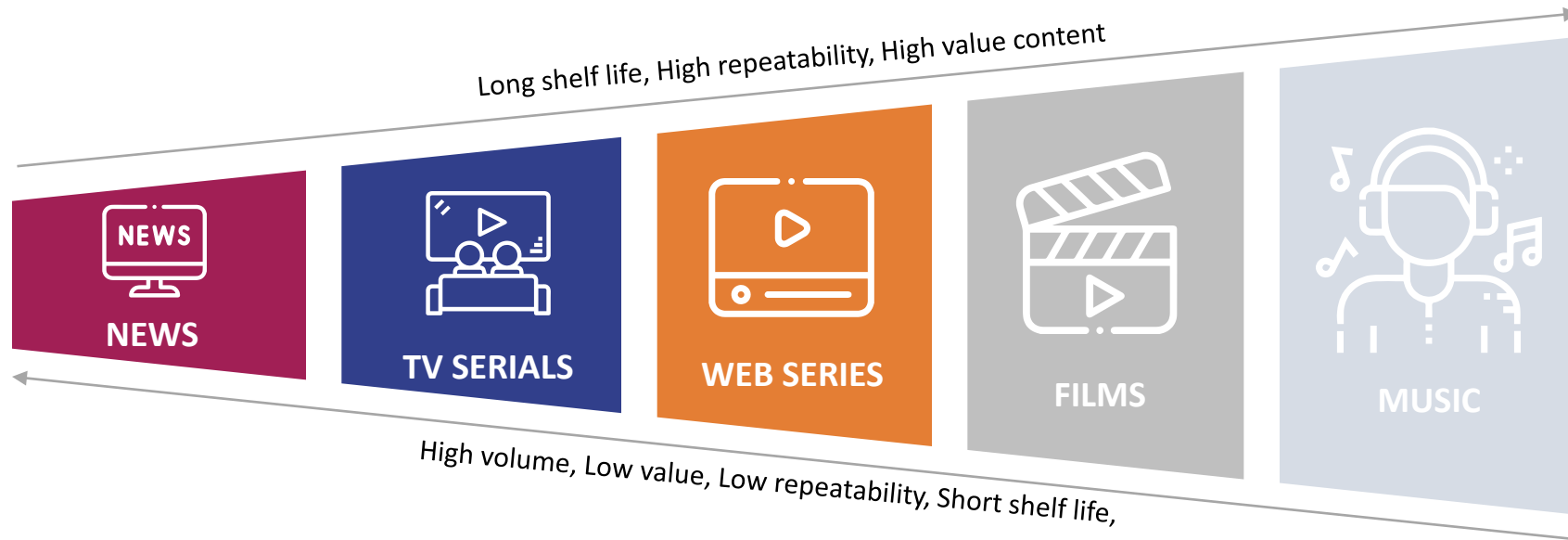


## 6. Industry Consolidation(2000s):

- Due to headwinds, the industry consolidated into three large players and few other smaller players



# Music Is The Most Valuable Content



Content which can be monetized multiple times naturally commands greater economic value  
 Music ranks at the top of the content pyramid when ranked on repeated monetization

## STREAMING

Streaming continued to grow strongly in 2023, up by 10.4% to US\$19.3 billion. Paid streaming revenues for CY23 were US\$14 billion

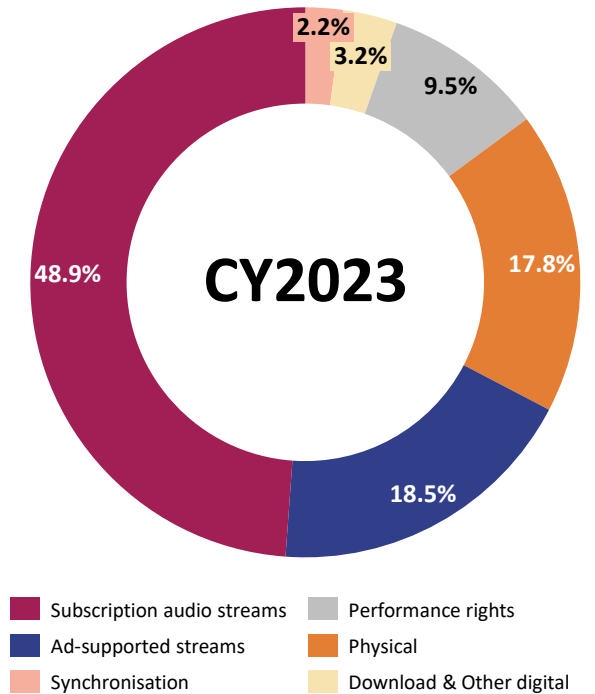
## SYNCHRONISATION

Use of recorded music in advertising, film, games and TV grew by 4.7% (US\$632 million) in 2023. Revenues from synchronization accounted for 2.2% of the global market

## PERFORMANCE RIGHTS

Performance rights are now a US\$2.7 billion revenue stream which grew 9.5% in CY2023

## Global Music Revenue Sources

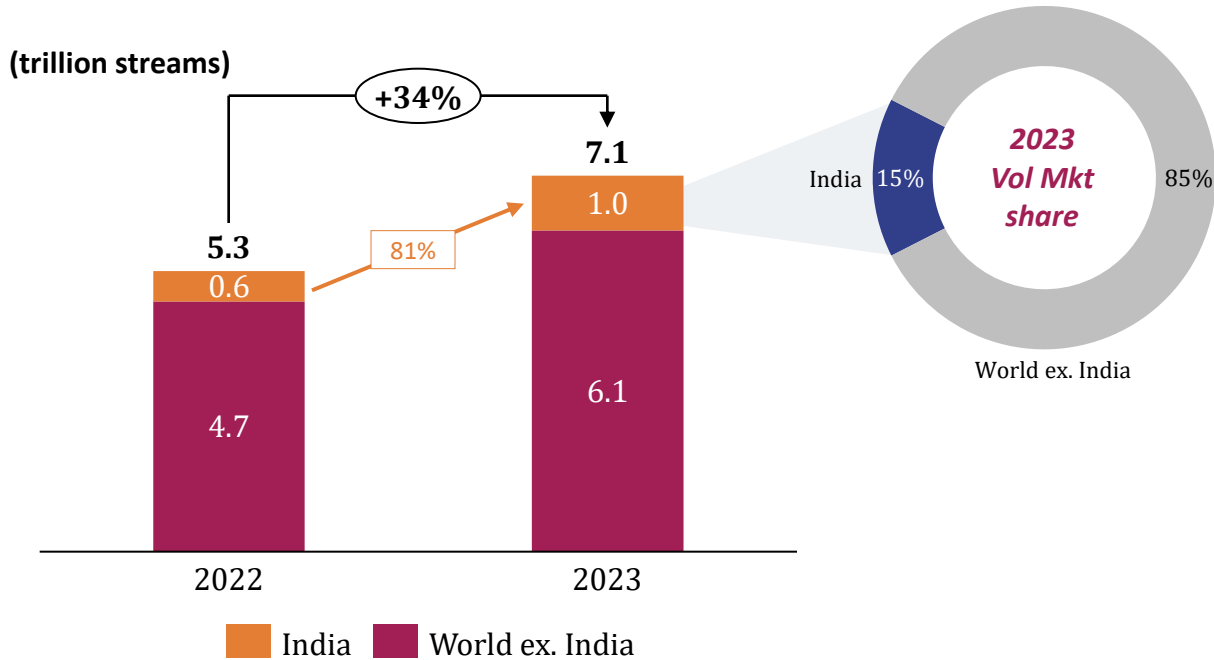


Streaming comprised **67%** of total revenues in 2023  
**48.9%** of all streams were subscription based

