Short note on Tips Industries Limited (As on 28-8-2023)

A Pioneer in the E&M (Entertainment and Media) industry.

About the Company

The Company is engaged in the business of Production and Distribution of motion Pictures and acquisition and exploitation Music of Rights. Tips Industries Limited (Tips) is an integral part of the Indian film industry. Over the years, Tips has carved a niche for itself as a boutique film production and music company. The co has a large music library with a collection of over **30,000** songs across various genres and regional languages. The co has produced and released around **40 Hindi films** in the past 20 years and also sells the theatrical,

satellite, and various other rights to distributors, broadcasters, etc. The co has a large music library with a collection of over **30,000** songs across various genres and regional languages. The co has produced and released around **40 Hindi films** in the past 20 years and also sells the theatrical, satellite, and various other rights to distributors, broadcasters, etc. The co. owns 2 factories that use internationally recognized, state-of-the-art machines specially imported from Italy and Denmark, such as Otari, Lyrec, and Tapematics. These factories incorporate digital bin mastering facilities, work on just-in-time inventory management systems and use in-house logistics facilities to deliver more than 1,50,000 cassettes per day to the Indian market. The co also has offices located in the United States, Dubai, and England where it operates via its licenses. The company is fully geared to produce 4-6 movies per year (which they further again reduced to 2-3 films per year due to the difficulties in the films business)

Legendary Investor Bill Ackman Letter on Music Industry

We have long believed that music is one of the lowest-cost, highest-value forms of entertainment. With Spotify and YouTube's recent price increases, all major DSPs have now increased prices by 10% for their individual subscriptions and more for family and student plans. Starting this quarter, these price increases began to benefit UMG's subscription revenue growth rate. While some investors were concerned that certain DSPs were delaying price increases in order to negotiate preferential terms, both UMG and other smaller music labels have confirmed that these price increases are governed by existing agreements and that the labels' revenues will increase pro-rata along with the DSPs. Over time, we expect regular price increases will become the norm in the audio streaming industry as they are already in the video streaming industry.

Phase 1 of Business

Focus of the Management:- Film Production and Distribution, Music (Annuity Income)

We are specialists in all aspects of film making

We are creating a significant bank of films that will generate annuity income for us, which will be used to make more films and generate bigger annuities in the coming years.

(Source:- Page 21 2010 AR)

Films

It was a tough year in 2009-10 for the film industry with the multiplex strike in the first quarter and the industry still recovering from the uncertainty of the global economic downturn. The appetite of large distributors to buy films from other production houses (as the distributers lost money and were reluctant to do so) was impacted. The multiplexes went on an indefinite strike in the first quarter and it took some time before the audiences came back. Besides, IPL and the swine flu provided challenges. Through the exploitation of other rights, the company gets annuity income. Films always have high quality of music. Music adds not just another direct revenue stream, but future annuity income too. With the increase in the number of multiplexes in upcoming years domestic theatrical revenues were expected to increase.

The company focused to do the distributions of its films on its own. Movies in that year like Ajab Prem Ki Ghazab Kahani, To Baat Pakki, Prince did emerge as one of the top three grossers. Tips worked hard to do the distribution of the movie themselves. The management envisaged to earn revenues from the movie for many years to come. Three films were made by Tips in the year 2009-2010.

By 2010 the music industry had seen the start of the revolutionary transformation of the internet and mobiles. Music piracy and pirated access to rich movie / music content was wildly available on the internet for the users to access. This would prove a hindrance to profitability of business-like Tips way back in those times. Year over year managements were looking for the share piracy to go down which would eventually mean more earnings for their business. Movie Production gets them cash flows by sales and pre sales gets them annuity revenues for films as well for the quality music they do make. Management always strived to reward their shareholders. In 2010 the company went for a buyback of shares. Indian Film Industry was valued at 165+$ Bln and the Music Industry was valued 5 $ Bln way back in 2010 which was expected to grow at the rate of 9%, (for the next 5 years from 2009, market size 110$ Bln). This made the Indian Film and Music Industry a huge market opportunity for film makers and distributers like Tips and several others. The Entertainment and Media industry was valued at 700+$ Bln (Films made a qtr. of the pie way back then). 350 crore people visited movie halls to watch these films in 2010. Rapid digitalization with more digital screens across the country would have lead to wider releases, higher theatrical revenues and a reduction in piracy. Revenues from the sale of Cable & Satellite rights are bound to increase hence more revenues for the company. The management was on the lookout for more avenues to generate more ravenues from home video, music, internet, international distribution rights and revenue generation from the increasing penetration of mobile. All these avenues the cash flows are realized over a period of time vs pre sales where the company gets cash flows earlier on.

(Source: - Page 15,16 AR 2010)
Dollar Rate to get the size of the industry taken at 82.5/-

As per the management the strength of the business is in their captive production and distribution of films
The management states that:-

The strength lies in our captive film production and distribution capabilities, which makes it possible for us to produce quality films at a low cost within schedule and work with credible distribution partners who can help us maximize our revenues. These films do not merely generate revenues during the time of their release; since they possess a long shelf life, they generate a reasonable annuity income through their film and music content. The Company distributes its own films rather than buy them from other production houses. The Company generated revenue from box-office collections, international rights, music, home video rights, among others. The Company intends to enter into a tie-up with a leading studio to invest, fund and distribute films made by the Company. Majority of its revenues through exploitation of its music on digital platforms like radio, mobile and internet and licensing its movies for exploitation through Cable TV, Satellite, Pay per view, DTH, IPTV, VOD.

(Source: - Page 8,9,19 AR 2011)

Race2 was released in January 2013, and became the first blockbuster movie
of the year 2013,with collection of more than Rs. 100 crores

Music

Tips made a foray into the music industry in 1980 by producing regional titles. The Company's music can be classified into two major segments – film and non-film music. Tips ventured into Hindi film music in the 1990s. Tips generates substantial revenues from royalties on songs that are played on radio, mobiles, internet. India has a large addressable market of music consumers. A Synovate Music Matters survey conducted in June 2009, revealed that 83% young Indians feel that music is a very important part of their lives. The size of the Indian music industry was estimated at Rs. 7.8 billion in 2009, compared to Rs. 7.4 billion in 2008, implying a growth of 7% during the period. One of the primary reasons for this marginal growth has been the increased acceptability of different digital distribution models, acceptability of music genres other than Indian film industry, and broadcast and public performance licensing revenues, all of which have not only compensated for declining physical sales but are also expected to drive growth going forward. A consistent volume degrowth of physical formats coupled with factors such as price erosion, piracy and a robust growth in non-physical formats such as mobile value added services, has contributed to the changing revenue mix. Physical revenues are expected to decline at a CAGR of 6.8% between 2009 and 2014. While the actual degrowth of formats such as audio cassettes is expected to be much higher, this is likely to be partially offset by initiatives taken by some leading music companies to release MP3 music on compact discs at price points similar to that of the ubiquitous audio cassette.

