



The Must Have HITS

August 1, 2023

To,  
Listing Department  
**BSE Limited**  
P.J Towers, Dalal Street,  
Fort, Mumbai – 400 001

To,  
Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (E), Mumbai – 400 050

Scrip Code: **532375**

Symbol: **TIPSINDLTD**

**Sub: Transcript of Earnings Conference Call**

Dear Sir/Madam,

In terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of earnings conference call on Unaudited Financial Results for the quarter ended June 30, 2023 held on Wednesday, July 26, 2023.

You are requested to take this information on your record.

Thanking you,

For **Tips Industries Limited**

**Bijal R. Patel**  
Company Secretary

Encl: a/a

**TIPS INDUSTRIES LTD.**

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# “Tips Industries Limited Q1 FY24 Earnings Conference Call”

**July 26, 2023**



**MANAGEMENT:** **MR. KUMAR TAURANI – CHAIRMAN AND MANAGING DIRECTOR, TIPS INDUSTRIES LIMITED**  
**MR. GIRISH TAURANI – EXECUTIVE DIRECTOR, TIPS INDUSTRIES LIMITED**  
**MR. SUSHANT DALMIA – CHIEF FINANCIAL OFFICER, TIPS INDUSTRIES LIMITED**

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



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 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 ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

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

**Nikunj Jain:** Good morning ladies and gentlemen. I welcome you for the Q1 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 and Mr. Sushant Dalmia – Chief Financial Officer.

Before we proceed with the 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 risks and uncertainties. For more details kindly refer to the investor presentations and other filings that can be found on company’s website.

Without further ado, I would like to handover the call to the management for his opening comments and then we will open the floor for Q & A. Thank you and over to you, sir.

**Kumar Taurani:** Good afternoon everyone and welcome to the Q1 FY24 Earnings Call of Tips Industries Limited. It is my pleasure to share with you the highlights of our performance during this quarter.

At Tips Industries we have been working hard to create and deliver high quality music that resonates with our audience. Our efforts are yielding results. The company has reported a revenue growth of 54% for Q1 FY24 as compared to Q1 FY23. We now have over 85.5 million subscribers on YouTube in Q1 FY24. Our YouTube views were 48.3 billion, YouTube views have grown 132% compared to the same quarter last year.

The board has declared interim dividend of Rs. 1 per shares as part of our ongoing efforts to reward our shareholders. With this I will hand over the call to Sushant Dalmia our CFO to take you through the financial performance in detail. Over to you Sushant.

**Sushant Dalmia:** Thank you, sir and welcome everyone to our Q1 FY24 Earnings Call.



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As you know at Tips Industries we charge off the entire content cost in the quarter of release. We have followed this policy since the inception of the company and we will continue with this accounting policy in future as well. We find this to be the most prudent way of accounting for our business. However, we continue to receive a lot of questions about the impact of our conservative accounting policies on our numbers from both our existing as well as the potential new shareholders. To clarify the impact of different accounting policies, we have done some calculations and I will share the same with you. If we were to follow the industry accounting practice of amortizing content cost over 10 years then our EPS for FY23 would have been Rs. 7.91 compared to a reported EPS of Rs. 5.91 which means it would have been higher by 34%. We will be doing this calculation on an annual basis and will continue to share the outcomes with you.

Now let me take you to the financial highlights of the quarter gone by:

The company has reported a healthy quarter. Our revenue for the quarter was Rs. 52.6 crores as compared to Rs. 34.2 crores in Q1 FY23. Year-on-Year revenue growth was 54%. Operating EBITDA for the quarters stood at Rs. 35 crores versus Rs. 22.4 crores in Q1 FY23 that is an annual growth of 56%. Operating EBITDA margins were at 66.6% for this quarter. Our profit after tax for Q1 FY24 stood at Rs. 27.1 crores versus Rs. 17.2 crores in Q1 FY23 a growth of 58%. PAT margin for the quarter was 52%.

With this I open the floor for discussions.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Swapnil Kabra from SK Enterprises. Please go ahead.

**Swapnil Kabra:** Sir my question is that sequentially if we see the YouTube views then we have seen a good growth for example from 33.6 billion views our views has become 48.3 billion, but same if I observe the topline then our topline has been almost flat means our topline is moving around Rs. 50 to Rs. 53 crores. So, sir is there any specific reason behind this?

