



“Tips Industries Limited Q1 FY-22 Earnings
Conference Call”

July 28, 2021



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Tips Industries Limited

July 28, 2021

Moderator: Ladies and Gentlemen, Good day and welcome to the Q1 FY22 Earnings Conference Call of Tips Industries Limited. This conference call may contain forward-looking statements about the company which are based on the believes opinions and expectations of the company as in date of this call.

These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict. As a reminder all participants 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 Please signal an operator by pressing ‘*’ then ‘0’ on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kumar Taurani – Chairman and Managing Director of Tips Industries Limited. Thank you and over to you sir.

Kumar Taurani: Hello and Good Evening everyone. Today on the call I am joined by Girish Taurani – our Executive Director, Mr. Sunil Chellani – Chief Financial Officer, Mr. Avtarsingh Jeswani – Vice President (Accounts & Finance) and Orient Capital – our Investor Relational Partners.

We have uploaded our investor deck and results highlights on the stock exchanges and company website. I hope everybody had an opportunity to go through the same.

I would like to share a brief overview about the industry and our growth strategy going forward. This would be followed by the operational and financial performance for the first quarter of FY22. Post that we will open the floor for Q&A.

Let me share some industry insights:

India’s penetration of smart phones is increasing in a long sight availability of data and Wi-Fi at affordable rates acts as a catalyst for use of content. Smart Phones and cheap internet are rapidly changing the landscape of India’s Media and Entertainment Industry. Increased usage of smart devices is creating new used cases for content.

Indians love their music, especially artist genre and evergreen classics. As per industry reports Indians spend 21.5 hours a week listening to music as compared to global average of 17.8 hours. Also, Indian youth spend an average of 23.9 hours a week listening to music. Indian music industry is estimated to grow over 15% CAGR crossing a mark of Rs 23 billion by 2023.

New revenue strain is emerging for music in developed markets and may open up for Indian players over the next few years. We are keenly watching developments in NFTs, video games, short form videos and new social media platforms. We have provided an overview of global music industry in our presentation to give you a better flavor of the industry.

Our vision is to be amongst the top three music companies in India by creating, acquiring and delivering quality music having high catalogue value and aligning with our objective. We are continuously



Tips Industries Limited

July 28, 2021

adding new content and as a part of this process we have had 61 new releases this quarter. Our music remains very popular, 4 out of top 5 artists trending on YouTube have bulk of their recordings with Tips. We recreated two songs recently, the first one released on May 5th, 2021, has crossed 28.5 million views on YouTube alone and the other one released on July 12th, 2021, has crossed over 23 million views.

With this snapshot let me hand over the call to Mr. Sunil Chellani – our CFO to share the financial updates.

Sunil Chellani: Thank you sir, Good Evening everyone and warm welcome to our Q1 FY22 Earnings Call. Since our last conference, we have received a lot of questions on the accounting policy. Allow me to clarify here so that there is no more confusion.

As a company since inception, we have always written-off all of our content costs in the year of release. Nothing is capitalized and carried in the balance sheet. We have been told that this is extremely conservative but we find this to be a prudent practice to follow.

Let me take you through the financial highlights now:

Our revenue from operation Q1 FY22 stood at 28 crores compared to 15 crores in Q1 FY21, a growth of 87.8%. EBITDA including other income stood at 19.6 crore for Q1 FY22, a growth of 122.8% in comparison to last year. EBIT from Music Segment is Rs 22.8 crore and EBIT margin stood at 80.9%. Profit after tax stood 14.6 crore for Q1 FY22 with a PAT margin of 50.1%. PAT growth year-to-year basis was 139.7%.

With this I open the floor for discussion. Thank you very much gentlemen, please go ahead.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Saket Mehrotra from Tusk Investments please go ahead.

Saket Mehrotra: Hi, Mr. Taurani there were reports around the commercials of Bhoot Police movie, there were a few media articles and would you like just to throw some light how this revenue will get recognized because recently we saw that this has been licensed to Hotstar so how will the commercials flow in with these?

Kumar Taurani: I think we have to give them delivery in August, next month and we will get the money from them as per the agreement and some money we will get later also. We have done two deals with Hotstar, one is for digital premier and then another is satellite premier so both deliveries will go next month and bulk of the money we will get it in August end or September first few days. I think it will reflect in the September quarter. You know that we have already announced a demerger of both the companies from 1st April 2021 it will happen but it has to take a few legal approvals, all the



Tips Industries Limited

July 28, 2021

government offices, etc., follow up is happening, I think that will happen by November-December. We expect it should finish and happen after that but it will be from 1st April 2021.

Saket Mehrotra: Second Question Mr. Taurani from the Q-on-Q growth of the music streaming business, I understand you deliver a lot of new content which has also got great number of views and popularity but any reason why we haven't grown at the rate at which we are seeing the peers grew?

Kumar Taurani: I think it depends upon the size of the catalogue you can say. Their bigger size of repertoire, so maybe that is the reason. But I feel that whatever the reason we think that our growth should be in line with our expectations, we are achieving those numbers. So, I don't see any problem in that.