The Indian digital music market was estimated at Rs. 2600 Crore in 2009. Rapidly growing telecom segment, largely through ring tones and caller ring back tunes. As mobile and broadband penetration in India would grow and with the expected rollout of high speed data services, the market for other digital distribution platforms such as full track downloads, streaming music and subscriptions, will evolve and eventually grow further.

(Source: - Page 35 AR 2010)

Film music is core to the music industry having close to 65% of the industry's revenues. The company makes quality music for every film. They retain the music rights of all their films. It generates annuity income for the company. Tips had strong repertoire in music of over 25,000 songs. Film music, instrumental, classical music, ghazals, Punjabi music, devotional songs, regional language music, remixes. The collection ranged across several genres. This ensured a consistent revenue stream, year after year.

Way back then the music industry Was going through a state of transformation. In older times the music industry flourished through LPs, cassettes and CDs which eventually led to increase in piracy as the desktop computers became cheap and illegal copying of CD's cassettes became very easy for everyone. Then came the revolution of the move - mobile, internet, ring tones, radio and downloadable music, iPods, television. The preferred medium to listen to music changed with the enhancement of technology. Which business like tips thought of non-pirated, predictable revenue streams, which too got butchered in the upcoming years due to availability of movies and music from pirated websites which in hindsight were easier with the enhancement in speed of internet access on computers and mobile phones.

(Source: - Page 23 AR 2010)

Change of Consumption Pattern's

Digitization has changed the face of M&E industry forever. The consumption preferences and patterns have changed radically from the humble days of radios and cassette players. Today, music has to be made available to the consumer as they want it. We live in a 24/7 ALWAYS ON digital age. New devices like smartphones and tablets, the consumer today dictates her 'demand' – how, where, and when they want to listen to a song or watch a movie. Content has to be customized and made available in any format, platform or media that the consumer chooses. The company made 10,000 tracks (15,000 by 2013) available from their timeless collection of music to audiences in formats, platforms and devices of their choice (from Amazon to iTunes, from YouTube to Flipkart, from Saavn to Dhingana, from Mobile to Radio, Caller Ring Back Tunes). Advancement of speed of internet in those time's (3g to 4g transmission), the company got increased business from this space by 10% (digital music and films).
The social media presence and digitization drive opened new avenues for cross marketing and cross selling across platforms like Saavn, Dhingana, Flipkart, iTunes and Amazon.

View a trailer of our movie on YouTube, download music from iTunes and download CD/DVD from Flipkart is the now the new normal.

(Source: - Page 5,8,9 AR 2012)

Shift from physical mode CD / DVD to online mode

The music industry is going through many changes like the TRAI guidelines which are affecting our revenues. However, we are confident that our music business is all set for a bigger leap as internet rentals go down making downloading of content cheaper, and as 4G gets launched in the country, enabling downloading almost instantaneously. The company write off obsolete machinery, non-recoverable debtors and advances and thereby, cleaned up our balance sheet.

(Source: - Page 10 AR 2012)

Music

Future Outlook

Segment (INR billion)	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
Physical	2.2	1.8	1.5	1.3	1.1	-16.5%
Digital	6.4	7.8	9.6	11.7	14.3	22.4%
Radio & TV	0.7	0.8	0.9	1.0	1.2	15.0%
Public Performance	0.7	0.9	1.1	1.3	1.6	22.0%
Total	**10.0**	**11.3**	**13.1**	**15.3**	**18.2**	**15.1%**

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2012

The Opportunity Size and with the changes of consumer pattern. The physical sales business was projected to decline and Digital would see steep increases in upcoming years.

FILMS

Future Outlook

Film Industry (INR billion)	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
Domestic Theatrical	73.5	80.2	88.0	97.2	108.0	9.4%
Overseas Theatrical	7.5	8.3	9.2	10.2	11.5	10.5%
Home Video	1.7	1.4	1.2	1.0	0.9	-15.0%
Cable & Satellite Rights	12.0	13.7	15.6	17.8	20.3	14.2%
Ancilliary Revenue Streams	5.4	6.2	7.2	8.3	9.6	15.4%
Total Industry Size	**100.1**	**109.8**	**121.2**	**134.5**	**150.3**	**10.1%**

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2012

With the advancement of the Internet speed's the Home Video (Cassette, CD's) were expected to go down.

Some Key Attributes for the growing Music Industry: -

The music business of the Company is virtually risk-free with captive revenues in form of royalties. Digitization is opening up newer consumption platforms in the form of smart-phones and tablets. Aided with an increasing penetration of the internet, reducing costs of both devices and downloads wider reach of the radio, the music space is attracting newer audiences, resulting in a natural EXPANSION of the music space. India already had 176 million internet users and 150 million radio listeners till 2013.

(Source: - Page 9 AR 2012)

Cable TV Digitization

With Phase 1 rollout of cable digitization completed and Phase 2 rollout under way in 28 cities by 2013. 95 % of screens got digitized, and the industry focused hard to leveraging the power of technology in all aspects by 2014 <u>shooting on digital formats to distribution to monetizing content using Video on Demand (VoD) platforms to selling tickets online.</u> Digitization, driven by faster internet from 3G to 4G, was clearly turning out to be a game changer for the Indian media and entertainment industry. Multiplicity of engagement through more screens like mobile phones, tablets, laptops and Pc was to full scale way back from 2014.