**Kumar Taurani:** In the YouTube views, it is a combination of normal videos and shorts. Shorts is a new one as you know there is a big craze in shorts, so many views are coming from shorts, so that is an impact of it and it is also counted here.

**Swapnil Kabra:** So, sir in the last quarter also views from shorts must have been considered? So, sir do you mean to say that shorts has increased disproportionately, that is why views are much high?

**Kumar Taurani:** No, from which quarter are you comparing? From first quarter?



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- Swapnil Kabra:** I am comparing sequentially, sir. I am talking about Q4 FY23 and Q1 FY24. Sequentially our YouTube views are showing huge jump, but topline is almost flat, so this is my question, sir?
- Kumar Taurani:** Sushant, how much is the difference between Q4 and this year's Q1?
- Sushant Dalmia:** Q4 it was around 33.6 billion and in Q1 it is around 48.3 billion views.
- Kumar Taurani:** Okay this is for one quarter, so I think there is a huge jump in shorts. So, there is a big jump in Shorts, in normal long video too there is a jump.
- Swapnil Kabra:** Just a request, sir if you put shorts views separately in presentation, we will get a better idea for understanding.
- Kumar Taurani:** From the competition point of view we can't do that, so if we give it together it is better for us because we can't release our actual numbers, there is a competition also going on, so you please understand that a little bit.
- Swapnil Kabra:** Sir another question about radio industry, so you were explaining that we have some dispute with radio industry, so, sir can you share some insights regarding that dispute like how far has that dispute being and in future how can it be an advantage for us? What could be its potential?
- Kumar Taurani:** From the past 10 year the dispute is there and one copy write board has passed an order before 10 years and that order was valid till 2020, we got the permission for 10 years, but we fought against that order when we used to govern through PPL and after that in 2020 when that order was over then the government made a copy write board and board has given order in our favor plus that case which the copy write board ordered in 2010, we have won that case from Madras High court and now radio industry has gone in a higher bench or court, so again the fight is continued there, but I think ultimately one day will come that we will see a big money coming from radio not very big, but a substantial amount will come to the industry which will be divided among us and definitely its impact will come.
- Moderator:** Thank you. The next question is from the lines of CA Garvit Goyal from Nvest Analytics. Please go ahead.
- CA Garvit Goyal:** Congratulations for a good set of number, sir. My first question is in your presentation names like Instagram and Facebook are not getting appeared while the image were there in as our digital partners in last presentation, so what is the reason for it, sir?
- Kumar Taurani:** Instagram, Facebook we have not renewed our deal. Last time when we had the deal with them their numbers were very huge we thought they will give my content for 2 billion people. If you are showing my content to 200 crores people or they are being entertained then we need a correct price, so at that time they said that it is initial, we are launching, we don't know what will happen



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and going further we will work out more make a model like YouTube where customer or fan follower sees your content then some sharing is done and everybody's revenue will be increased we will also make money from Instagram, but after 2 years they have not done anything in that, there was no progress and they again said that for next 2 years also without any reason marginally we will give you lump sum money and you give this to us. Where we felt no, we should get a huge amount where our consumption was very huge and for that we done many negotiations with them, for 2, 3 months negotiations were going on, but ultimately in February we said stop using our content because what you are offering us is too less money, so we can't do that, so for this reason we are not in Instagram now.

**CA Garvit Goyal:**

Sir if this deal is not renewed so in FY24 how our revenues are going to be impacted?

**Kumar Taurani:**

You see we are not in Instagram, but similar kind of app is there in YouTube for shorts, so here or there app will come, if today you want to listen to a song or want to do some fun or entertainment with the song then you will do, you will find something else you will not leave. If you want to listen to any song you will, you won't stop listening to it doesn't happens like that, and if you see last year also we were not there in Wynk and not there in Saavn, now we are back in Saavn, and we are doing, so I don't think there is any impact on music. I am okay with that, if we don't put our conditions, the service which can be of Rs. 500 crores in next 5 years but remains of only Rs. 20 crores, Rs. 25 crores, Rs. 30 crores or Rs. 50 crores, so it cannot be done, we have to aim for a bigger thing. For a bigger destination sometime, we have to lose some small things that is fine.