Saket Mehrotra: And as far as our licensing deals our concerned with these music OTT platforms are we like on track to get the renewed and there were a few in the past that we have spoken about so are those under consideration again?

Kumar Taurani: Yeah, we are negotiating with companies on which we are not available at present. I think in this quarter you will see that many more things will happen. We are discussing I think some deals will crack this quarter.

Moderator: Thank you, we have the next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Sir, thank you very much for giving this nice result. Sir 1000 crores monthly streams you have mentioned in the Investor Report, so how much income we can expect this year or next year.

Kumar Taurani: What I estimate is Tips will achieve whatever figure last year we had 25%-30%. Among that I think around 65%-70% is internet digital revenue but this figure 1000 or 1100 streaming we've given, this is only for OTT companies and from that 65%-70% what I am giving you, you can say its 50-50 where 50% is OTT companies and then 50% is others, UGC or video platforms.

Ravi Naredi: So, what income are you expecting in current year or future year?

Kumar Taurani: I think last year we did around 90 cr by 31st March 21, in that you can top up by 25% or 30% you will know the figure.

Ravi Naredi: Any plan to promote new artist and musicians also as Tips was doing in the past?

Kumar Taurani: Yes we have signed 5 artists so far and actually we are doing many recordings with other artists, but 5 we have done exclusive for Tips they will be only exclusive Tip's artists and we are promoting them. One artist we have already launched in the first quarter his name is Sameer Khan. We released two songs and one is doing well, one is doing okay- okay, but he is a new artist so we have to build him up more and we have a 5-year contract with him. Artists



Tips Industries Limited

July 28, 2021

make lot of money from live shows, so, whenever the shows business starts, our income from those will be resuming as well. We have a certain percentage of profits from those revenue streams as well. them. So, that will be a top up for us so that will be good for the company and whatever we are investing today we will recover the money from them.

Ravi Naredi: And sir how much company will spend on new contents during the year?

Kumar Taurani: We have broadly budgeted a sum to be invested, but not the bifurcation of it into specific opportunities. Wherever there is an opportunity we will invest.

Ravi Naredi: And we may expect 25% to 30% growth in company top line and bottom line this year?

Kumar Taurani: I think it is achievable target not a tough thing.

Moderator: Thank you. We have the next question from the line of Devanshu Sampat from Yes Securities. Please go ahead.

Devanshu Sampat: Just one question I had can you help me with the per stream revenue or the hierarchy of the same across various formats like you know for music streaming it is roughly about 10 paisa from what I understand, so how does it work for say YouTube or the short video format in maybe Instagram deals or whatever and any other social media thing if you can just give a sense of how that works and how does it rank in terms of overall profitable?

Kumar Taurani: At present social media is a lumpsum kind of a deal as they pay us a onetime payment and whatever content they want to use they are using. Companies like Facebook, Instagram told us they are doing lumpsum kind of deal for two years worldwide and we are to work out a model how we can advertise on those posts and how much we can share from all the music labels or other content owners. So they are working on that, and the contract this year will be for two years so next year we will come to know what they have to say on how to go about it in the future. As far as other companies like YouTube and other OTT players are concerned, there are three to four kind of models. One is, they share percentages of advertisement revenue with us, secondly in OTT it is a lumpsum deal where and they give us the MG we are happy with that and the third model is the 10 paisa per stream and in that case also we get some MG (minimum guarantee) and if business goes up we will get more money. So these are the three models we work with.

Devanshu Sampat: And the first participant also asked you a question about tie ups with some players you can either throw some light in terms of maybe out of the top five music streaming platform we do not have a tie up with any of them or how many of them?



Tips Industries Limited

July 28, 2021

- Kumar Taurani:** We have tie ups with the top five platforms besides Gaana and Wynk. If our content is unavailable on a particular platform, people will listen to it on another platform as it is the consumers choice. If you see some platforms who do not have a 360 degree content they are really losing customers, I feel so I do not know, but they are also talking to us.
- Devanshu Sampat:** Talking to both Wynk and Gaana is what you are saying this quarter or something like that?
- Kumar Taurani:** At least one we are talking to and other one we will see because there are some legal complications with them so we are not talking to them, but with 1 we are talking surely.
- Moderator:** Thank you. We have the next question from the line of Swechha Jain from ANS Wealth. Please go ahead.
- Swechha Jain:** Sir I have couple of questions the first question is if you could throw some light as to what kind of investment we are planning on the content side both on the music part and on the print division in both the divisions what kind of investment we are planning over next one, two years?
- Kumar Taurani:** Actually I cannot give you the exact number because you know it is a competitive world, but it is sufficient. We have calculated that we have to maintain our bottom line as well. So, whatever is necessary we will do I think and we are running behind quality rather than the quantity or expensive. I will rather launch a new artist if big artist is expensive and I do not know what he is going to give me. So, I am very careful about that, but we have to ultimately invest in new releases. So, we have a good budget this year I can say, but exactly number I cannot tell you please.
- Swechha Jain:** Sir anymore artist that you are planning to tie up in this year like we have already tied with five artists, but do we see more tie up going ahead?
- Kumar Taurani:** Yes we are doing many things this year. We have a huge library or content of Jagjit Singh ji so we have a tie up with some consumer brand wherein they have also put in money along with us and we are recreating 12 Ghazals of Jagjit Singh and presenting with the new and old artists like combination of Sonu Nigam, Hariharan, Babul Supriyo from the past and newer artists. We have created this to cater to big shows that will be coming soon. Some will come this quarter and another few songs will come next quarter total 12 songs are coming. We have many, many ideas and many things we are doing and also we are targeting the youth who listen to more music, so even in Ghazal we have targeted to make it so simple that it can attract the youth also, so let us see what happens.
- Swechha Jain:** Sir my second question is related to some numbers the other expenses which we see they have gone up at 47% on a YoY basis, so just wanted to understand is there any one off or any particular