Financial Analysis

(INR Crores/10 Millions)			TIPS INDUSTRIES LTD								Mar-23
Narration	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	TTM
Year Numbers	1	2	3	4	5	6	7	8	9	10	11
Sales	104	102	68	47	47	203	91	91	136	187	205
Sales YoY%		-1.27%	-33.13%	-31.30%	1.00%	327.96%	-55.23%	-0.51%	49.77%	37.75%	9.85%
Gross Profit	103.67	102.35	68.43	47.02	47.49	203.24	90.99	90.53	135.59	186.78	114
GP Margin	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	56%
Operating Profit	(5)	15	15	(3)	10	6	(2)	55	86	102	114
		-415.63%	-1.25%	-122.66%	-382.60%	-34.24%	-131.90%	-2844.78%	56.30%	18.17%	12.34%
Operating Profit Margin (OPM%)	0%	15%	22%	0%	20%	3%	0%	61%	64%	55%	56%
Operating Earnings Per Share	(0.31)	0.99	0.99	(0.24)	0.67	0.44	(0.14)	4.25	6.65	7.94	
%		-415.6%	0.6%	-123.8%	-382.6%	-34.2%	-131.9%	-3130.5%	56.3%	19.4%	
Other Income	1.83	1.46	3.07	19.40	2.44	4.48	17.83	4.89	3.21	5.36	6.35
EBIT	(5)	15	16	15	11	9	15	59	89	101	119
EBIT Margin%	-4.68%	14.52%	23.99%	30.92%	22.38%	4.66%	16.09%	65.45%	65.41%	53.84%	58.14%
EBIT YoY %		-406.39%	10.50%	-11.45%	-26.89%	-10.82%	54.43%	304.71%	49.69%	13.39%	18.62%
Interest	11	12	13	10	7	2	0	0	0	0	0
Depreciation	2	2	2	1	1	1	1	1	1	1	2
Profit before tax (PBT)	(16)	3	4	4	4	7	14	59	89	106	118.97
PBT Margin(PBT%)	-14.96%	3.23%	5.57%	9.15%	8.42%	3.59%	15.78%	65.43%	65.36%	56.56%	57.98%
Tax	0.73	0.61	0.78	1.32	0.87	4.45	3.02	15.76	24.07	29.12	32.52
Tax%	-5%	18%	20%	31%	22%	61%	21%	27%	27%	28%	27%
Net profit after tax (PAT)	-16.24	2.70	3.03	2.98	3.13	2.85	11.34	43.47	64.56	76.52	86
PAT YoY%		-116.63%	12.22%	-1.65%	5.03%	-8.95%	297.89%	283.33%	48.52%	18.53%	12.96%

The company has been able to grow its sales from 104 crore in 2014 to 187 crore by 2023. The sales have further grown to 205 crores in TTM (Trailing Twelve Months period). The company had 2 business divisions earlier (Film production and distribution, Music Business which have been de merged now). The business has not seen a smooth trend of growing sales year over year. Sales dropped to 47 crore by 2017-2018 which again saw a jump to 200 crores and subsequent decline to 91 crores before again it ramped up by 2023. The reason for the fluctuating trends of sales was due to the film production and distribution business which now has been demerged to Tips films limited and operates a different entity all together.

The revenues during the years for the business were as under

Crore's	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cagr5	Cagr10
Music	30.47	32.21	43.09	31.95	42.59	66.75	97.92	90.53	135.58	186.78		
Films	73.14	70.13	60.71	34.45	7.33	141	10.89	4.89	3.21	0		

Since the business has no direct inventory (with phase 2 the internet phase of the business) to deal with we get to see 100% gross profit margins. The business has a fluctuating trend of operating profit margins. The margins have wildly changed from as low as 0% to as high as 64% over last 10 years.

At several instance during their presentation in several reports across the public domain the management did highlight the difficulties they faced in the film production and film distribution space and how their music business took off with the rise in the internet. They are as under.

At several instances management highlighted their tough business conditions for the films business

In the film business, ups and downs are an integral and inseparable part of the business. While all films are made with passion, enthusiasm and hard-work, no one can guarantee success at the box office.

(Source: - AR 2014)

The film business is a very typical business where success depends on multiple factors ranging from script to story, from cast to music and from marketing to promotions. With the advent of digitization, every aspect of the film business has been radically changed from film production to distribution to exhibition. A big-budget film to be released simultaneously across over 5,000 screens, something unimaginable even a few years ago. 80% of the theatrical revenues are collected today in the first weekend itself. With such high stakes, success in the film business today is elusive. With audiences becoming more selective than ever. That is why at Tips we have taken a cautious and calculated approach in our films business.

(Source: - Page 8, AR 2014)

In our film business, we have been seriously considering many scripts for our new films. It is a tedious process that needs both time and patience. With stakes being high, one needs to be cautious and focused.

(Source: - Page 10, AR 2015)

Category A films continued to perform well but other category films had neither compelling content nor a pullback top league actor to attract audience. Audience have become very selective where films are concerned and content remains central to the success of films. Rising cost of tickets and availability of other modes of entertainment puts a lags on films. Domestic theater revenues saw a dip due to lack of content-orientated films.

(Source: - Page 29, AR 2015)

It was a disappointing year for films as there was a marked decline in revenues from domestic theatricals and satellite rights (C&S), the two key streams, due to poor box office performance of Bollywood and Tamil films. Key concerns for the films continue to be slow growth in screen count and the inconsistency in content quality.

Industry performance and projections: Film industry performance

Revenues (INR Billion)	2012	2013	2014	2015	2016	2017 p	2018 p	2019 p	2020 p	2021 p	2015-16 (YoY growth)	CAGR 2016-2021
Domestic Theatrical	85.1	93.4	93.5	101.4	99.8	106.6	111.8	117.9	124.2	131.2	-1.60%	5.6%
Overseas Theatrical	7.6	8.3	8.6	9.6	10.9	11.8	12.5	13.4	14.3	15.3	14.0%	7.2%
Home Video	1.7	1.4	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.5	-13.0%	-11.2%
Cable & Satellite	12.6	15.2	14.7	15.9	15.3	16.2	17.0	18.0	19.1	20.2	-4.0%	5.7%
Ancillary Revenue	5.4	7.0	8.4	10.2	15.5	19.6	23.9	28.3	33.4	39.4	51.0%	20.6%
Total	112.4	125.3	126.4	138.2	142.3	155.0	166.0	178.2	191.6	206.6	3.0%	7.7%

Source: KPMG India's analysis

(Source: - Page 17, AR 2017)

The rise of the music business on the internet

Tips made its presence on iTunes globally across the markets of United Kingdom, Canada, Australia, Germany, New Zealand, USA, Belgium, Netherlands. Also, exploitation through mobile services like caller ring back tones, full track downloads, videos of the songs, dialogues, wallpapers, etc continues to be a significant constituent in the revenues of the Company. Television has also been an added source of revenue through licensing of song videos to channels for broadcast. Opportunities arising from digitization, continued growth of regional media, and the rapidly increasing new media businesses provided the impetus for growth.

The music business of the company continued to generate steady revenues by improved and increased monetization of the impressive and imposing collection of titles we possess. However, the losses in the film business affected the overall performance for the year 2014. Tips has been exploring new avenues for exploitation of digital music market in India and across the globe. It has been contracting with various websites and licensing its extensive repertoire for exploitation through streaming and download services, mobile services like caller ring back tones, full track downloads, videos of the songs, dialogues, wallpapers etc and continues to be a significant component in the revenues of the Company.