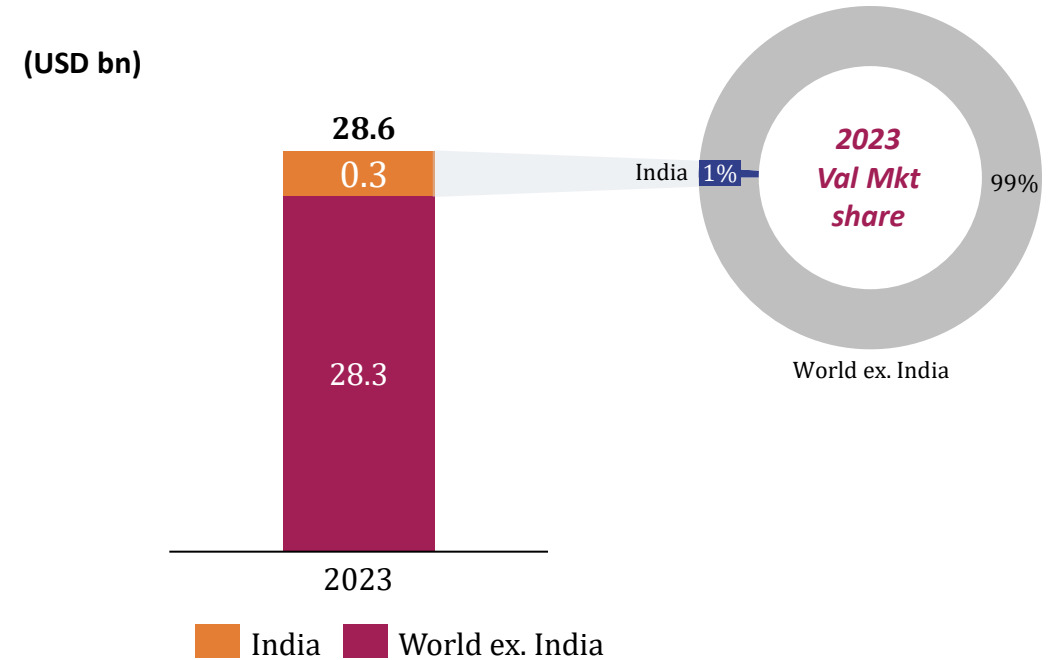
\*Source: IFPI GMR (2024)

# India Music Investment Opportunity (1/2)

## Global Total Music Streaming Volume ( Audio & Video)



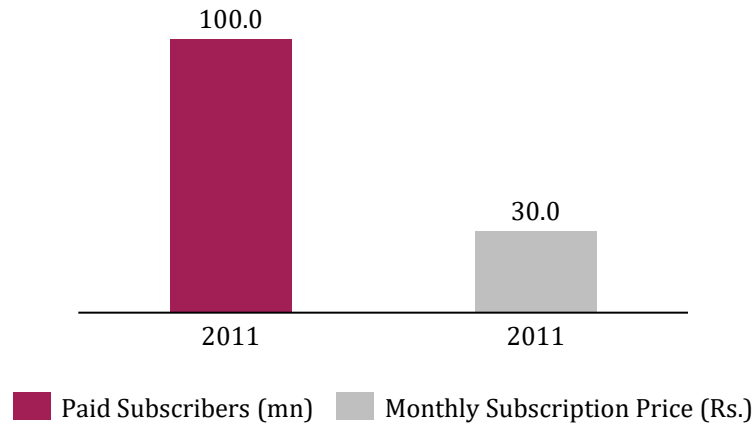
## Global Music Label Revenues



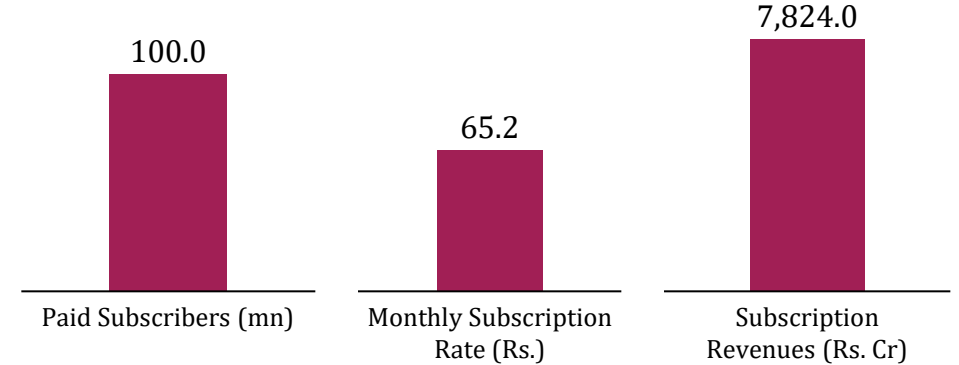
India is the fastest growing market by volume and provides significant opportunity for monetization of demand

# India Music Investment Opportunity (2/2)

CRBT Revenue in 2011 Rs. 3,600 cr (US\$ 800 mn)



Like to Like Basis Subscription Revenue of Rs. 7,824 cr. p.a. (US\$ 900 mn)



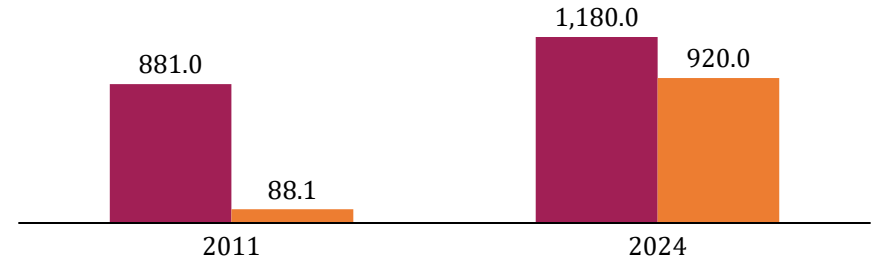
Inflation adjusted CRBT monthly subscription would be Rs. 65.2

...affordability has gone up and Mobile subscriptions have also gone up

GDP Per Capita (US\$)<sup>1</sup>



Mobile Subscriptions in India<sup>2</sup>

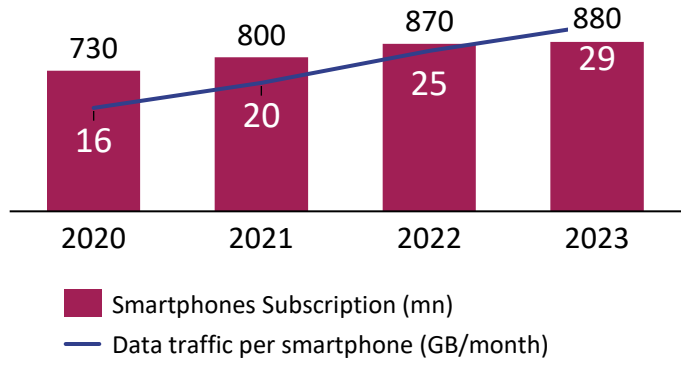


India's Music Industry Revenue could exceed US\$ 1.5 BN over the next 5-6 years

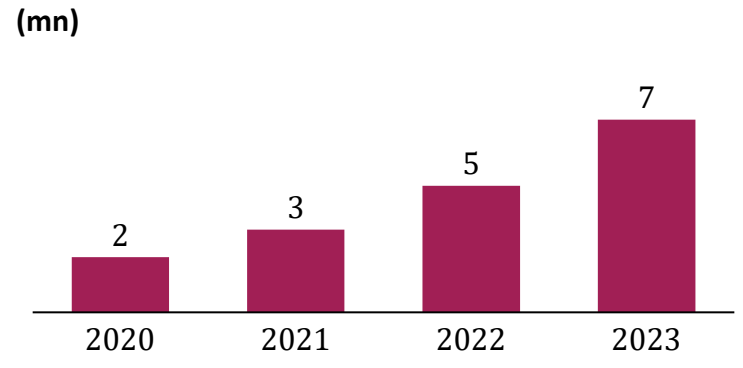
\*Source: Business Standard; <sup>1</sup>World Bank; <sup>2</sup>Ericsson Mobility Report