cost that has gone up and also if you could give the revenue split on the music side between what was the ad-based revenue and what was the subscription based revenue this is my last question?

Kumar Taurani: Let me answer your second question first- subscription cannot be big revenues, we have given the percentage in our presentation, but we do not have ready figures how much subscription is and what is the steaming revenue we do not have off hand, but maybe next quarter we will keep this in mind and maybe we can try and give it to you and as far as your expenses side is concerned Mr. Sunil Chellani can you say what is that.

Sunil Chellani: I will answer this question the other expenses are inclusive of the content cost and in this quarter comparatively our content cost was on higher side.

Swechha Jain: So, basically it is increased just because of the content?

Sunil Chellani: Yes it is because of that and nothing else.

Moderator: Thank you. We have the next question from the line of Onkar Ghugardare from Shree Consultancy. Please go ahead.

Onkar Ghugardare: My question is a simple basic one. I mean why would an artist choose Tips Industries over Saregama or T-series?

Kumar Taurani: I think everybody has their specialty and we do not have any shortage of artists. India is a population of 135 crores and if you count artists on your fingers it will be how many artists are there, how many are top selling artists today 40, 50, 60, 70. So, finding artists is not the big deal, if you will search 1 you will get 1,000 so there is no problem with finding them but it is all about who you choose and what you are selecting and making, how you are creating these artists and I think we have 35 years, 40 years of experience in managing artists be it new or old, so I do not think we will make mistakes there. If you see any of my content of the 90s, we have 60%- 65% of recordings of the top selling artists and touchwood all is good. During that time, Tips was the number one company but due to mp3 piracy we have lost that position. So we do not have any problem finding new artists as we have them in abundance. As I said earlier, we have 61 releases which is only possible because of the talent present around us otherwise it would be impossible.

Onkar Ghugardare: But there are some artists who are like they have a huge following for them or they are currently popular so I mean why would they choose Tips over Saregama or other music?

Kumar Taurani: It is also depending upon the relationship and the understanding of music. Today Tips is aggressive in acquiring content, but few years back we were not that aggressive even that time also we had the number one artist, Atif Aslam exclusive for Tips and we have created with



him 40 songs, 50 songs so far and all are hit you can ask anybody. Even today Arijit Singh came after Aashiqui, Arijit Singh and Atif Aslam these are the two big artists in Hindi scene. Due to our country problem no one is recording Atif Aslam in India so we are also not recording, but he was big and he was our selection and he was exclusive with Tips for 5 to 6 years. Also we have around 500- 600 top songs, out of which if we only keep recreating 10 to 15 songs every year we have a huge revenue generating content lined up for us and we are doing that. If you are interested in music you must have recently heard “Ek Bewafaa Hai” we released in May,, in July we released “Is Tarah Aashiqui Ka” and both these songs are from 90s and doing well for us even now.

Onkar Ghugardare: Next question is on your vision for the company say next three to five years and when would be the new company listed the demerger company?

Kumar Taurani: Demerger we will talk after it has been demerged. We will talk about that separately and for this company our vision is to grow our music business and take it at on a priority basis t oday we are at the 5th or 6th rank and my target is to achieve the 4th rank and then proceed to the 3rd position. So, that is our vision for the next two and a half years and we hope to be successful.

Onkar Ghugardare: So, you mean to become the number 3 player you mean to say?

Kumar Taurani: Yes.

Moderator: Thank you. We have the next question from the line of Akshay Dam from PAM Capital. Please go ahead.

Akshay Dam: I had few questions, first question is on the content acquisition strategy I know you throw some light on you are creating a lot of remix from your old song etc , but anything is lined up on the movie side because lot of our competitors for example one of our listed competitor announce deals with Sanjay Leela Bhansali next few films and also they have acquired a lot of movies from future releases of Ajay Devgan movie, so anything lined up on the new movie side? ?