(Source: - Page 26 AR 2014)

Nearly 55 per cent of music revenues in the industry come from digital music. Tips had foreseen this radical transformation, and were amongst the first to start digitizing its Music Library (The ease and convenience of downloading music has been a critical factor in rise of digital music). Today, 90 per cent of the total Tips Library has been digitized and is available on the digital platform. From Ringtones to Streaming/Subscription to Music Downloads, songs from the Tips Music Library are today easily available in the popular digital music marketplaces like Saavn, Gaanav, iTunes, Google Play and many more.

(Source: - Page 6 AR 2015)

Sale of Machinery: - The management saw the change in preference of the customers to consume films and music. For the same they disposed of their obsolete machinery to manufacture Audio Cassettes with the surge in internet for scrap value.

The Company owned a machinery for manufacture of Audio Cassettes, the Net Asset Value of which was Rs. 3,76,17,524/-. Since, the audio cassettes no longer exist, the machine had no utility. Hence, the machinery was sold for Rs. 4,69,000/-.

(Source: - AR 2012)

During the year under review, the Company's net turnover was Rs. 8423.71 lacs (including Rs. 3157.17 lacs from Royalty Receipts and Rs. 4952.27 lacs from Film Distribution Income) as compared to turnover of Rs.6472.46 lacs in the previous year.

2 (Two) Hindi Movies. The sales volumes of physical formats i.e. audio cassettes and CDs have been experiencing a downward trend. However, non-physical forms of music like mobile, radio, public performance and internet are becoming increasingly popular and the revenues from this segment during

Non-physical forms of music like mobile, radio, public performance and internet are becoming increasingly popular and the revenues from this segment were on a rise.

(Source: - Page 24 AR 2010)

Large scale exploitation of movies & music is also undertaken through mobile services like ring tones, caller tunes, games, images, wallpapers, themes, song video downloads. Royalty income increased from Rs. 31 crores in 2009-10 to Rs. 36 crores in 2010-11 and this trend is expected to sustain.

(Source: - Page 19,23 AR 2011)

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Demerger of Music and Films

By FY 21 the management decided to de-merge both the business verticals into separate companies. Scheme of Arrangement and Demerger to demerge the Film Division (as defined in the Scheme) from Tips Industries Limited and the same has been vested and transferred in Tips Films Limited, on a going concern basis with effect from the Appointed Date i.e. April 1 2021. Tips Industries Limited has been vested and transferred into Tips Films Limited, on a going concern basis with effect from the Appointed Date i.e. April 1, 2021. The Scheme had been made effective from March 23, 2022.

Buy Backs

A series of value creation by giving benefits to share holders by buy backs and promtoer buying in several years

2011
The company bought back 1347200 shares during fy 2011 paying a max price of 48.5 rs a share to lowest price of 42.5 rs a share.

2012
Promoter Buying in 2012

2013
The company has bought back 6,00,060 equity shares from the open market. The Equity Shares were bought back at an average price of Rs. 76.83 per Equity Shares. Before Buyback, the promoters have acquired 4,85,234 equity shares of the Company from open market.

2016
The company bought back 1039981 shares from the open market at an average price of 62.79 Rs a share.

2020
The company bought back 1350000 shares via tender route at price of 140 Rs a share.

2023
The company bought back 126000 via tender route at 2600/- per share. The company also did a stock spilt from FV10 to FV1.

Industry Analysis (Business)

The overall media and entertainment market in India is expected to grow at a compounded annual growth rate of 14 percent per annum through 2015 to reach INR 1.3 trillion, catalyzed by the emergence of different media, higher audience segmentation, content for niches, robust regional growth, growing content digitization, increasing mobile and broadband penetration and industry consolidation.

Total size of for the music industry way back in 2011 was roughly US$ 10 million. Hindi film music dominates this with a 40% share followed by regional and old hits at 25%. However, the recent effect of digitization has resulted in shake-up of old and established model, and is likely to see major revamping. The Company's 25-year music repository is expected to generate royalty revenues across the coming years.

(Source: - Page 8 AR 2011)

Growth and adoption of change trends of consumption for music and films (Phase 2 for Tips)

India is expected to surpass the USA as the second largest internet enabled market in 2016 with around 362 million users, and yet, the internet penetration only covers 19 per cent of the population! Increasing coverage. Phase III FM licensing for private radio, which will expand the FM radio footprint from current 69 cities to 831 cities!

(Source: - Page 7 AR 2015)

In 2010, the Indian media and entertainment industry grew 11% and touched an estimated INR 652 billion in revenues. There was a strong recovery in advertising expenses by 17% to INR 266 billion. While television and print continue to dominate the Indian media and entertainment industry, sectors like gaming, digital advertising and animation VFX grew faster. Overall, the industry is expected to register a CAGR of 14% to touch INR 1,275 billion by 2015. The size of the Indian film industry was estimated at INR 83.3 billion in 2010, a decline of 6.7 percent over 2009. The Indian film industry is projected to grow at a CAGR of 9.6 percent to INR 133.5 billion revenues by 2015 with the contribution of domestic theatrical revenues expected to reduce slightly and share of revenues from cable and satellite rights are expected to increase. The year 2010 saw the industry transition from physical to digital platforms. The Indian music industry (estimated at INR 8.53 billion in 2010) grew 9.64 percent over 2009. The industry witnessed a 28 percent decline in physical music sales netted by a significant 57 percent jump in digital music (via downloads, streaming, internet and mobile phones). The industry is expected to grow at a CAGR of 17 percent to INR 18.66 billion by 2015.

(Source: - Page 22.23 AR 2011)

The Indian Media & Entertainment industry grew from INR 652 billion in 2010 to INR 728 billion in 2011 (calendar year), registering an overall growth of 12 percent, backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media and fast increasing new media businesses. The traditional media businesses experienced a slowdown compared to last year, especially in the second half of the year. However, the new media segments like animation and VFX, online and gaming witnessed strong growth rates. The gamming and digital advertising business was expected to grow the fastest as per the projections made back then. The Indian music industry achieved revenues of INR 9 billion in 2011, registering a growth of 5 percent over 2010. The music industry is estimated to grow to INR 18.2.bn. by 2016 with digital music dominating the industry by having ~79% market share. Digitalization is the key to future growth in the M&E industry.