**CA Garvit Goyal:**

Second is, we did 56% kind of OPM margin in FY23 and in this quarter it is around 66%, so how do we see this metric on full year basis for FY24 going forward?

**Kumar Taurani:**

I think our target for this year is our target and I strongly agree it is achievable, 30% topline will grow and 30% bottom line also will grow.

**CA Garvit Goyal:**

Sir I was asking from the OPM margin perspective, sir? So, last year in FY23 you did around 56% margins OPM EBITDA margins and in this quarter, first quarter it is 67%, so that is why I am asking on full year basis what is your target for the EBITDA margin, sir?

**Sushant Dalmia:**

Mr. Goyal, in terms of EBITDA margin, will be similar to last year and let us say this quarter currently 66.5 don't compare it on a quarter-on-quarter basis and compare us on a full year basis that would be the request and the topline and the bottom line will grow by 30%.

**Moderator:**

Thank you. The next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead.



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**Ravi Naredi:** Taurani sir thank you again for posting nice result. You are magician in this industry and doing good things for the company. Sir YouTube user rises 41% in quarter 1 against the quarter 4, so where you see optimum level of this user base?

**Kumar Taurani:** Raviji I feel that this YouTube is like an ocean and I really feel that we have just started anything can happen suddenly you will see this is very big, to do its estimation is unlimited, but our basis is that we have to estimate ourselves conservatively or midway, so we make an overall estimate and for this year also which is 30% in the top-line and on the contrary which came in bottom line which say that 15%, 20% growth will do, but this year I think that we will also grow 30% in the bottom line, so you take this as a benchmark. If you see that in 21 we had a topline of 90, but next year in 22 we had a 135, topline had a 50% growth and next year, last year we did 186, 187 which was a growth of 38%, so if you see in 21 from 90 it became 186, 187 in 23 in 2 years little more than double, so I think 30% topline and this way bottom line will also grow by 30% which is our target. So, you take that as a benchmark and I think if it can increase then it can increase more, I will not deny this, it is really a big thing.

**Ravi Naredi:** Sir in this June quarter, net profit has come up by 58% and you are saying 30% only. Growth of above 50% has come in June quarter itself.

**Kumar Taurani:** Earlier also you have been told that in ours industry please don't value us on quarter-to-quarter basis, sometimes more content is released.

**Ravi Naredi:** Not doing quarter-to-quarter at all, but whatever the things are going on it seems that in this industry as you are saying is an ocean and we cannot see the end here, so it seems like that only. Sir content cost is Rs. 12.2 crores and rising continuously that is good also, so have you make up your mind how much it will be in percentage of revenue terms? It is 22%, 23% now? That we have to take this much percentage of turnover as content cost, is there something like this image in your mind?

**Kumar Taurani:** Yes, I feel that our content cost should be 28%, 30% which is used to be our topline, around 30% if ever we get good content then we should go up to 32%, 33%, 35% also, but I feel it should be in that range only.

**Ravi Naredi:** Sir, now film music has become very expensive, how are you dealing with this situation?

**Kumar Taurani:** See we don't go into the bidding like what others use to do, we have our own relations with some of the companies and we sit with them and after doing some alterations in their real values we do a bit of bargain and we close the deal in the first meeting itself then only business can be done. We don't need much. We want 4 to 6 movies a year and we are very happy because one good thing that you will see that from the last 2, 3 years what our record is saying without having 2, 3 big services with us, where our music was not available and where we didn't had much new releases, we were growing at 50%, 38%, in 2 years we are getting doubled, so our old repertoire,



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our old catalogues for that we do some song recreations and it is going great and now also I feel that it will grow day-by-day, so if new releases are coming then for that we need limited new releases, if we get 4 or 5 it will be enough for us, so we will maintain that and we will grow and I think for the next 20 to 25 years we don't have to worry.

**Ravi Naredi:** And whatever movie we would make at Tips Film, its music will be with us only or we can sell it if we get more cost?

**Kumar Taurani:** Already last year we appointed a valuer they gave their report which we shared with our auditors plus shared with our Board of Directors and got clearance with both of them then we will do accordingly at arm's length we will purchase music of our Tips Films .