Kumar Taurani: We have acquired a movie named “Rosie”, a comparatively small movie, but we have taken responsibility of giving music to that film. Earlier also we have done that. We have four songs in “Rosie” with very nice music and new actors. There is an ongoing discussion for movies with one or two other companies. We also have a movie which has complete international flavour, which was made a few years ago, but unfortunately, we could not release due to other commitments. Last year in lockdown I have seen that movie and I felt it is really a huge potential in that movie so we have revived that movie and we have recorded 4 fresh songs which will do really well along with the movie. Besides those two movies we also have “Bhoot Police” and a



Tips Industries Limited

July 28, 2021

Tips Films movie directed by Sriram Raghavan called "Merry Christmas". "Merry Christmas" will be produced in 5 languages out of which 4 will be South Indian languages and 1 will be Hindi. So we have that much at present, but if there is an opportunity we will definitely take those movies as well.

Akshay Dam: So, my second question is more broad-based question. As far as I understand in the 70s & 80s there used to be an upfront payment to the artist and then there used to be royalty payments to the likes of R. D. Burman, etc. In the 90s the concept changed and there was only one time upfront payment and now again we are kind of shifting towards onetime payment and royalty payment, so could you throw some more light on to this model in the industry?

Kumar Taurani: See 1970's & 1980's there was no upfront, it was only a royalty model at that time. Earlier there were only two companies, and thereafter we entered in the 1990's we decided on going ahead with only one time deal as it is best for us and all the existing companies followed that since then until today. Only lumpsum deals are happening with a few exceptions of royalty payments, but we do only lumpsum one-time payment deal.

Moderator: Thank you. We have the next question from the line of Dhairya Trivedi from DJT Investments. Please go ahead.

Dhairya Trivedi: My first question is that what would be the number of paid subscribers for music streaming in India currently and what would be the share of Tips from that?

Kumar Taurani: Tips share anywhere into between 5% and 6% and paid subscriber I think I have already given in my report if you can see that I do not immediately remember.

Dhairya Trivedi: I have seen your presentation it says that it is likely to cross 5 million by 2023, but what would be the current number if you can just throw some light on that?

Kumar Taurani: I am not remembering now, but I can tell you if something Chellani can we find out that.

Sunil Chellani: do not have those numbers right now.

Kumar Taurani: Maybe we will work inside I think Girish you are there if you can tell us this.

Girish Taurani: Paid subscribers.

Dhairya Trivedi: While the number is slated to across 5 million what your presentation said I like to know the current number and market share of Tips from that?

Girish Taurani: We will let you know for sure.



Tips Industries Limited

July 28, 2021

- Dhairya Trivedi:** My second question is that can you throw some light on what would be the decade breakup of 29,000 songs that we have in our repository currently?
- Kumar Taurani:** Yeah we have worked on that, but we do not have immediately, but maybe we can put it in that next presentation next quarter we will give you that.
- Dhairya Trivedi:** But largely is it from the 80s and 90s or is it earlier?
- Kumar Taurani:** We launched our company in 88. Actually this data you want I think you can check this E&Y Media & Entertainment report which has lots of data about that subscription and what you are asking.
- Dhairya Trivedi:** And my last question it is likely more broad based and now you said that film producers use the compositions in films and they sell the music right to the labels, but the IPR is owned by the music label?
- Kumar Taurani:** No music IPR will be with music label.
- Dhairya Trivedi:** IPR is it the music label so is there any chance of the film producers owning the IPR in this case?
- Kumar Taurani:** It will not happen to run a music label you really need a strong repertoire if you need to sustain for 10 years, 15 years, 25 years you need old catalogue and good quality catalogue. I think that is very difficult.
- Dhairya Trivedi:** So, basically as a film producer will sell it to the music label and the music label and the music label owns the IP adds to this.
- Kumar Taurani:** Yes.
- Dhairya Trivedi:** If I can just squeeze in one last question the YouTube views in billion would be around 38.5 in FY21 is what your presentation says what would be the share of Tips share from this?
- Kumar Taurani:** Tips share actually I think I do not know actually Tips share I will tell you that as well give me some time I will tell you.
- Moderator:** Thank you. We have the next question from the line of Shivam from ICICI Bank. Please go ahead.
- Shivam:** In the last call you have mentioned about Tips channel was rated number 1 to 5 all the channels in the YouTube so is it also maintained right now ranking channel?
- Girish Taurani:** Can you repeat the question?



Tips Industries Limited

July 28, 2021

- Shivam:** Tips in the last call had we mentioned that the Tips channel had been ranked number 1 to 5 in the YouTube so is it my other ranking maintained?
- Girish Taurani:** No what we said is we have out of top 5 artists on YouTube 4 artists perform from Tips we said that prior to that. Just a quick brief YouTube has YouTube charts website called YouTube charts where if you go and see on the global region if you see top artists amongst the top 5 we have 5 artists number one being a Alka Yagnik number two being Udit Narayan, number three being Kumar Sanu and then it fluctuates between Kesari and one more artist just like that. We have actually 4 out of the top 5.
- Kumar Taurani:** YouTube does not disclose the total music views they are doing and therefore we cannot calculate that percentage, so we do not have that information.
- Shivam:** Another question is on the content side the merger will be completed in December till then the content cost of the film would be charged in this company is getting reflected in this company or not?
- Kumar Taurani:** For one or two quarters has to be because we are still a one company so we have to do that we cannot shy away from that, but ultimately by March we will be separate and we will segregate P&L for Tips Films and music business.
- Shivam:** So, it will be restated the quarterly financials would be restated?
- Kumar Taurani:** Yes you are right.
- Shivam:** And the margins of this music business are definitely higher as compared to the film business if my understanding is correct?
- Kumar Taurani:** Yes absolutely.
- Shivam:** And how much portion is the film business and this content cost between films and music divided if you could throw some light you might be having some idea?
- Kumar Taurani:** What we are talking about now is a music only we are not talking about anything about film.
- Shivam:** But in this quarter the content cost that had been reported that contains the film cost also?
- Sunil Chellani:** No it is only the content cost of for Music whatever expenses is we have incurred for the film business that is helping capitalize until the film is released. So, that cannot charge to P&L now.
- Shivam:** Even if the merger is not complete till now demerger is not completed then also you are not taking the content charge here?