# Music Consumption Trends

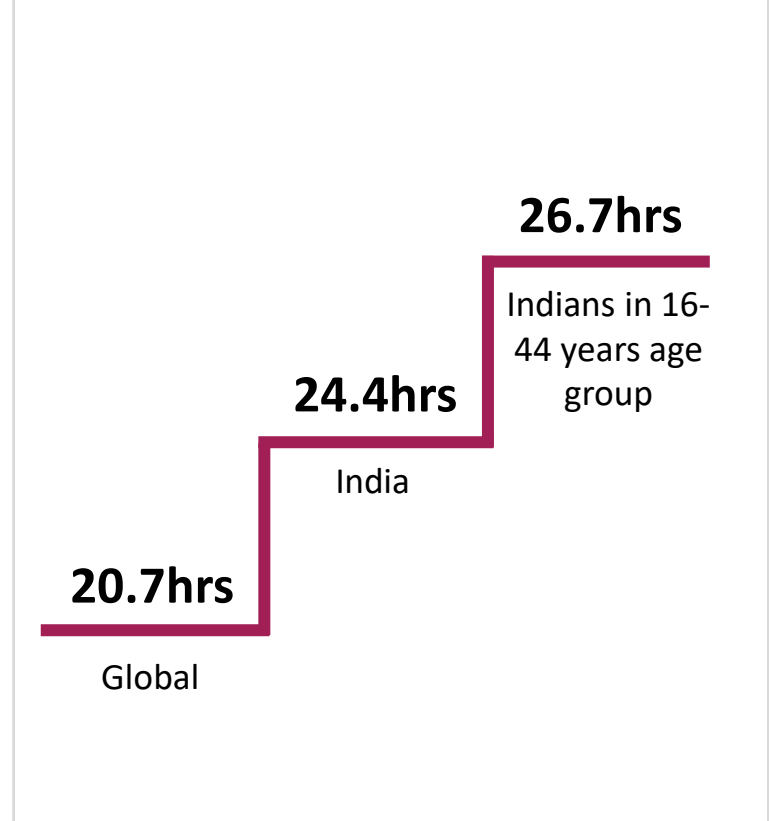
## India Smartphone subscription & data traffic



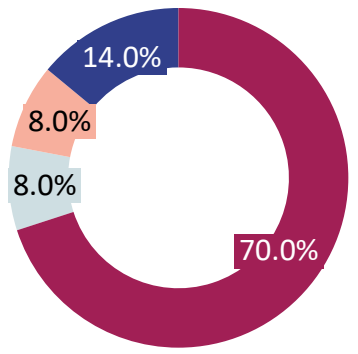
## India Paying Music OTT subscription



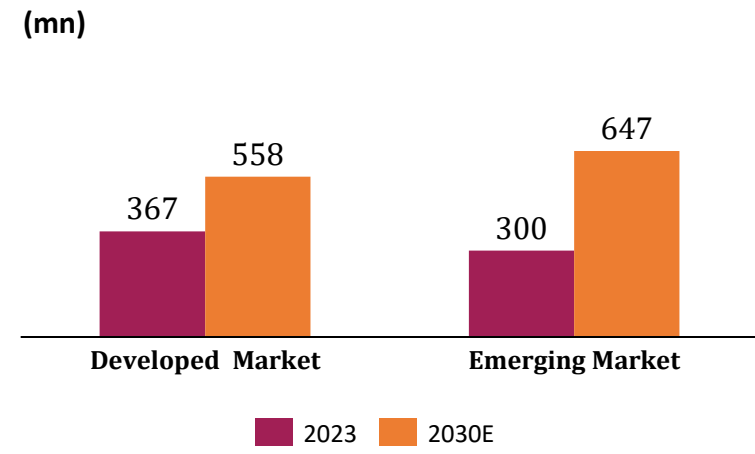
## Average music listening hours per week



## India Digital Listenership by Language



## Global Paid Subscribers

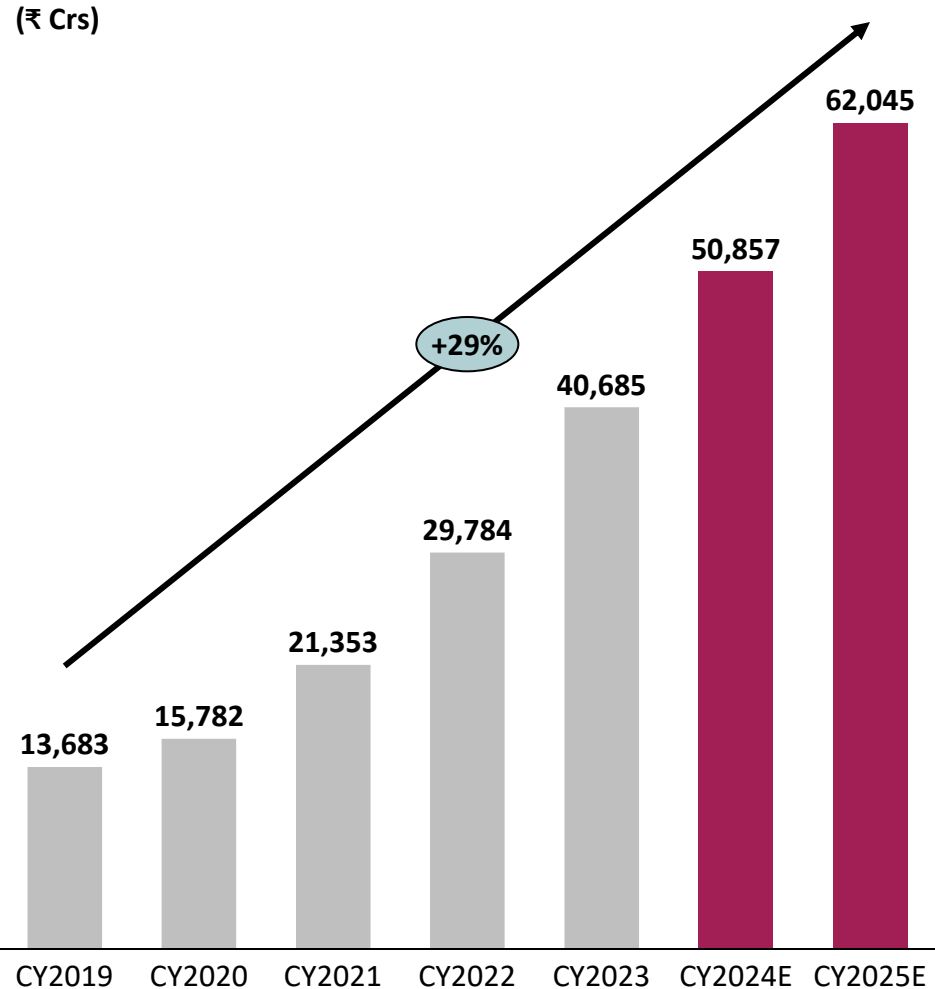


**The Most Relevant Age Group (16-44) For TIPS Listens To ~27 Hours Of Music Per Week**

\*Source: Ericsson Mobility Report; EY-FICCI M&E Report 2024; IMI Digital Study 2023; Goldman Sachs Global Investment Research

# Digital Advertising – Key Driver of Indian Music Industry

## Indian Digital Ad Industry



The Indian digital advertising industry stood at Rs 40,685 crore by the end of 2023, up from Rs 29,784 crore in the previous year. It is estimated to grow at a CAGR of 29%.

Ongoing enhancements in digital infrastructure, combined with the robust e-commerce activities, have propelled digital to become the largest media platform, contributing significantly to the overall growth of the advertising industry in India.

The highest proportion of spends on digital media is claimed by **social media (30%, Rs 11,962 crore)**, closely followed by **online Video (28%, Rs 11,363 crore)**. Paid search claims 23% (Rs 9,419 crore), while display banners claim 16% (Rs 6,579 crore).