Overall Industry size in INR billion

(Calendar year)	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
TV	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0	735.0	17%
Print	160.0	172.0	175.2	192.9	208.8	8.3%	226.0	246.8	270.0	294.9	323.4	9%
Film	92.7	104.4	89.3	83.3	92.9	11.5%	100.0	109.7	121.1	134.5	150.3	10%
Radio	7.4	8.4	8.3	10.0	11.5	15.0%	13.0	16.0	20.0	24.0	29.5	21%
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4	18.2	15%
OOH	14.0	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10%
Animation and VFX	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17%
Gaming	4.0	7.0	8.0	10.0	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29%
Digital Advertising	4.0	6.0	8.0	10.0	15.4	54.0%	19.9	25.8	33.5	43.7	57.0	30%
Total	**514**	**580**	**587**	**652**	**728**	**11.7%**	**823**	**932**	**1076**	**1254**	**1457**	**14.90%**

The Indian film Industry was estimated to be INR 93 bn. in 2011 as compared to 83.3 bn. in 2010, registering a growth of 11.5%. overall Media & Entertainment market in India is expected to achieve a growth of 13 percent in 2012 to touch INR 823 billion and to reach INR 1.4 trillion in 2016 at a compounded annual growth rate of 15 percent per annum over the next five years.

Size of India Film Industry

Film Industry (INR billion)	2007	2008	2009	2010	2011	CAGR (2007-11)	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
Domestic Theatrical	71.5	80.2	68.5	62.0	68.8	-1.0%	73.5	80.2	88.0	97.2	108.0	9.4%
Overseas Theatrical	8.7	9.8	6.8	6.6	6.9	-5.5%	7.5	8.3	9.2	10.2	11.5	10.5%
Home Video	3.3	3.8	4.3	2.3	2.0	-12.0%	1.7	1.4	1.2	1.0	0.9	-15.0%
Cable & Satellite Rights	6.2	7.1	6.3	8.3	10.5	14.0%	12.0	13.7	15.6	17.8	20.3	14.2%
Ancilliary Revenue Streams	2.9	3.5	3.5	4.1	4.7	12.3%	5.4	6.2	7.2	8.3	9.6	15.4%
Total Industry Size	**92.6**	**104.4**	**89.4**	**83.3**	**92.9**	**0.1%**	**100.1**	**109.8**	**121.2**	**134.5**	**150.3**	**10.1%**

(Source: - Page 33,34 AR 2012)

<u>Roll out of Radio Services in more cities across the country gives more connectivity for larger audience and roll out of high speed internet (4g services) gives room for media and music conversion consumption to increase further.</u>

The Phase 3 license would extend FM radio services to about 300 new cities and would result in coverage of all cities with a population of one lakh and above through private FM channels, this in turn will increase the consumption of music and will benefit companies like TIPS which have a vast music content library.

(Source: - Page 36 AR 2012)

By 2013

Overall Industry Size (INR billion)	2008	2009	2010	2011	2012	Growth in 2012 over 2011	2013P	2014P	2015P	2016P	2017P	CAGR (2012 to 2017)
Television	241.0	257.0	297.0	329.0	370.1	12.5%	419.9	501.4	607.4	725.0	847.6	18.0%
Print	172.0	175.2	192.9	208.8	224.1	7.3%	241.1	261.4	285.6	311.2	340.2	8.7%
Films	104.4	89.3	83.3	92.9	112.4	21.0%	122.4	138.3	153.6	171.7	193.3	11.5%
Radio	8.4	8.3	10.0	11.5	12.7	10.4%	14.0	15.4	18.7	22.7	27.4	16.6%
Music	7.4	7.8	8.6	9.0	10.6	18.1%	11.6	13.1	15.3	18.3	22.5	16.2%
OOH	16.1	13.7	16.5	17.8	18.2	2.4%	19.3	21.1	23.0	25.0	27.3	8.4%
Animation and VFX	17.5	20.1	23.6	31.0	35.3	13.9%	40.6	46.9	54.2	63.1	73.5	15.8%
Gaming	7.0	8.0	10.0	13.0	15.3	17.7%	20.1	23.8	30.9	36.2	42.1	22.4%
Digital Advertising	6.0	8.0	10.0	15.4	21.7	40.9%	28.3	37.1	48.9	65.1	87.2	32.1%
Total	579.8	587.4	651.9	728.4	820.5	12.6%	917.4	1058.5	1237.5	1438.4	1661.1	15.2%

(Source: FICCI-KPMG)

The Indian music market saw an 18 per cent increase in 2012 vis-à-vis a 4.7 per cent growth in 2011 due to strong content and digitization. The digital sales overtook physical sales, making up 57 per cent of the the Rs. 10,600 core industry. The Indian mobile phone market is currently the second largest in the world after China with over 900 million connections [TRAI].

New Technological apps like Ghana, Saavn, iTunes entered the market to offer consumers opportunities to download their favorite tunes without having to visit a physical store.

(Source: - Page 30 AR 2013)

The industry is also seeing increasing interest and investments in regional films, as studios such as Reliance Big Pictures and Eros International briskly foray into regional film production. The overseas theatrical segment saw a 9 per cent rise with Indian films

(Source: - Page 31 AR 2013)

The Indian film industry is expected to continue growing to be worth Rs. 19,330 crore by 2017, with the average Indian visiting the cinemas more often than the current average of 1.7 times per year. shift to digitization would provide beneficial, as the growth in online and mobile music consumption is expected to boost music revenues to over Rs. 20 billion by 2017.

(Source: - Page 34 AR 2013)

2014

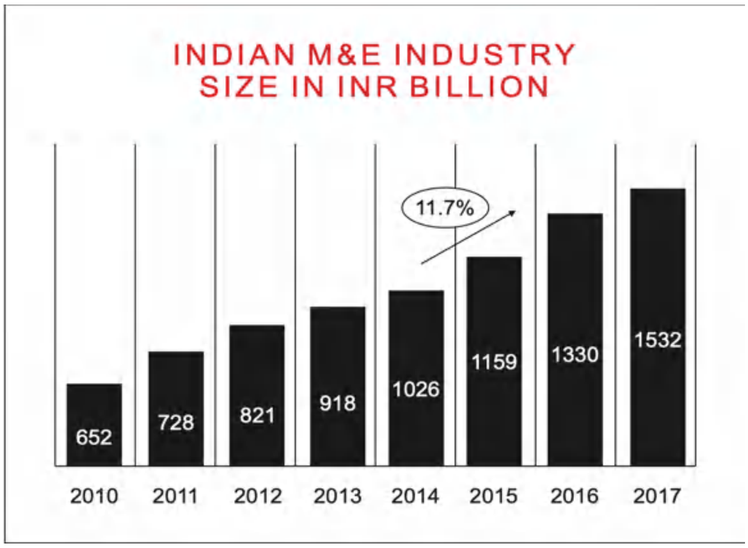
India grew to become the second largest mobile base of more than 900 million in the world. Of this, approximately 130 million accessed the internet using mobile devices. With this advent of 4G, content consumption on digital mobiles is expected to rise significantly. Bollywood movies earn approximately 13 to 14 per cent in revenues in international markets which would be a huge potential for the Indian Films going ahead.