Tips Industries Limited

July 28, 2021

Sunil Chellani: There is no content charge in this quarter for films whatever content charges are there that is only for a music business.

Kumar Taurani: Chellani this question is different see maybe next quarter we have to book revenue for whatever money we get from Bhoot Police and whatever again that we have invested we have to maybe book in next quarter and that auditor will tell us how we handle that, but ultimately when we split the companies these figures will go from our existing P&L it will go to new company.

Shivam: So, you will be booking the revenue of the film in this P&L only?

Kumar Taurani: Yes this quarter there is no expense on film side because we have spent monies we have not released the films so that is kept as an advance. So, once we release the money we will show both sale as well as expense against that.

Moderator: Thank you. We have the next question from the line of Vivek Gautam from GS Investment. Please go ahead.

Vivek Gautam: One query is about while there is growth year-on-year for the last three quarter the top line has been flat what is the reason for the same?

Kumar Taurani: I think last year was a difficult year sometime it was a pandemic sometimes it was not so last year was an exceptional year for us, but now business is more stable companies are coming back to us and they are last year everybody was complaining do not hike our price we cannot afford to give you any more money plus our main there was a one aggregator Gaana was also not there. So, I think that was the problem also we have so this year I feel everything will be all right and we are also doing many new releases so I am expecting what I am projecting it will be achieved.

Vivek Gautam: And how does the opportunity size look for you for our business in terms of basically what would be the growth we can expect because of the opportunity size driven for us in time to come?

Kumar Taurani: I think I already told before that 25%, 30% I do not see any problem, but on the contrary I feel next two to three years will be really good for the music business I feel subscription will really rise to really good levels number one. Number two these user generated content is social media that really becoming very huge the way they are using our content huge very big numbers they have used. Imagine if for Facebook maybe they have given the 100 crores to the industry or maybe 150 crores to the industry imagine what if they give 1,000 crores to the industry and 1,000, 1,500 crore is nothing for them compared to how much money they make from advertising so it is a huge thing, but let us see how it shapes up in future and , what kind of call industry is taking. So, I am very positive about the future of our content business.

Vivek Gautam: You are talking about short videos and YouTube and Instagram



Kumar Taurani: Yeah those are increasing opportunity size. I think you see how much TikTok is a bigger company or a same parallel to the YouTube meaning doing so well and they are having even in international market I was recently reading an article universal having I think negotiating contract with them for last three years, four years, five years and now they have signed something they have agreed. Now these things these are very new things for India as well so they are developing. So, I think in next two years, three years they will be very huge. We have never expected five years back, YouTube will be such a big company and big music service platform. So, I think whether it is Spotify or YouTube, these are very huge and will grow even bigger in future.

Vivek Gautam: We saw the ads of TikTok during the recent Euro cup European football cup lot of ad was done by TikTok, but TikTok has been banned in India, so any impact on us?

Kumar Taurani: No, but we have Instagram doing so well, but I think TikTok is coming back I have heard TikTok is coming back, and we think Instagram has taken a very big chunk from this and we are already available on that platform.

Moderator: Thank you. We have the next question from the line of Shrish Vaze from Moneylife Advisory Services. Please go ahead.

Shrish Vaze: My question is pertains to the larger business model that we operate in now in the 90s and 2000s are mostly due to the fact that you control the distribution through CDs and DVDs which is not the case today and we now have emergence of new startups like UnitedMasters or new CD which is located in the west which are kind of helping artists bypass music labels and distribute their content online while they keep small percentage of the fee, sir I wanted to understand how is Tips going to navigate this coming disruption moreover as UnitedMasters is right now raised large amount of funding from Apple and Google and it is now deciding to enter India?

Kumar Taurani: See as I have told earlier everybody needs a quality catalogue I think without catalogue many companies are trying to do that, but they do not have a good catalogue. So, ultimately they will realize that what is the importance of music label and it is not only money it is a hard work of so many years, but today and these aggregation companies are trying to create artists particularly I think they are going to big artists and saying okay you want 2 crores and maybe companies are not giving you so give content to us free and we will make you 2.5 crores, we will just charge you 5%, 10% whatever small percentage and you own your copyright they give such stories, but I feel long term it is not going to sustain because who will invest the money. Will artist be putting their own money? If he is not getting 2 crores maybe he is getting 1.5 crores so leaving 1.5 crores he is going on his own. So, 1.5 crores he is spending from his pocket, if money is not coming in his pocket plus 50 lakh more on promotion. So, in 2 crore if one song works how much he is going to earn and if he releases 3 or 4 songs and in that 1 or 2 songs flops then money will be zero. So, I think big companies because of their old catalogue revenue they can afford those kind of hits.