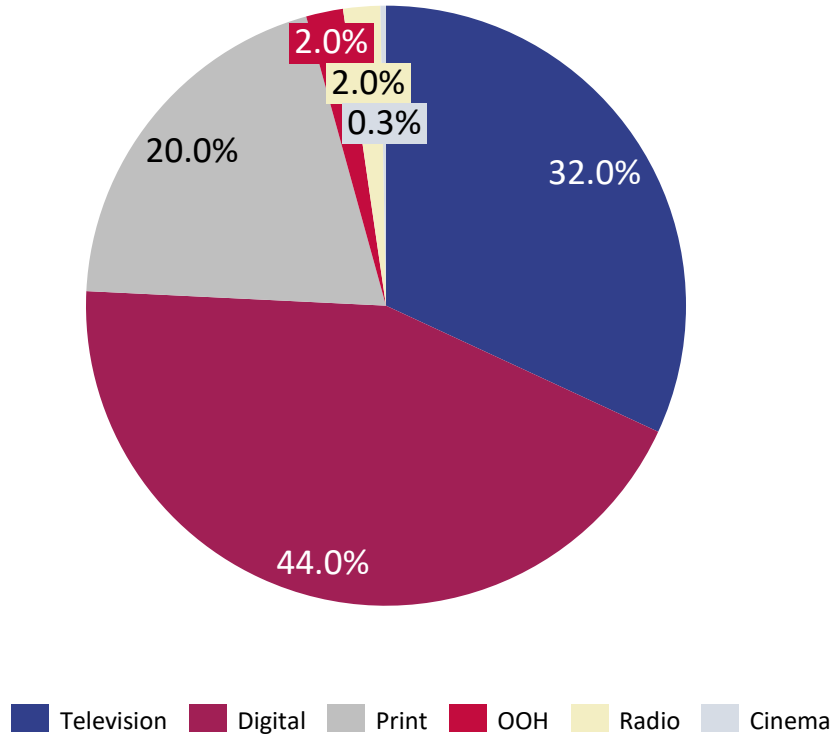
Social media is expected to grow at a CAGR of 24% to have a spend share of 30% by 2025.

On average, Indians spend 3-4 hours on Social Media daily  
73% of the audience belonging to the age group of 45 years to 54 years use YouTube to watch online content.

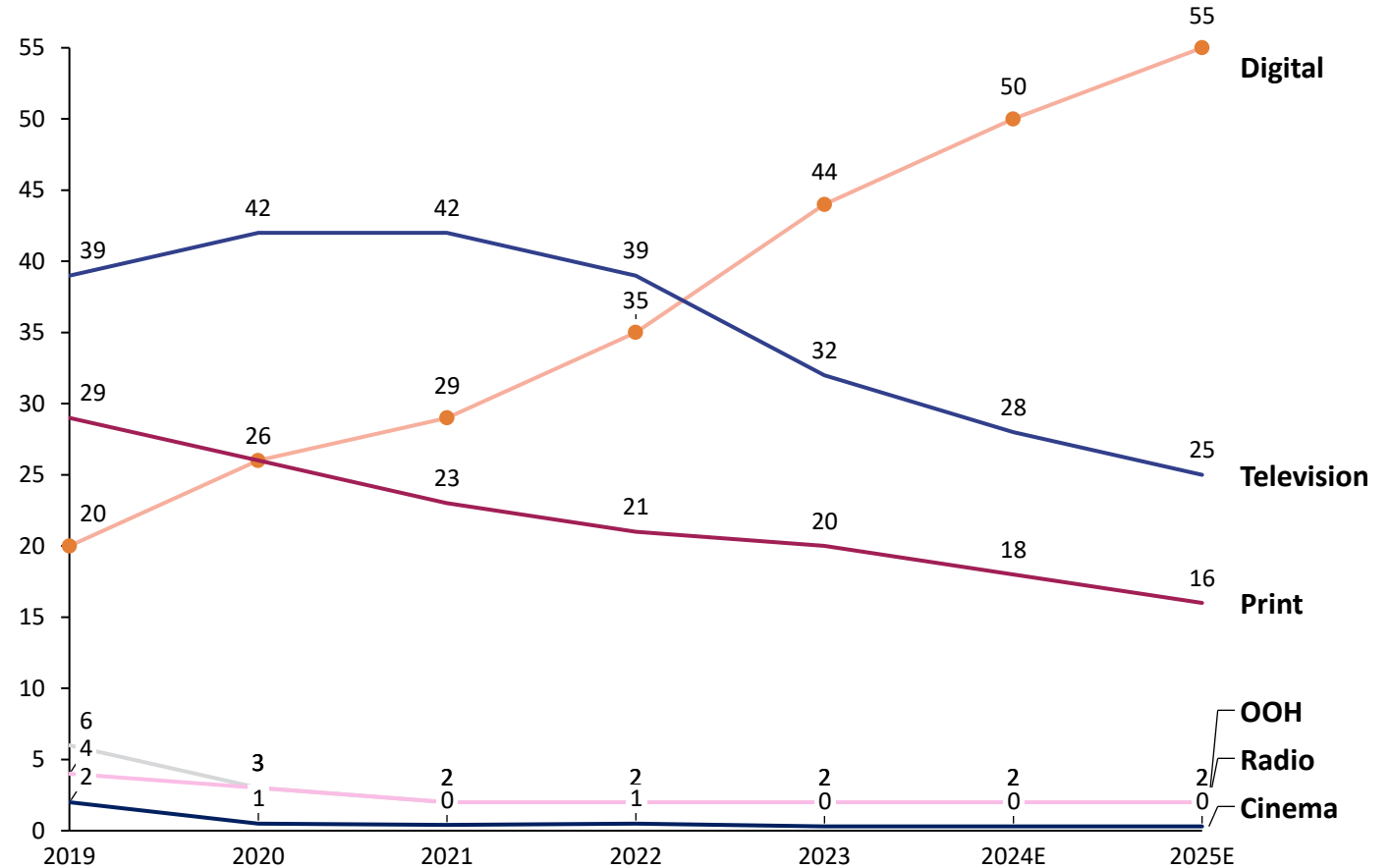


# Digital Advertising will Dominate Media Spending in India for the Next Few Years

Advertising spends on different media



Advertising spends across various media (%) - Forecast



The current pie of digital ad spends constitutes 44% of the advertising spends in 2023, and moving forward in 2024 and 2025, the percentage is expected to increase to 50% and 55% respectively.

## Music Creators



## Film Producer



## Music Label



## Streaming platforms



Business Model

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

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

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

Streaming platforms license the content and make it accessible to consumers

Value

Producers pay the artists the value for the music that is created

Music labels pay the producer for the rights of the songs

Music labels pay film producers for perpetual rights.

Streaming platforms pay per stream to music labels



The Must Have HITS

## Company Snapshot

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# The Promoters' Journey

## Family Background & Relocation (1946)

- Shri Sadhuram Taurani migrated from Karachi to Mumbai
- Received government aid of Rs. 6,000
- Started a grocery store in Colaba with Rs 3000
- Focused on selling items popular among the Sindhi community, for higher profitability

## Expansion into Electronics Retail (1972)

- The family started an electronics shop on Lamington Road, selling electronics, watches, and clocks

## Transition to Music Distribution (1977)

- The electronic shop was converted into a music record store
- Gained dealerships of HMV and later other major music labels like Polydor - Music India and CBS
- Became the largest distributors of music records in the western region

## New Beginnings & Family Division (1980s)

- In 1981- First division of family assets- Grocery store given away
- Fledgling recording company started under the banner of R.K Electronics' (TIPS Label)
- In 1986 – Second division of family assets- music distribution business given away
- R.K Electronics' (TIPS Label) small recording business remained with the Taurani brothers which eventually became TIPS Industries Ltd in 1988

## Initial years of recording business (1981)

- Focused on recording bhajans and songs in Hindi, Sindhi, and Marathi, emphasis on introducing & promoting promising singers

## Major Shift to Film Music Rights (1988)

- The Higher profitability of recording business led to expansion into film music rights
- Initial commercial setbacks from acquisition of film music rights did not change the focus of management

THE STORY CONTINUES...