**Moderator:** Thank you. The next question is from the lines of Priyankar Sarkar from FamyAnanta Capital. Please go ahead.

**Priyankar Sarkar:** Only to touch based on the IPRS part, sir what was the growth of IPRS in FY23? I am not looking quarterly the result and sir how is the outlook going to be from this revenue coming from the IPRS segment?

**Kumar Taurani:** Yes IPRS is a publishing body. We settled with IPRS in 2018, so when it was settled in 2018 at that time their collection was Rs. 50 crores and I think this year in 2023 whereas my knowledge is concerned they have collected Rs. 500 crores plus and your question on last year 22-23, I think last year it was Rs. 400 crores or Rs. 425 crores and this year it is Rs. 500 crores and there is a pretty decent growth there also. One good thing is that growth is also happening plus the old settlements are also happening which they have not given the money that is also coming and my thinking is that in the next 5 years that society can earn up to Rs. 1,500 crores, so that is why a big business is going to happen I feel.

**Priyankar Sarkar:** In FY23 Rs. 400 crores and in FY24 expectation is of Rs. 500 crores for the industry? Means you are saying in 3, 4 years it can go up to Rs. 1,500 crores?

**Kumar Taurani:** Yes, Rs. 1,200 crores, Rs. 1,500 crores should happen I feel.

**Priyankar Sarkar:** Actually my main question is how does it come from IPRS?

**Kumar Taurani:** Everyone has to give them money, before they don't use to give them and also you have to give publishing rights so they will get money.

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





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**Mayur Parkeria:**

Sir congratulations on good set of number and again congratulations for continuing with the 100% content write off policy. Every quarter just reiterating this and congratulations, so that I don't intend to change that, but it is an amazing policy and I think, sir in the start of the call you mentioned that we have done some working with respect to if the content cost was to be charged over 10 years, how the profit would have been looked? Sir I think we should be the benchmark and let others do the recalculation of what if their profits would have been impacted had they followed you, I don't think we need to follow the others policy. This is the more rational and conservative and let others follow you rather than we following the other practices, so that was just my small observation. Sir on the content cost, in press release we mention Rs. 12 crores, sir my request is if you can add that in the presentation table also then same information we can get in the presentation also, so along with the results table because otherwise in presentation the results table is actually replicate of your statutory release, so in that if we put content cost separately then presentation value is added and the information is similar on both the presentation and the press release that is a small request. Sir this time you talked about the industry revenue Rs. 2,200 crores, Rs. 2,500 crores and we are closer to 187 we will talk only about March '23, so that is approximately 9% market share. Sir over long period of time over 4, 5 year do we have any target that we want to reach there in terms of market share or do you think that normal industry growth will play? I know we have outperformed the industry significantly, but do you think that do we have any market share in our mind with respect to which....

**Kumar Taurani:**

So, the first suggestion which you gave of 10 years which we compare, this is just a comparison and I reassure you all that we will never change this policy. We are very stick on that this is very good for our long-term benefit, we should keep writing-off quarter sale like PS 2 we released on 15<sup>th</sup> March only one song was released, but we written-off in that quarter itself, last year it was gone, so you be assured we will never do that only for your reference it was made a bit easy and this is what I want to communicate with you plus your other suggestion regarding content that it should be in presentation, I agreed that point also, we will put it there it is not a problem and third you said our market share what we have estimate I feel that in the next 3, 4 years our target is we come to 11%, 12% market share also we should look for that. So, I feel the way our content, our catalogue, our repertoire is performing and our target in how we need to perform in new releases, how we should play in that, according to our thinking this it is possible to achieve this 11%, 12% and we will achieve it.

**Sushant Dalmia:**

Mayur just to add the content cost is there in the presentation. We have highlighted separately in our P&L. You can refer to slide number 14. You can see the line item, content cost.

**Mayur Parkeria:**

Slide #14 is investigating financial performance.

**Sushant Dalmia:**

Page #14. There is a P&L statement and you will see the content cost separately highlighted over.