The Indian M&E industry also started to deal with some of its structural issues such as TV and Print industry measurement, advertising volumes, inventory and rates, digitization measures, copyright laws and operational efficiency. 2014 registered a double-digit growth of 11.5 per cent, although slower than its record year 2012. 'Dhoom 3' crossed the 200 crores at box office collections. Large production houses such as Viacom 18 increased their investment / funding in film production. The overseas theatrical segment saw a 9.4 per cent increase to INR 8.3 billion in 2013 from INR 7.6 billion in 2012, with an overall contribution of 7 per cent. The North America, the UK and the Middle east markets, with large overseas Indian communities, contributed a significant 80 per cent to the overall overseas revenues. However, the UK experienced declining collections due to disconnect with the third generation of Indian diaspora while bourgeoning growth has been experienced in new markets such a Japan, South Korea and Peru.

In 2013, the overall size of the industry declined for the first time in many years by 10 per cent in 2013 and reached INR 9.6 billion due to a lag in monetisation of digital consumption through subscription services. Issues in connectivity, slow adoption of 3G networks due to low willingness to pay and hurdles in online payments as less than 2 per cent of the Indian population has a credit card and low and slow broadband access contributed significantly to this lag. Local music dominates approximately 65 per cent of music sales in India while Bollywood dominates at least half of that followed by regional film music markets such as Tamil, Telugu and Punjabi.

(Source: - Page 32,33 AR 2014)

2015



With prices of internet plans falling, affordability is becoming cheaper with every passing year – and data usage is on the rise! Imagine the cumulative effect of falling internet plans multiplied with rising number of smart devices multiplied with burgeoning young population that is adapting to technology like a fish does to water! The opportunities are almost infinite!

(Source: - Page 10, AR 2014)

The music industry was worth 980 crore in fy 2014 and increased by 2.3% in fy 2015. It was expected to rise to 1000 crore in the year 2015. May production houses rose the prices of the music rights of their films. Digital channels account for more than 50% of the size of the music industry. Physical sales were showing continued down trend. In 2015 the sales of the physical products went down by 30-35% for the company.

2016

The music business, the ever-widening reach of mobile internet, lower internet tariffs and increased availability of smart devices at affordable rates continued to drive the shift in consumption to digital platforms. Today, digital music generates almost 55 per cent of the entire music industry's revenues, with the total number of active customers who stream music touching almost 40 million a month.

The Indian media and entertainment industry : Size								The Indian media and entertainment industry : Projections					
Overall industry size (INR billion) (For calendar years)	2010	2011	2012	2013	2014	2015	Growth in 2015 over 2014	2016P	2017P	2018P	2019P	2020P	CAGR (2015-2020)
TV	297.0	329.0	370.1	417.2	474.9	542.2	14.2%	617.0	709.6	823.3	956.8	1097.6	15.1%
Print	192.9	208.8	224.1	243.1	263.4	283.4	7.6%	305.2	329.6	355.9	383.6	412.5	7.8%
Films	83.3	92.9	112.4	125.3	126.4	138.2	9.3%	158.7	174.1	190.0	207.8	227.3	10.5%
Radio	10.0	11.5	12.7	14.6	17.2	19.8	15.3%	23.4	28.4	32.7	37.8	43.3	16.9%
Music	8.6	9.0	10.6	9.6	9.8	10.8	10.2%	12.1	14.0	16.1	18.4	20.6	13.8%
OOH	16.5	17.8	18.2	19.3	22.0	24.4	10.9%	28.3	31.6	35.4	40.0	45.2	13.1%
Animation and VFX	23.7	31.0	35.3	39.7	44.9	51.1	13.8%	58.3	67.1	78.1	91.3	108.0	16.1%
Gaming	10.0	13.0	15.3	19.2	23.5	26.5	12.8%	30.8	34.4	39.0	45.4	50.7	13.9%
Digital Advertising	10.0	15.4	21.7	30.1	43.5	60.1	38.2%	81.1	113.6	153.3	199.3	255.2	33.5%
Total	**652**	**728**	**821**	**918**	**1,026**	**1,157**	**12.8%**	**1,315**	**1,502**	**1,724**	**1,980**	**2,260**	**14.3%**

Source: KPMG in India analysis, 2016

India's estimated internet current user-base of more than 300 million (as of December 2015). One of the critical issues for such limited coverage is the poor broadband coverage in the tier II and III cities.

Film Industry Performance:

Revenues (INR billion)	2011	2012	2013	2014	2015	2016P	2017P	2018P	2019P	2020P	2014-15 (YoY growth)	CAGR (2015-2020)
Domestic theatrical	68.8	85.1	93.4	93.5	101.4	115.8	125.7	136.1	147.6	159.9	8.5%	9.5%
Overseas theatrical	6.9	7.6	8.3	8.6	9.6	11.4	12.4	13.5	14.5	15.6	11.5%	10.9%
Cable and satellite rights	10.5	12.6	15.2	14.7	15.9	18.2	19.8	21.4	23.2	25.1	8.1%	9.5%
Home video	2.0	1.7	1.4	1.2	1.0	0.9	0.8	0.7	0.6	0.6	-14.0%	-12.2%
Ancillary revenue streams	4.7	5.4	7.0	8.4	10.2	12.5	15.4	18.3	21.9	26.1	22.3%	21.1%
Total	**92.9**	**112.4**	**125.3**	**126.4**	**138.2**	**158.7**	**174.1**	**190.0**	**207.8**	**227.3**	**9.3%**	**10.5%**

Source: KPMG in India analysis

The market size of the music industry is INR10.8 billion in 2015 and is expected to grow to INR20.6 billion by 2020. Digital music now generates revenue of over 55 per cent of the overall size of the music industry in India. Nearly 40 per cent of the music consumed is Bollywood, 30 per cent is Regional, 10 per cent is Classical and Devotional and 20 per cent is the rest of the market. Players like Gaana, Saavan, Hungama, Wynk, Rdio, Guvera have started to gain increased user traffic on the back of cheaper connectivity, better smartphone penetration and acceptance of freemium models amongst consumers supplemented by high levels of customer acquisition spends.