# The Promoters' Journey

## First Major Success (1991-1992)

- The blockbuster success of music from 'Pathar Ke Phool' and 'Phool Aur Kaante' marked a turning point
- Invested heavily in acquiring music rights, and became one of the leading acquirers of film music rights

## Venture into Film Production (1993)

- Began co-producing films to learn the craft of film production and acquire music rights economically
- The first four movies under co-production were 'Coolie No.1', 'Raja Hindustani', 'Haqeeqat' and 'Jeet'. Both movies & their music were blockbuster hits
- Started with independent film production around 1996

## Market Leadership (1997)

- By the late 90s, TIPS became the industry leader
- Company launched 13 films simultaneously with a view to acquire more music

## Technological Disruption (Early 2000s)

- The rise of MP3 & Piracy led to collapse of the music distribution chain
- Selling of singles pioneered by iTunes destroyed economics of music labels globally
- TIPS executed the first licensing deal in India for streaming & downloads with Sound Buzz
- Radio channels started flourishing without paying adequate compensation to the music industry

## CRBT & OTT Platforms (2007)

- Telecom Companies introduced Caller Ring Back Tone (CRBT) which provided relief to the music industry
- CRBT generated ~INR 8000 Cr revenue for the telecom companies of which ~INR 600 Crs was shared with music industry
- Digitized the entire catalogue and adapted to distribution through partnership with major OTT platforms i.e., YouTube, Gaana & Saavn

## The 2020s

- TIPS demerged its film production & music business into separate listed entities to provide independent focus for each business

## KEY FACTS

Catalogue comprises of music in over **25 languages** available across multiple platforms **globally**

**Only listed player to expense off 100% of content cost in the quarter of release**

Debt free company with **₹ 259 cr** of cash & investments as on Q3FY25

Founded Year  
**1988**

Website  
**www.tips.in**

Industry  
**Media & Entertainment**

Established **A&R** capability

**96**  
Employees  
(Q3FY2025)

**75%**  
Revenue through  
digital platforms

**25+**  
Partners across  
media business

**113 mn**  
subscribers on  
YouTube as on  
Q3FY25  
**CAGR of 20%**  
**(3 Year)**

Target  
**Indian  
Subcontinent &  
Diaspora**

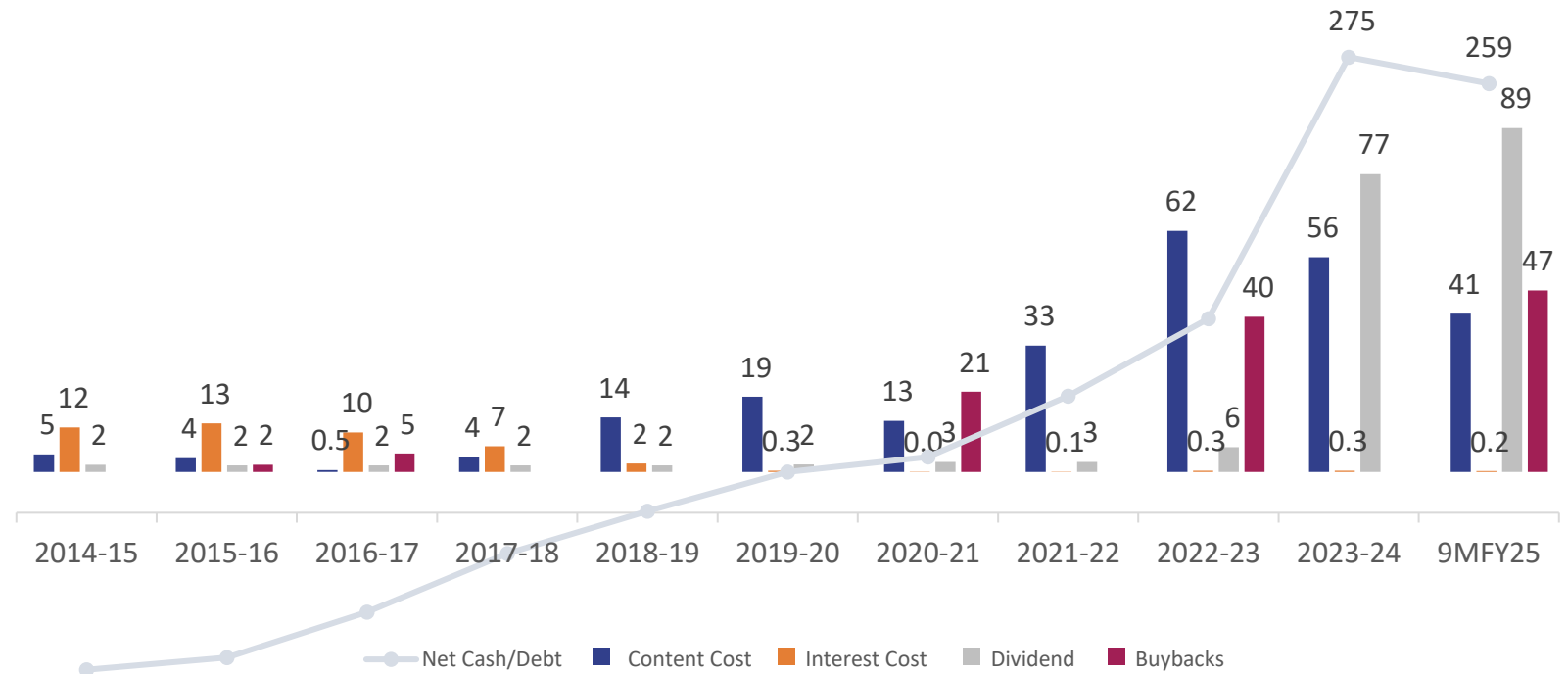
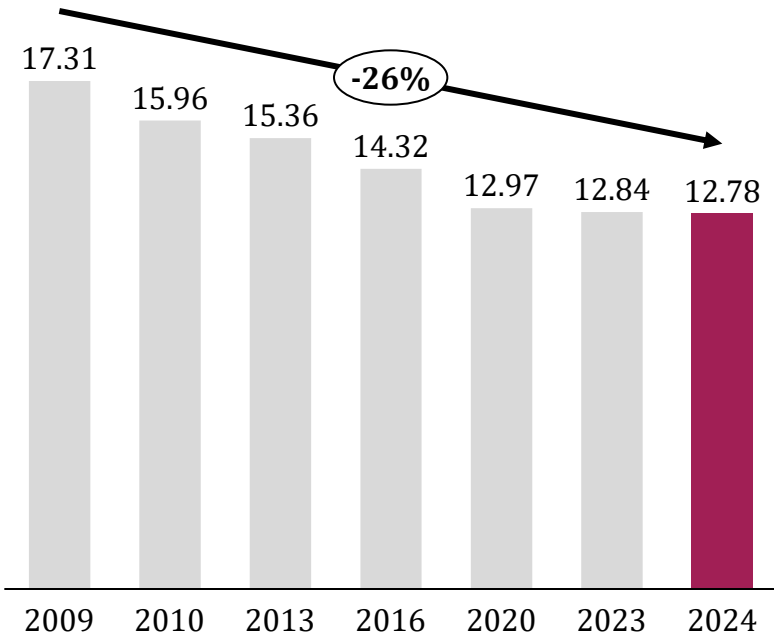
# Optimising Capital Allocation: Consistently rewarding shareholders through Buybacks & Dividends



**Q3FY25 – Interim Dividend of Rs 3 per share amounting to Rs 38.35 Cr**  
**Total Payout for 9MFY25 - Rs 136.09 Cr (including buyback)**

## Reducing Equity Shares\*

(Cr)