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- Mayur Parkeria:** I am so sorry my apologies, I missed that. I am so sorry. Thank you so much for highlighting this. Secondly if we talk about this industry revenues then in that based on your understanding of how the industry is shaping up, sir in that subscription revenue I am sure would be very small and marginal. Sir how do you see that shaping up? Or do you think that in the next 4, 5 years what we need to focus on is same share of advertising revenue and other revenues which will come through its subscription revenues, how based on your understanding how the platforms and other things your consumer behavior, what would be your current scenario and how do you see that in the next 3, 4, 5 years?
- Kumar Taurani:** I think both will survive, subscription will be very big I strongly believe, in 4, 5 years it will be quite big and both will survive ad model will also survive. India is divided in 2 parts, one India is located in cities and one India is located in rural and I think in rural advertising model will go and in cities people will subscribe that they don't want ads, they want a clean music or a clean video, so I think both models will survive and both will give money. Today the growth in subscription will come from cities and from rural a lot of growth will come in advertising model, so I feel both will survive and growth will come in both.
- Mayur Parkeria:** That means we can see 4 levers for growth, one is subscription revenue, I think industry level grows then we will get its share also that will be one growth, secondly you are saying this IPRS growth will happen, then through radio it will happen but it will be not meaningful, but that will also happen and fourth our own films launches and due to it a better visibility increases then sir all this should play out over the next 3, 4 year right?
- Kumar Taurani:** Yes absolutely.
- Moderator:** Thank you. The next question is from the line of Mythili Balakrishnan from Alchemy Capital. Please go ahead.
- Mythili Balakrishnan:** Wanted to check whether Saavn and Warner the revenue has started for us or is that something that still not there in the current topline?
- Kumar Taurani:** Warner is already launched 3 years money is coming we are showing in our every quarter-on-quarter basis and Saavn also we have started in March, so every quarter Saavn also it will come and only left out is Instagram and Wynk Airtel that is it. We are available on all other platforms.
- Mythili Balakrishnan:** Wynk and which one is the other that you said?
- Kumar Taurani:** Instagram, Facebook.
- Mythili Balakrishnan:** But if agreement happened in March, okay then from March itself yours is okay. And secondly your doesn't mentioned the fact that there was some Rs. 3.75 crores which you had billed some person in 2022, could you just explain that what has happened there?



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**Kumar Taurani:** Last year there is a party who took license from us 2, 3 years back then we were negotiating with them, but they were not closing the deal and we try to meet the partner and end the talk, so that no serious matter happens, but again we say that they are only talking, so we put a NCLT case on them and now they have sent us a request that let us talk, so we have given that one and for that we said what will happen, ultimately settlement will be done or not or NCLT court will do the settlement, so that is why we have kept it aside.

**Mythili Balakrishnan:** In terms of the upcoming content could you just comment on some of the key movies that you feel there you will be able to do it over the next couple of your quarters?

**Kumar Taurani:** Tips Film's 2 movies are there Merry Christmas which is in Hindi, Tamil and Telugu plus we have a one more movie Ishq Vishk Rebound, earlier one Ishq Vishk came where we launched Shahid Kapoor and Amrita Rao and other than this in South we have a big film in Telugu Hari Hara Veera Mallu, Pawan Kalyan is the star and plus we have 2 movie from Balaji Telefilms Ekta Kapoor's production house, 2 movies are there one is The Crew, which is a big movie, its music will be very good and they make good music, the producer director setup is there that one will come and the other is Buckingham Murders, Kareena Kapoor and Hansal Mehtaji are making the movie and that is also of Balaji. These 4, 5 big movies are with us for this year.

**Mythili Balakrishnan:** And all of them will probably get released this year itself?

**Kumar Taurani:** Yes, all these will come this year which I named.

**Mythili Balakrishnan:** Sir I wanted to ask is there any pressures from YouTube or other people to accept a lower share on the ads revenues per se because you know the manner in which your views are growing in the same manner your revenues are not linearly increasing, so just curious on that front?