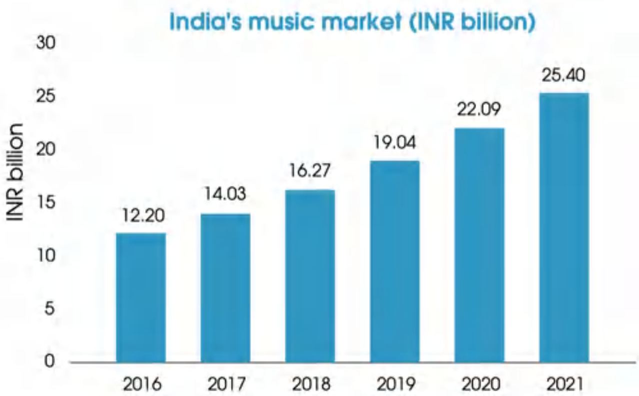
There are an estimated 40 million active consumers in India who stream every month and out of which only about 0.2 million customers are paid subscribers (Listeners are willing to pay to enjoy listening to a rich library of content without any interruptions). This showed a resilience towards paid content.

(Source: - Page 17 AR 2016)

2017

The Indian M&E industry: Size

Overall industry size (INR billion) (For calendar years)	2011	2012	2013	2014	2015	2016	Growth in 2016 over 2015
TV	329.0	370.1	417.2	474.9	542.2	588.3	8.5%
Print	208.8	224.1	243.2	263.4	283.4	303.3	7.0%
Films	92.9	112.4	125.3	126.4	138.2	142.3	3.0%
Digital advertising	15.4	21.7	30.1	43.5	60.1	76.9	28.0%
Animation and VFX	31.0	35.3	39.7	44.9	51.1	59.5	16.4%
Gaming	13.0	15.3	19.2	23.5	26.5	30.8	16.2%
OOH	17.8	18.2	19.3	22.0	24.4	26.1	7.0%
Radio	11.5	12.7	14.6	17.2	19.8	22.7	14.6%
Music	9.0	10.6	9.6	9.8	10.8	12.2	13.0%
Total	**728.4**	**821.0**	**918.1**	**1025.5**	**1156.5**	**1262.1**	**9.1%**



the Indian music industry is forecast to double from Rs.12.2 billion in 2016 to Rs. 25.4 billion by 2021 growing at a CAGR of 15.8%. Digitization will continue to dominate as the share of revenues from physical channels continues to decline. Sale of music rights continued to generate robust revenues in 2016, able to recover on an average 5% of the production cost of a movie.

(Source: - Page 12 AR 2017)

the Indian M&E industry is projected to growth at a CAGR of over 14% over the period 2016-2021. During this period, and in line with the global trend, digital sectors like Digital Advertising (30.8%) Animation and VFX (17.2%) are projected to grow at a much higher rate than traditional segments like Films (7.7%) and Music (15.8%).

(Source: - Page 27 AR 2017)

2018

The Indian Media and Entertainment industry has been undergoing a digital transformation for a few years now. A key trend that has emerged strong last year has been the rising acceptance and growing popularity of OTT platforms like Amazon Prime, Netflix and others. Sales of music through digital channels account for nearly 65 per cent of the total sales now. We are all set to increase our presence on YouTube to 1 crore subscribers in the next few months.

(Source: - Page 6 AR 2018)

The Indian M&E sector reached `1.5 trillion (USD 22.7 billion) in 2017, a growth of almost 13 percent over 2016

Segment	CY2016	CY2017	CY2018E	CY2020E	CAGR 2016 - 20
Television	594	660	734	862	9.8%
Print	296	303	331	369	5.7%
Filmed entertainment	122	156	166	192	11.9%
Digital media	92	119	151	224	24.9%
Animation and VFX	54	67	80	114	20.4%
Live events	56	65	77	109	18.0%
Online gaming	26	30	40	68	27.5%
Out of Home media	32	34	37	43	7.7%
Radio	24	26	28	34	8.6%
Music	12	13	14	18	10.6%
Total	**1,308**	**1,473**	**1,660**	**2,032**	**11.6%**

All figures are gross of taxes (₹. in billion)

The advent of large OTT platforms in India such as Google, Netflix, Amazon, Eros Now, Jio Cinema etc., have significantly increased the demand for films' digital rights. Digital revenue generated `8.5 billion for the film segment in 2017, an increase of 40 percent over 2016. Netflix has grown from zero to more than 117 million streaming customers globally over the last decade. India has now overtaken the US to become the world's second-largest smartphone market after China. Indian film industry witnessed a growth of 27 percent due to a combination of high growth in overseas theatrical releases. With the exception of home video, grew, and the film segment reached `156 billion in 2017. The top 50 films contributed approximately 97.75 percent of the total net box office collection.

Revenues	2016	2017	2018E	2020E
Domestic theatricals	85.6	96.3	103.0	118.0
Overseas theatricals	8.5	25.0	25.0	28.0
Broadcast rights	16.0	19.0	20.0	22.0
Digital/OTT rights	6.0	8.5	10.0	14.5
In-cinema advertising	5.9	6.4	7.5	9.0
Home Video	0.4	0.3	0.2	0.2
Total	**122.4**	**155.5**	**165.7**	**191.7**

Paid subscriber penetration among online music users is expected to increase to 5 percent and the number of online music listeners in India is projected to reach 273 million by 2020. India is estimated to have 481 million internet users with a 65 percent urban penetration and 20 percent rural penetration. The increasing penetration of private FM radio stations will increase music consumption and increase revenues accordingly.

YouTube is one of the most viewed platforms for music. Music videos have the highest viewership on YouTube as compared to other genres, with over 3 billion views.

Despite the high level of consumption, the music industry accounts for less than 1 percent of the Indian M&E Industry (Revenue leakages through piracy, the steady decline of physical formats, disintermediation due to the emergence of new media, price erosion due to disintermediation and high content acquisition costs have been roadblocks in the industry's growth). With the enhancement of internet this value migration can take place for music to grow its size within the industry.

(Source: - Page 19,20,21 AR 2018)

2019

Media & Entertainment (M&E) Report, India's Media and Entertainment (M&E) Industry grew at a CAGR of 13.41% during 2018 and is expected to expand by a CAGR of 12% during 2018-21. The industry is projected to reach ` 2.35 trillion by 2021 from ` 1.67 trillion in 2018.