Artists cannot afford impossible I think it would not survive I think I feel it is very difficult. They have to pay sufficient money to artists, artist will not give them content for free. Artists will charge them big monies they will realize that later.

Shrish Vaze: My second question pertains to the future of the film business post the demerger so till now our films business kind of we have been in a way cross subsidizing the losses of our films business through the profit that we have been generating in our music business, now after the demerger how do you see the films business planning out and breaking even on the bottom line?

Kumar Taurani: See film business is see last two, three years even film business has become very positive because of entry of all digital players, OTT players, Hotstar, Netflix, Amazon, Zee5, SonyLIV and many others. So, I think it is a profitable business you have a new kind of revenue stream you can make money from here. Also earlier there was a theatrical distribution India overseas and music revenues and satellite revenues and there was a big revenue, video revenue, but video revenue has vanished over the years. So, this is kind of a video revenue has come back and because of this pandemic mid-size and small size films these players need lot of content. They want a huge content because they are charging money to their customer and they have to make their customer happy and that is a future if they have a 10 crore or 5 crore subscriber you can imagine what kind of money that will be. So, everybody is fighting for that and people are subscribing so I feel even film business will do really well, but we have a plan for that also. I think let this demerger happen, we will discuss about that as well. Also last question actually if I say something everybody is listening so your question was artist if he releases music on his own, please understand 40,000 songs, 50,000 songs are being uploaded on Spotify everyday, how many such artists have grown big. So, it is very difficult at this point.

Moderator: Thank you. The next question is from the line of Pradumn Dalmia from HNI. Please go ahead.

Pradumn Dalmia: I have two questions and I will put forth together only first of all I need to know what is the long term value of a song or rather a lifetime value of a song, have we ever tried to ascribe a number to it and secondly what sort of average cost of acquisition for a song category wise like Bollywood how much it is, devotional how much it is and regional how much it is or maybe I am okay with an average figure across category also.

Kumar Taurani: Let us do in my parts. I will answer your second question first that what is the cost of the song? Cost of the song you can say the film music which we take film music we do not buy song wise, we buy on an album wise, film wise. Film industry you can say in Hindi films you can get from Rs. 5, Rs. 10 lakh onwards so maybe 25 crores it is in this range the big picture, the big actors, big music composer so you have to pay more and more and more and as far as non-film is concerned non film also Hindi normal popular song pop song is there so you are investing from Rs. 1 lakh to 2.5 crores or 3 crores.

Pradumn Dalmia: These are the cost of entire albums or per song?



- Kumar Taurani:** Per song. Movie I am talking full album, full value three song, four song, five song whatever will be in the movie you will get it and this is a thing I am talking about and as far as regional languages are there the small regional languages are there or spiritual that you can say Rs. 25,000 in that also you can get the song and if your access is more than you will get in Rs. 50 lakh so that is the range in that. So, this we can do and your other question was can we value our song that over the years what will happen, what will not happen.
- Pradumn Dalmia:** Meaning in one song whatever life is there 20 years, 25 years including the life of the intellectual properties on an average is there a value that we can ascribe to that song so for this song lifetime value Rs. 50 crores?
- Kumar Taurani:** Actually, we cannot value that so it is very difficult and your valuation in totality the earning which will be there according to that the multiple which you get in totality it comes, but each song wise it is very difficult it has not happened anything like that and it is very difficult, but what happens music has a more than 100 years life is there of music. So, I think like I am giving you an example there was a song of other company that is around 60 years old despite of 60 years old some ad person has to use that song so they have to give Rs. 15 lakh for 30 seconds. So, there are many such examples and if you will think Rs. 15 lakh when that movie was created for music company they will share some monies with their artist and whatever their terms of engagement, but song value from 7 years back or maybe 10 years, 15 years one old song has come that also in international company they have released in India also they have got lot of money for that. So, these things keep happening so I think you cannot value per song, but in totality quarter-on-quarter we are telling you.
- Moderator:** Thank you. We have the next question from the line of Ankush Agrawal from DPI Research. Please go ahead.
- Ankush Agrawal:** So, firstly can you tell me if we had any deal coming for renewal in this quarter?
- Kumar Taurani:** We are negotiating one deal let us see.
- Ankush Agrawal:** Last quarter no deal has come for renewal?
- Kumar Taurani:** Deal happens I do not remember many deals happens that is the normal practice of our business some happens in first quarter, some happens in second quarter.
- Ankush Agrawal:** I was trying to understand is what kind of upside we are seeing for the deal that are coming for renewal?
- Kumar Taurani:** Immediately I do not recollect, but one deal is there which we are talking for one deal.