**Kumar Taurani:** There is no chance as you know we fight a lot, Tips is famous for quarrels, we do not accept very soon because our content has value and are exclusive content, sharing content takes a lot of effort and no one has ever said that and always matter of going up is said. The only thing is happening is that our views are increasing, but the matter is that we have to keep the audience engaged, so slowly the audience feels that today I am getting it free, but ultimately everybody will pay, if you see in the TV industry also we used to take cables very cheaply, but ultimately we all shifted to digital and in that we bought Zee's dish antenna or bought Dish TV or bought Tata Sky or bought Airtel, somewhere majority of people have taken those lines, so I feel that we have to keep the customer involved even though he is getting used to it that he is consuming that content even though he sees it with ads, even though little money comes, so at least we are making them engage, they will come further, but ultimately everybody will pay. As I told earlier 2 models will be there one is subscription, you watch ad free and second one is ad and they will show you ad abundantly if you are not giving the money, you would also realize it yourself if you constantly watch YouTube then they will keep on increasing their meters for ads if you watch first 15 minutes content continuously then initially 15, 20 days you will be seeing without



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ads and after that they will slowly take you to 4, 5 ads in 15 minutes content, that is good for them also because ultimately they are also making a huge money, , it is an earning model they also have to grow every year, so I don't feel that anything will happen like that, not to worry at all.

**Mythili Balakrishnan:** And in terms of the non-digital revenue, in that could you just help us understand that what are the parts of it and what kind of growth are you seeing there?

**Kumar Taurani:** In non-digital revenue 3, 4 things are there, one is TV, other is radio and other is public performance where our music is played in shows, events, you go to hotels, go to malls so I think there is going to be a great growth, very good growth will be there and in TV everybody thinks no growth is there, but we are doing well, our content is going there. What happens there is that every TV station has its own priority, if he wants to spend Rs. 200 crores then he has Rs. 200 crores. Before 5, 6 years they used to keep us in 5<sup>th</sup>, 6<sup>th</sup> priority whether to take its content or not, many stations did not took our contents, but today we are in number 2 or 3 in their priority and whatever money we get and they have not made their budget, but they select which partner has to be given more money and who has to be reduced, if earlier someone used to get Rs. 10 crores maybe now he will get Rs. 5 crores, if we used to get 4 then now we will get 6, so the TV people do that permutation combination content value how our market share is increasing, if our content is selling good on digital, good on YouTube then why not TV will pay us more and according to our calculations we demand more from them, we are successful till now.

**Mythili Balakrishnan:** And my last question is on regional content, could you just help us understand that at present how much is your regional content? And incrementally is that something where we focus means it is better to be focused on the mainstream Hindi?

**Kumar Taurani:** In olden days say before 2005, 2006 we were available regionally everywhere, then we step back and we focused on a Hindi content and we will do Hindi only, will do small contents, but will be focused on Hindi only and was focused in Hindi only and after that when COVID came in 2020, we again started regionally, we started 10, 15 channel in whatever languages mostly we are there, but then also our focus was that 70% focus should be on main line and 30% focus on regional, but at present we are slowly shifting our focus 85, 90% on main thing and 10, 15% will be on regionals this is our thought going forward.

**Moderator:** Thank you. The next question is from the lines of Sagar Jethwani from Phillip Capital. Please go ahead.

**Sagar Jethwani:** We have taken 5, 6 film names where we wish to acquire the content, so out of this Rs. 85 crores, Rs. 90 crores full year guidance that we have given, so what will be the content cost in this 5, 6 films including promotions and all?

**Kumar Taurani:** I think major will go in that.



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- Sagar Jethwani:** Ballpark any number if you can provide?
- Kumar Taurani:** it could be between Rs. 50 crores and Rs. 60 crores.
- Sagar Jethwani:** Between 50 and 60 including marketing promotions etc.?
- Kumar Taurani:** Yes.
- Sagar Jethwani:** Okay that is first and second is that Saregama uses artificial intelligence in song selection, are we also using any kind of technology for same or is it purely judgmental?
- Kumar Taurani:** See the technology always enhances that how to enhance our business more, so everybody will use it. If today I say I will not use technology then I think there is no point because you have to use. We also have experts with us and very soon you will hear some more news from us about what we are doing and will tell you in next quarter, a lot is happening.
- Sagar Jethwani:** And next is you know in the last concall I had asked you, sir that basically in YouTube how many songs are there in which ads are played? Have you gone through that any comeback on that, sir?
- Kumar Taurani:** In my opinion even if the ads are less, but ads will still goes on. YouTube has criteria like age group is there, market is there, which kind of song it is, whatever customer adds he gets many things with that so I think ads will be there in every song, but you can say that maximum revenue will be on the top 2,000 songs.
- Sagar Jethwani:** So, we are not in a position to monitor those ads where is it playing because we get our sharing pool from the ads as well? So, that is why this question I thought to ask you.
- Kumar Taurani:** No, it will be there, I actually don't know its detail. I will tell you later. Girish can you find out and tell him about it?
- Girish Taurani:** Yes we can surely do that. In fact, the last time we had actually done some analysis we found that on every second video of ours we are getting an ad placed so we saw that number. We have done a deep analysis, but this particular aspect we will come back to you for sure.
- Moderator:** Thank you. The next question is from the line of Saket Mehrotra from Tusk Investments. Please go ahead.
- Saket Mehrotra:** Sir any visibility on how do you see the paid subscriptions shaping up like in the last 2, 3 years and across these quarters? Would be helpful to know what your views are?