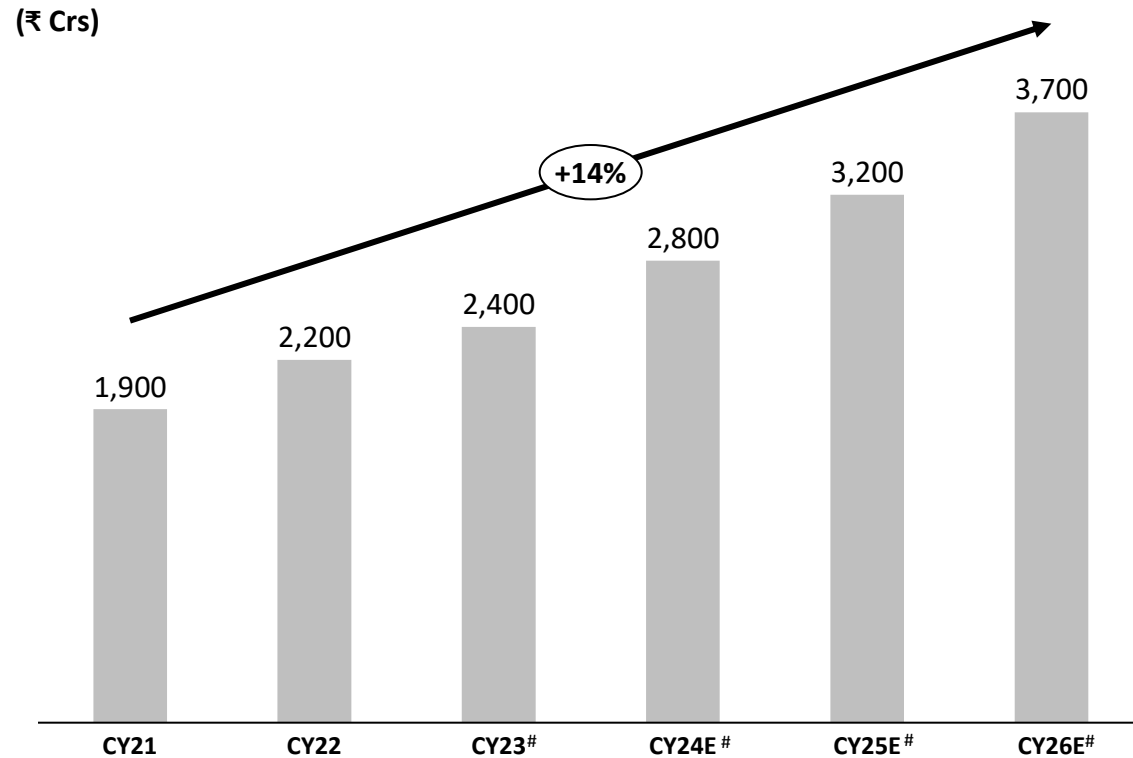


\*Note : No. of shares after share split

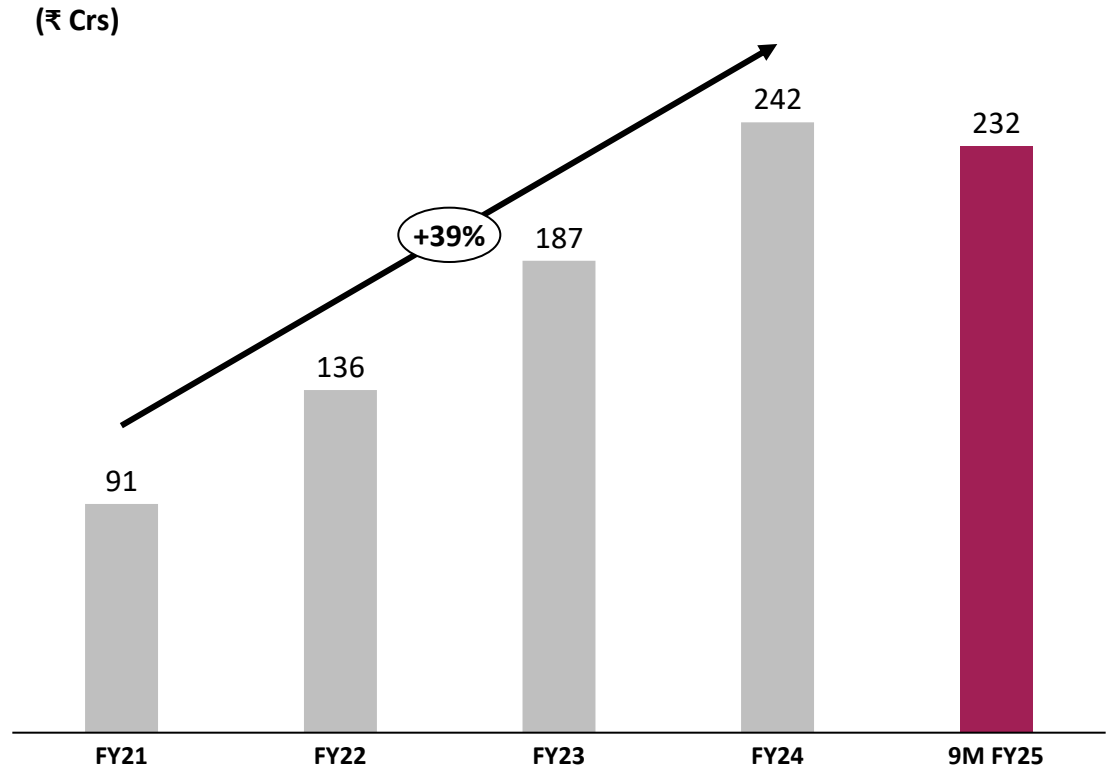


# Sustained Market Share Growth: Revenues Surged 1.8x in Last 2 Years

## Music Sector\*



## Revenues



**Tips Music outperformed sectoral growth by 2.8x over the past 4 years**



# Two Pronged Content Acquisition Strategy

## PURCHASE

### STRATEGY

- We purchase music rights from other producers when we see profitable opportunities
- Our understanding of music and its creative process provides us deep insight on costs and returns and therefore we always maintain cost consciousness while acquiring music rights

## PRODUCE

### STRATEGY

- To introduce promising singers (Tips) is in our DNA
- We have a strong A&R team which engages with artistes across genres and languages which allows us to promote upcoming talent
- Our team has a deep understanding of music & a track record of creating a repertoire of “Must Have Hits”
- Strong track record of producing hit music

## CONTENT COST

**100% of content cost is expensed off from profit & loss account in the quarter of release**

**No capitalization & no pending write-offs in the future.**

**Content acquisition is entirely funded through internal accruals.  
No borrowings/leverage**

**Focus is on building a strong A&R team to sign promising artists and acquire quality content, with additional managers now onboard to support these efforts**

# Our Content On Global Platforms

## Digital Partners



## Sync Deals



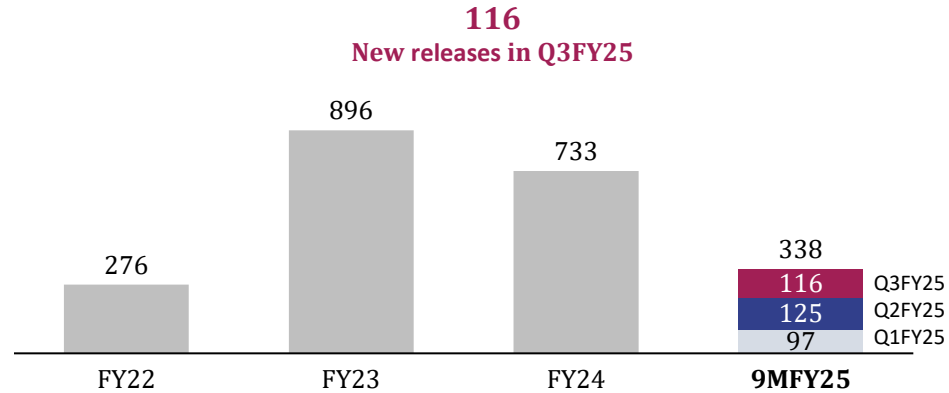
## Broadcast Partners



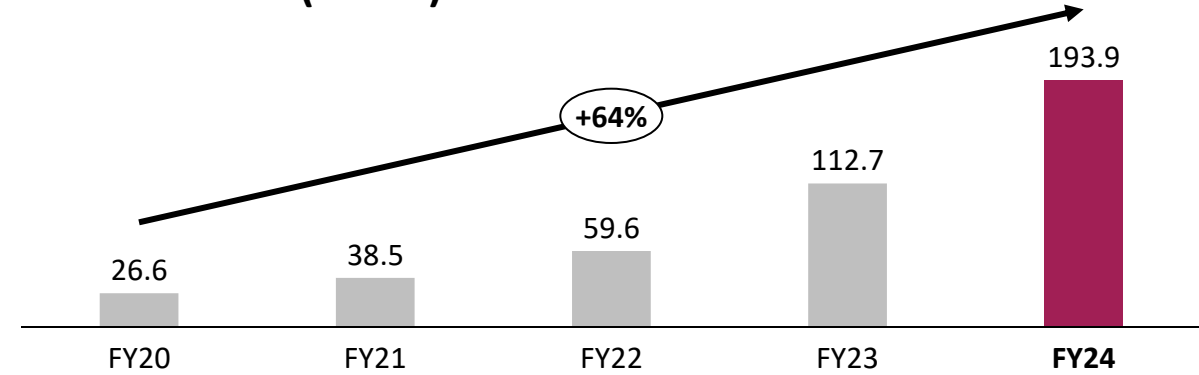
# Growing listenership & Increasing Content Addition