Tips Industries Limited

July 28, 2021

Ankush Agrawal: Kumar do you mean all deals or do you mean just renewals, what he is saying in this quarter whatever is getting expired and in new deals renewals any new deal is happening you remember if you know please tell us?

Kumar Taurani: Our broadcast deals renewal has been done in last quarter on 1st April. For example, all our major TV channels for example Zee, Sony, Viacom and Star their deals have been renewed on certain terms. So, those renewals have come in place and those are the big major ones that has happened in like one quarter and that goes on for some period of time.

Ankush Agrawal: The amount of hike that we got from these deals like 5%, 10% or whatever?

Kumar Taurani: I cannot tell you exactly, but it is a good thing business is coming back to normalcy.

Ankush Agrawal: Sir what is the status of Gaana deals like last quarter you said that you are expecting in the month or so?

Kumar Taurani: We are discussing let us see fingers crossed.

Moderator: Thank you. We have the next question from the line of Harsh Patel from Alpha Alternatives. Please go ahead.

Harsh Patel: Sir you sound very bullish on the OTT platforms and the streaming platform my question to you is do you feel that multiplex and ratio share will die slowly as in this radio and multiplex to go down slowly and eventually die over a period of time?

Kumar Taurani: No, I do not think so because see radio when you go for your office or coming back to your home you listen radio maximum that was the consumption of radio, but because of this pandemic maybe that industry has affected, but I think things will get normal it will take 3 months, 6 months or it will take 1 year, but that will come you need a sustaining power if you have the sustaining power then you will bounce back I feel. As far as multiplex is concerned I think even multiplex will be very huge. Once this pandemic you will not sit at home you will go out so much time many people are irritated sitting at home everybody will go to cinema, everybody will go to restaurant, everybody will travel flight ticket, hotels then there will be so much rush then in music also we will gain a lot because you will go to shows, music parties will happen many such thing will happen because this one or two year suffering is there the frustration which has been accumulated I think people will take out big time in next one, two years' time this will be a huge.

Harsh Patel: Sir you have said that there will be 50 lakh subscribers by 2023 it is there in the investor presentation Spotify has a plan that their user base will go to 100 crore, so by 2025 they have this plans so 50 lakh is a very small amount given the fact that we have one-sixth of the total population that would be around 16 crores of users if I calculate it that way so 50 lakh on a 16



crore basis less than 5% subscribers you have, so do you think that calculation EY would be very conservative what do you feel?

Kumar Taurani: I think it is conservative, but in India you have to realize one thing that free services work, and only when free services come with some bit of pain then also people do not mind because of money the attitude is little different, but when you do not push really OTT you thought that more ads are coming, disruptions is more then customer will pay, but remaining I think it will take little more time, but then also if it will happen it will happen if it happens in one year or it happens in three years, but it will bounce. If you remember satellite business how did it happen first direct cable operator used to give us then suddenly Tata Sky came, Airtel, Dish TV today in every house Tata Sky is there so that will happen so it will 100% happen.

Harsh Patel: Sir just one last question for the last three quarters do you have you are clocking 19 crores of EBITDA per quarter, sir do you think this is sustainable because I was calculating from 2010 to 2020 your total EBITDA if I take a sum that was 99 crores plus minus, but for the last few quarters we have done significantly well, sir what are the reasons you are doing such a good number and how much sustainable is this?

Kumar Taurani: It is sustainable before the film business which was there we used to get lot of hits that will get separated so we would not have that problem plus music business in one quarter there has been less or it maybe more, but we have to see overall what is my year end what I am achieving it might happen that one deal it should be achieved after two years or two months before and it might happen my big release in last quarter it may come in first quarter it may not come. So, these things here and there it might happen as we are talking to you and you are talking to other companies and one international company is also in public domain so you are seeing all these things you will compare you will slowly realize and then you will understand what kind of business this is. So, I think I do not see any problem I see everything will be good.

Harsh Patel: One or two quarter lag, but you are telling us further for final?

Kumar Taurani: 100%.

Moderator: Thank you. We have the next question from the line of Basavaraj an Investor. Please go ahead.

Basavaraj: My first question is about the Saavn deal if I am not wrong Saavn happened three years back and we received consumption revenue from them **this quarter?** which I believe was for renewal in the beginning of this Q1, has the renewal happened ?

Kumar Taurani: Actually Saavn renewal happened in pandemic time last December was their expiry so we have renewed their deal. So, deal has happened and I think till March 22 we have or December or March we have a deal so December 21 we have a deal with them locked properly and we are getting money regularly no problem absolutely.