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**Kumar Taurani:** Saket not much has happened what it should have been, but it will happen because many of the companies are pushing themselves to increase paid subscription like the music model of YouTube is already paid subscription and Spotify is also pushing its customers and tightening the bottom line for their free customers, so I think that this will happen and I think last year subscription revenues grew by 27%, that is good, but as the number is very little then in that 27% seems to be very little. This should increase by 200% in the next 1, 2 years, so let us see how it is done.

**Saket Mehrotra:** This quarter we have mentioned that we have released almost 259 new songs, is this across all channels and does it like includes, a lot of times I see we upload our old songs, does that accounts for that as well or?

**Kumar Taurani:** No, these are brand new songs. What happens is as I said before that from 2020 we improved our entry and we are entering in all languages and we have to touch in all languages, what opportunities are there or not, so suddenly we had to build one catalogue if any customer comes it is not that only 5 songs are there in the channel at least 100 songs, 50 songs should be there, so we went on for quantity and that target of ours has been achieved that we have decent number for our music in every channel and now we are like quantity is done and now we are focusing more on our better quality may be our number 259 will work this year we will do 700, 800 songs, but next year onwards may be we will do 200, 250 songs a year, so that is how we are thinking now, so we will see we will take a call in third or fourth quarter and see which way we should go further.

**Saket Mehrotra:** So, you are saying this 800 songs for a year? And then you are saying you will table it to 200?

**Kumar Taurani:** Yes this year we will do a target for 800.

**Moderator:** Thank you. The next question is from the line of Akshay Sam from Sam Capital. Please go ahead.

**Akshay Sam:** Tauraniji first of all congrats you and your team for delivering for the last few years consistently it is great for us as shareholder as well. Sir I have one question, our target is to become the top 3 music label in the country, but the thing is our content cost is not that much as of top 3 competitors, I know quantity is not always equal to quality wise, but the top 3 competitors of ours, top 4 heavily outs-spending us in terms of content cost at least what is shown in public views at least on the big budget films and all that, I mean what is your view on that?

**Kumar Taurani:** Yes that is true, but I think that content cost from the last 6, 8 months or for 1 year is such that it was double already now suddenly it has become 3 times of its actual price, so on the contrary we should be more cautious, this is also there, but parallel which you are drawing that we have to become number 3 label, I still feel it is achievable. I feel that whatever content we bring and if we really focus on good content and if good content comes to us then I still feel that we can



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achieve that target, so we are working our way towards it, let us see now ultimately what happens. I think we have to move with a target and future years will tell ultimately what will happen or not. Till now everything is going fine and we predict that whatever is happening now will happen in future also.

**Akshay Sam:**

Because ultimately the market share what we have gained in the future will also strengthen our hand in negotiating with the likes of DSP and Spotify and all this, so ultimately it will be beneficial for us in future. At least our company will become future proof as well.

**Kumar Taurani:**

In today's time that era has gone where negotiation used to do, MG used to meet, everybody 90% of the company is now saying what is your business we will do on that. If you do a deep study then earlier there used to be 3 priority level, many apps have refused them saying we don't want your content, that the amount what you are asking saying you have new releases this and that, but your performance is not that much, so they feel this is better than all those players, so the way we are happening on Spotify if you do a little bit of study then you will know that acquiring a content and performance of content is 2 different thing, so there are many issues in market and for us issues are decreasing and for others issues are increasing, so that is why we are very positive for this and let us see.