Evergreen & Rich content of **over 32,000 songs** across genres, languages & decades giving us high visibility of music revenue

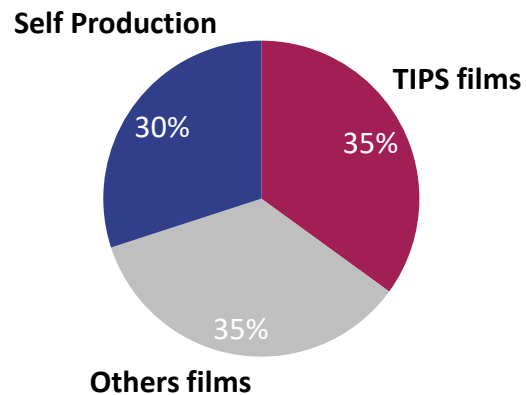
## New Songs Added



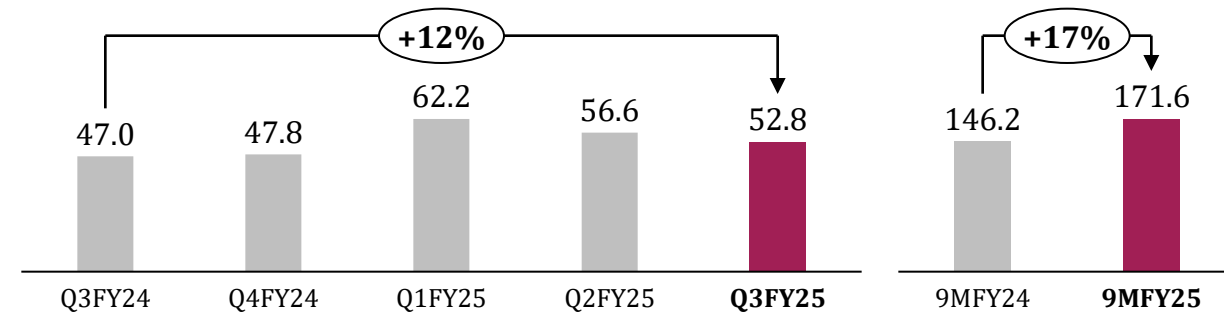
## YouTube Views (in. Bn)



Upto **35%** of music content is likely to come from TIPS films while 35% would be from other movie producers



## YouTube Views (in. Bn)



The slower growth in total views is primarily on account of YT shorts, which is not a significant contributor to revenue/profit yet.

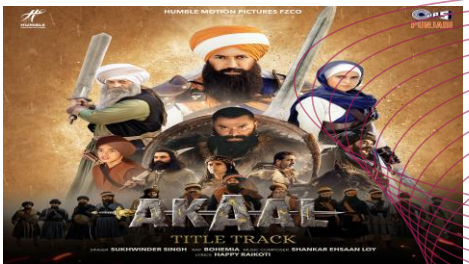
# Upcoming Music Releases



Boney Kapoor's  
**No Entry Mein Entry**  
Directed by Anees Bazmee



**YouTube**  
Click here



## Spotify India Subscription Revenue up by 90% and Ad revenue rose by 114% for FY24

### Spotify India Loss Narrows, Revenue Strikes a High Note

**REPORT CARD** Revenue surge fuelled by robust growth in both advertising and subscription

Javed Farooqui

**Mumbai:** Spotify India LLP, the local arm of audio streaming firm Spotify, reported a net loss of ₹143 crore for 2023-24, reflecting a 58% decline compared to the ₹343 crore loss in the previous fiscal, according to financial details shared by Tozler.

The company's operating revenue surged 93% to ₹321 crore from ₹166 crore, driven by strong growth in both advertising and subscription revenue.

Expenses decreased 2.4% to ₹492 crore from ₹504 crore. Notably, advertisement and marketing expenses increased 4% to ₹386 crore, while personnel expenses went up 35% to ₹85 crore.

During 2023-24, subscription revenue shot up 90% to ₹167 crore, while advertising revenue soared 114% to ₹135 crore.

Spotify India declined to comment on the financials.

Spotify India LLP is a limited liability partnership between Spotify AB (99.99%) and Spotify Ltd (0.01%), with its ultimate parent company being Spotify Technology S.A., based in Luxembourg.

The entity's primary business operations involve providing access to the Spotify platform and services to local users in India. It is also engaged in selling advertising space and conducting marketing activities in the local market.

According to Spotify India's 2024 advertising deck, the platform has 70 million monthly active users who spend an average

#### Balance Sheet

**NET LOSS**  
₹143 cr, down 58% from ₹343 cr in the last fiscal

**REVENUE GROWTH**  
Operating revenue up 93% to ₹321 cr

Expenses down 2.4%

**70 million** active users, 59% from metros, 41% from smaller towns

**Subscription Revenue** up 90% to ₹167 cr; Ad revenue rose by 114% to ₹135 cr



of 1.44 hours daily streaming music. Additionally,

Spotify users spend 53 minutes per day listening to podcasts.

Of Spotify's total reach, 59% comes from the top eight metro cities, while the remaining 41% is distributed across 7,000 towns. The audience comprises 63% male and 37% female users. In terms of age demographics, 63% of Spotify India users fall within the 25 to 44-plus age group, while 16-24 age group accounts for 37% of the audience.

Meanwhile, the company's total assets increased 76% to ₹850 crore, while cash and cash equivalents surged 132% to ₹599 crore. Partner contributions went up 29% to ₹1,818 crore.

According to Spotify India's 2024 advertising deck, the platform now boasts 70 million monthly active users who spend an average of 1.44 hours daily streaming music

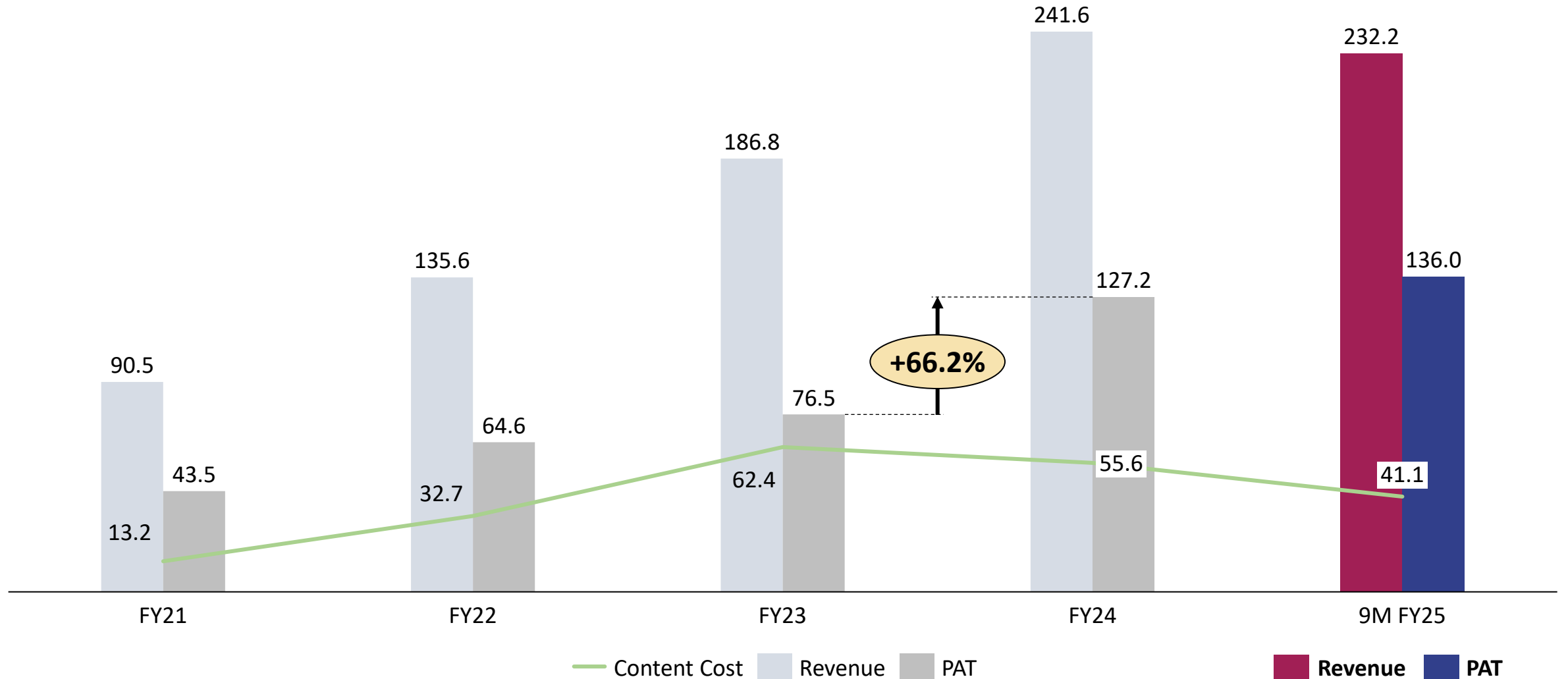
59% of Spotify's total reach comes from the top eight metro cities, while the remaining 41% is spread across 7,000 towns