- Basavaraj:** Did we raise in the rates while renewing?
- Kumar Taurani:** Yeah because of pandemic we had some kind of not very big raise, but small raise we got.
- Basavaraj:** My second question is about the film library revenue, how are we doing on that like around 14 movies maybe Punjabi and Bhojpuri you mentioned in one of the calls where for renewal for the movies, when can it happen when can you expect it to happen and what will be the size of revenue?
- Kumar Taurani:** Our majority films have already been sold to company and that is coming back to us and in year 2026 and 2028. Few films have opened now and few films are coming back to us in 2023 so that we are negotiating with one or two parties let us see what kind of money we get. So, I think in this year we will get that deal going on.
- Basavaraj:** Is it like 12 to 14 movies this year renewal?
- Kumar Taurani:** I think in that lot 6 Hindi movies are there and then rest there are some Punjabi movies and then few are Punjab dubbed into Hindi those movies are there in that lot.
- Basavaraj:** And what will be the price can you tell me of the revenue?
- Kumar Taurani:** Size of the revenue actually I cannot tell you because negotiations are going on so let us see I think you have to wait for that we will tell you.
- Moderator:** Thank you. We have the next question from the line of Tarbir Shahpul from Elara Capital. Please go ahead.
- Tarbir Shahpul:** I have this two short questions one what is the current employee expense of both the companies and secondly guidance that you are giving of 25% I am assuming this would exclude any new contracts or partners if you sign on?
- Kumar Taurani:** What is that 25% I have not got that.
- Tarbir Shahpul:** When you are saying 25% revenue growth you can do this year I am assuming that does not include any new partnerships that you might be looking to sign on?
- Kumar Taurani:** I do not think any new actually not that can be more. I think that will be extra I agree with you 25%.
- Tarbir Shahpul:** And does that 25% include even outdoor activity reopening of your events and everything?
- Kumar Taurani:** Yeah that is included in that, but new players and new contracts are not included new parties.



Tips Industries Limited

July 28, 2021

- Tarbir Shahpul:** And sir what will be total employees of both film and music division right now?
- Kumar Taurani:** Chellani can you tell that how many employees we have in films and industries?
- Sunil Chellani:** We have 80 plus.
- Kumar Taurani:** Separately how many people for industry and how many films 60, 65 and maybe 15,20?
- Sunil Chellani:** Yeah we can say means 65 and 15.
- Tarbir Shahpul:** Will that stay the same for the next two years?
- Kumar Taurani:** Maybe one or two people here and there actually we are looking for a senior person to join us. So, we have one or two senior people we will take.
- Tarbir Shahpul:** In what capacity role and why are you looking for that?
- Kumar Taurani:** I think new generation is getting ready, but I feel there has to be little more what you say professionalism and little more we need one person of 50 years, 55 years of age maybe he can tell us his experience and he can maybe take us on a different more value to the company. So, we are looking at that we are exploring that option.
- Tarbir Shahpul:** No sir I am trying to understand what kind of role would this person be?
- Kumar Taurani:** I will give him entire business responsibilities I will give him to look after business responsibility.
- Tarbir Shahpul:** You are thinking of CEO designate of some sort?
- Kumar Taurani:** Yes.
- Moderator:** Thank you. We have the next question from the line of Onkar Ghugardare from Shree Consultancy. Please go ahead.
- Onkar Ghugardare:** The question was regarding what kind of cash flow to profit you can generate in the coming years and what would be the ROE and ROC you can generate or can you maintain the kind of ROC and ROE you have generated so far in this financial year?
- Kumar Taurani:** Yes I think we will maintain all that and as I told you 25%, 30% we will have a better top line and we will try to maintain even that in bottom line as well and we will also be looking at to maintain all those ratios on that level whatever we are doing today.



- Onkar Ghugardare:** My understand was to know that how much of the profit can be transferred to the cash flow generation I mean how much percentage that would be of the entire profit can be converted into cash flow?
- Kumar Taurani:** Chellani what will be that I think this year about bottom line.
- Sunil Chellani:** Whatever ratios you have seen in previous year '19-21 we will maintain the same ratios so for cash flow is concerned as well as net cash to the company both are disbursement. If you see the last year turnover was 90 crore and cash flow was 41 crores you can expect the same ratio this year also.
- Kumar Taurani:** So, around 50% conversation you can expect.
- Onkar Ghugardare:** Have you formulated any dividend policy or something like that?
- Kumar Taurani:** I think dividend it is better we do buyback than dividend we do that. Last year also we did that and this year because of this demerger we have not done anything, but we have dividend, but we will do buybacks and dividends we will do that keep doing that.
- Onkar Ghugardare:** Have you formulated any kind of policy for dividend payout like total how much percentage you can give it back to the shareholders say 25% of the profit or say 50% of the profit?
- Kumar Taurani:** No we do not have any fixed policy, but year-on-year basis we will keep on seeing that, but maybe we will look at that what your suggestion we can formulate a policy for next two, three years and we can announce that. So, we will look at that and we will talk internally and we will talk to you in next one or two quarters.
- Onkar Ghugardare:** Because generally companies have or they formulate a policy regarding the capital allocation?
- Kumar Taurani:** Yes actually we will also do that, but I think let this demerger get over and then let us see how things are we will do that.
- Moderator:** Thank you. Ladies and gentlemen due to time constraints that was the last question. I would like to hand the floor back to Mr. Kumar Taurani for closing comments.
- Kumar Taurani:** Thank you everyone for joining us. I hope we have been able to answer all your queries in case you require any further details you may please contact us or Orient Capital our investor relations partners. Thank you so much. Thank you very much.
- Moderator:** Thank you gentlemen. Ladies and gentlemen on behalf of Tips Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.