**Moderator:**

Thank you. The next question is from the line of Surbhi from PWC. Please go ahead.

**Surbhi:**

Sir congratulations on great set of numbers. I have 2 questions firstly on margin, we are seeing a specific improvement on margins in this quarter, so can you throw some light on how this margin improvement has happened and what has brought in our favor this quarter? I understand we should not look at it as an order perspective, but if you can share some insights here?

**Kumar Taurani:**

Sushant take this one. Sushant you tell.

**Sushant Dalmia:**

Primarily it is on account of content cost . It was around Rs. 12 crores, but what we say do measure us on a year-on-year basis for the full 12 months and don't look specifically on the quarter and the quarterly margins.

**Surbhi:**

Sir we followed this policy of booking the content cost in the same quarter of the release and now you said that we have added around 259 songs, this higher than the run rate of the songs that we have been releasing in the last 2, 3 quarters, so do you say something called softening or are there any other reasons behind this cost going down?

**Sushant Dalmia:**

Can you repeat your question?

**Surbhi:**

The number of songs that we have released is higher on a sequential basis and ideally in the case when the content cost is going up or the content cost has gone up or stayed in the same range where it was in the past 2, 3 quarters, if you are seeing significant savings on the content cost



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despite high number of songs that we released, so what explains this? I am trying to understand how the content cost has come down and show significantly for you in this quarter?

**Sushant Dalmia:** Primarily if you look there were no big movie song released this quarter, these were primarily let us say regional songs and Hindi songs both, but there was no big movie let us say last year we had PS1, PS2 and Freedy. This quarter let us say we didn't had a big movie song release but let us say to our 9 months as we have communicated in this call the pipeline is good for us.

**Surbhi:** Could you share some insights of what has been cost gone behind the new content and what is the revenue potential? So, with new release content which has been released in the last 6 months?

**Sushant Dalmia:** What we share typically let us say for every content the payback period would be around 4 to 5 years. It would be difficult to bring down and give you the 6 months number, but any content we acquire on a basket basis the payback period would be around typically 4 to 5 years.

**Surbhi:** Has the payback period stretched for you a little bit? Is this increasing consent cost there versus what it was say 2 years back?

**Sushant Dalmia:** Marginally it has, but as you know that we are not aggressively bidding for the content. We need quality content and that is why we are sticking to our payback period of 4 to 5 years.

**Moderator:** Thank you. The next question is from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.

**CA Garvit Goyal:** Just a clarification on in Page #6 in your slide, you have mentioned a movie Rs. 2,500 crores kind of in FY23 so what is the expected growth for that number overall industry for next 3 to 5 years because you are saying after 3 to 4 years you will be targeting somewhere 11% to 12% share in that, so that is why I am asking?

**Kumar Taurani:** I think the industry numbers are in between 15% and 20%.

**CA Garvit Goyal:** That means it will prevail for next 3 to 4 years as well?

**Kumar Taurani:** Yes.

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

**Mayur Parkeria:** Actually I forgot to ask last time, sir before 2, 3 quarter I spoke to you, had one request that this weekend on an annual basis or any periodicity, sir if you can give the understanding that how much of our revenue is coming through movie releases which has been before 2000 then before 2010, then before, if you can give a broad color after stacking that a little bit, is a suggestion, so





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that it will be good to know where we are lost and how we are good progressing, sir? You have told us we will see if we can do, just one more request again if possible.

**Kumar Taurani:** Actually, thinking is going on, our internal team is there to decide what to do, so we will tell you in 1, 2 quarters. We will come back to you.

**Mayur Parkeria:** And sir just one thing have we mentioned that in this year we are going to spend Rs. 85 crores, Rs. 90 crores because I missed that I think? Is that the target because 65, 70 I remember?

**Kumar Taurani:** We are assuming that whatever our revenue is the content cost spent will be around 30%.

**Mayur Parkeria:** As a percentage of revenue you are seeing. Last year we have spent Rs. 60 crores, so broadly this year's content cost will be in the same line or it will significantly increase?

**Kumar Taurani:** There will be a slight increase, will not significantly increase, but slightly will increase.

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

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

**Moderator:** Thank you. On the behalf of Tips Industries Limited, that concludes this conference. Thank you all for joining. You may now disconnect your lines.