63% of Spotify India's users fall within the 25 to 44-plus age group, while the 16-24 age group makes up the remaining 37%

Subscription Realization per stream is higher, which will help drive top-line growth and improve margins over time

# Summary of Last 5 Years

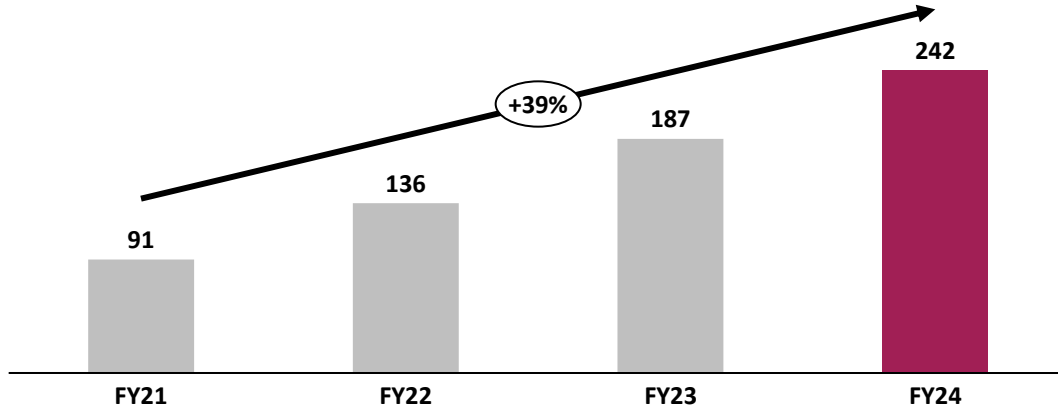
(Cr.)



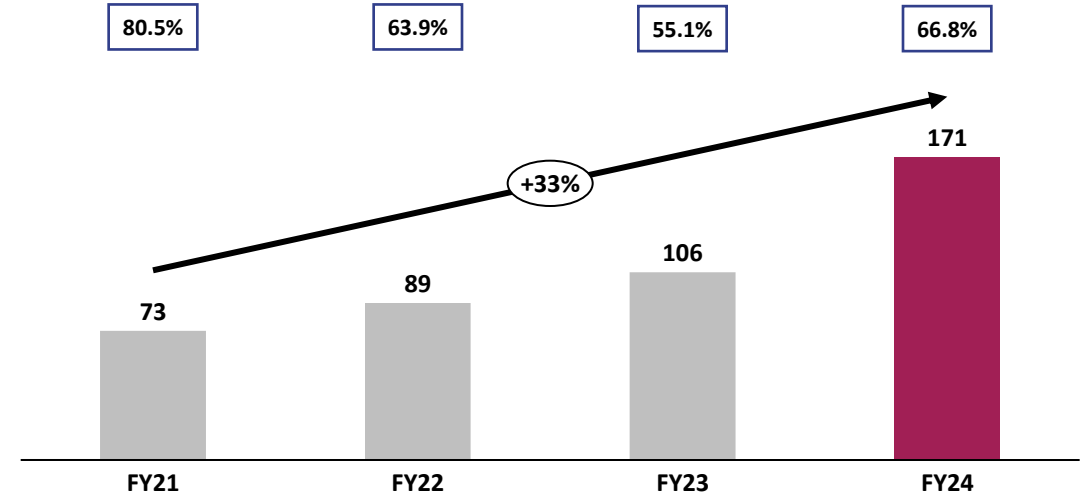
# Industry Leading Financial Performance

(₹ Crs)

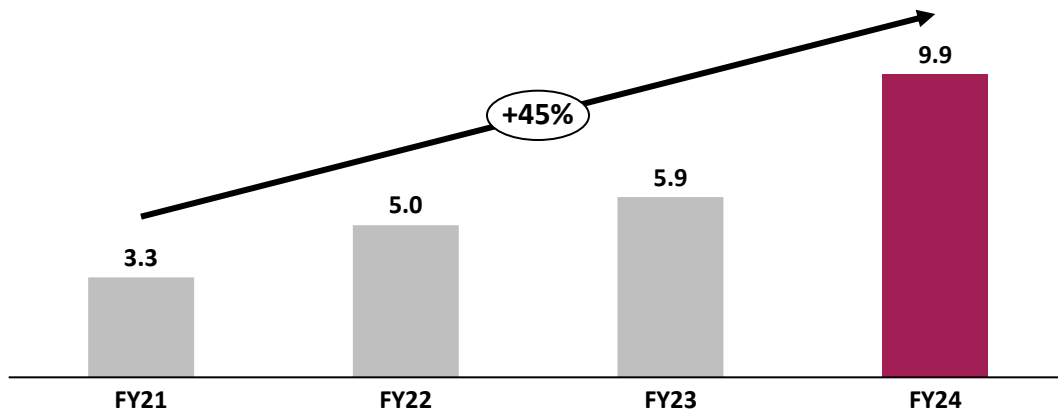
## Revenue



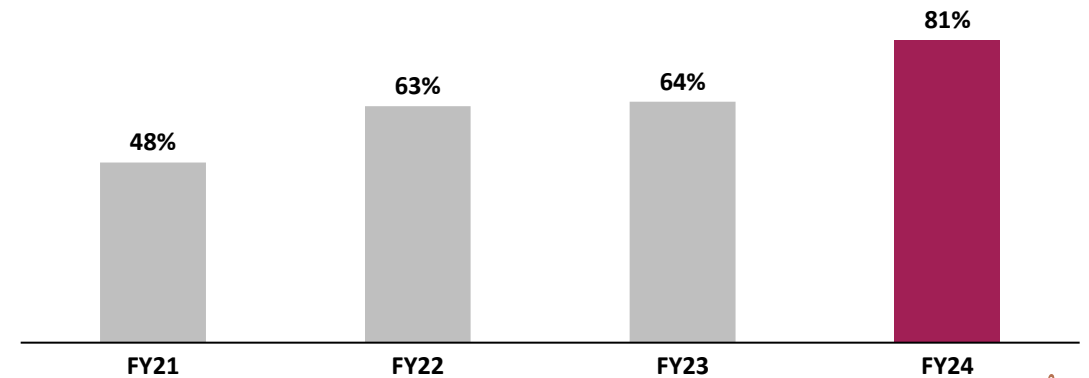
## EBIT & EBIT Margin\*



## EPS#



## ROE#



Note \*Segmental EBIT before allocating corporate overheads for FY21; #ROE and EPS are before demerger for FY21





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