Segment	2017	2018	2019E	2021E	CAGR 2018-21
Television	660	740	815	955	8.8 %
Print	303	306	317	338	3.4%
Filmed Entertainment	156	175	194	236	10.6%
Digital Media	119	169	223	354	28.0%
Animation and VFX	67	79	93	128	17.4%
Live Events	65	75	86	112	14.0%
Online Gaming	30	49	68	120	35.4%
Out Of Home Media	34	37	41	49	9.2%
Radio	29	31	34	39	8.0%
Music	13	14	16	19	10.8%
Total	**1,476**	**1,674**	**1,887**	**2,349**	**12.0%**

Print segment has been shrinking due to falling advertising and subscriptions and growing digital communities. India's online gaming is expected to grow at a CAGR of 35.40% between 2018-21, whereas digital media will grow at a CAGR of 28% between 2018-21. Digital will overtake filmed entertainment in 2019 and print by 2021. Animation and VFX has been one of the fastest growing segments of the M&E sector for the past two years, fueled by an increased demand in domestic markets and the emergence of digital content platform (78.9 billion in 2018).

The Indian film segment grew by 12.18% in 2018 to reach ` 174.5 billion. The growth was driven by digital / OTT rights which grew 59% and overseas theatricals which grew by 20% from 2017. The home video segment continued to witness a decline. The broadcast rights market grew from ` 19 billion in 2017 to ` 21.2 billion in 2018.

Revenues (₹ Billion)	2017	2018	2019E	2021E
Domestic Theatricals	96.3	102.1	110.0	130.0
Overseas Theatricals	25.0	30.0	35.0	45.0
Broadcast Rights	19.0	21.2	23.0	26.0
Digital / OTT Rights	8.5	13.5	17.0	24.0
In-cinema Advertising	6.4	7.5	9.0	11.0
Home Video	0.3	0.2	0.2	0.1
Total	**155.5**	**174.5**	**194.2**	**236.1**

The Indian Music segment grew 10% to reach ` 14.2 billion in 2018. It is expected to grow 10.8% annually till 2021, on the back of increased digital revenues, performance rights and synchronization rights. The contribution of Physical music sales fell by 50%. Songs related to movies have the highest share in terms of revenue and account for over 80% of the music segment's revenues.

(Source: - Page 15,16 AR 2019)

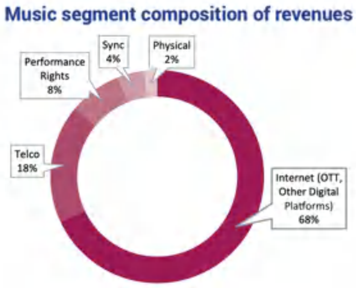
2020

The Indian Music Industry is at a watershed moment. It is the first industry to face digital disruption and emerge successfully; as a consumer internet business.

(Source: - Page 5 AR 2020)

Segment	2018	2019	2020E	2022E	CAGR 2019-22
Television	740	787	790	882	4%
Print	305	296	301	309	1%
Digital Media	169	221	279	414	23%
Filmed Entertainment	175	191	207	244	8%
Animation and VFX	79	95	112	156	18%
Live Events	75	83	94	122	14%
Online Gaming	46	65	91	187	43%
Out of Home Media	37	39	41	46	5%
Radio	34	31	33	36	5%
Music	14	15	17	20	10%
Total	**1,674**	**1,822**	**1,965**	**2,416**	**10%**

The Indian Music segment grew 8.3% to reach Rs. 15.3 billion in 2019. It is expected to grow at a CAGR of 10% to cross Rs. 20 billion by 2022, on the back of increasing digital revenues and performance rights. Internet platforms comprised 68% of total revenues, up from 54% in 2018, while physical fell from 3% in 2018 to 2% in 2019. Music listeners aged 16-44 years are more likely to pay for audio streaming as they prefer an ad-free experience.



M&E Report 2020 states that music, video, and gaming accounted for over 70% of data consumption in India.

(Source: - Page 23,24 AR 2020)

2021

The Indian Music market remained resilient in 2020 and recorded Rs.15 billion in sales. Streaming revenues grew 15% however, performance rights revenues declined 67% due to country wide lockdowns, leading to overall flat industry revenues. It is expected that Industry revenues will grow at a CAGR of 15% and cross Rs.23 billion by 2023, on the back of increasing digital revenues and performance rights.

Segment	2019	2020	2021E	2023E	CAGR 2020-23
Television	787	685	760	847	7%
Digital media	221	235	291	425	22%
Print	296	190	237	258	11%
Online gaming	65	76	99	155	27%
Filmed entertainment	191	72	153	244	50%
Animation and VFX	95	53	74	129	35%
Live events	83	27	53	95	52%
Out of Home media	39	16	22	32	27%
Radio	31	14	23	27	24%
Music	15	15	18	23	15%
Total	**1,822**	**1,383**	**1,729**	**2,234**	**17%**

Digital revenues comprised 90% of total revenues, up from 68% in 2019. The internet has made it possible to access the entire global audience for content with minimum intermediation, CDs and DVDs have been disrupted. The Ericsson Mobility Report-June 2021 (EMR-21) estimates that data usage per smartphone will increase from 14 GB/month in 2020 to 40 GB/month in 2026.

(Source: - Page 29 AR 2021)

2022

Segment	2019	2020	2021	2022E	2024E	CAGR 2021-2024
Television	787	685	720	759	826	5%
Digital media	221	235	303	385	537	21%
Print	296	190	227	241	251	3%
Online gaming	65	79	101	120	153	15%
Filmed entertainment	191	72	93	150	212	32%
Animation and VFX	95	53	83	120	180	29%
Live events	83	27	32	49	74	32%
Out of Home media	39	16	20	26	38	25%
Music	15	15	19	21	28	15%
Radio	31	14	16	18	21	9%
Total	**1,822**	**1,386**	**1,614**	**1,889**	**2,320**	**13%**

The recorded music industry in India has grown at CAGR of 15.78% over the past 5 years compared to the global industry's 10.61% over the same period. The Indian music market is ranked 17th in the world with revenue of Rs. 1620 crores as per IFPI metrics. It is expected that Industry revenues will surpass Rs.28 billion in the medium term on the back of increasing digital revenues and performance rights. Digital revenues comprised 89.4% of total revenues, up from 68% in 2019.

Category	Revenue
Streaming	86.8%
Other Digital	2.6%
Physical	1.4%
Performance Rights	3.8%
Synchronisation	5.4%

(Source: - Page 30 AR 2022)

2023

According to the FICCI–EY Media & Entertainment (M&E) Report 2023, the Indian M&E sector grew by 20% in CY2022 to Rs.2.1 trillion (US$26.2 billion). television remained the largest segment, digital media cemented its position as a strong number two segment followed by a resurgent print. The M&E sector is expected to grow 11.5% in CY2023 to reach Rs.2.34 trillion (US$29.2 billion) and then grow at a CAGR of 10% to reach Rs.2.83 trillion (US$35.4 billion) by 2025. Digital media grew the most at Rs.132 billion and consequently, increased its contribution to the M&E sector from 16% in 2019 to 27% in 2022. Digital advertising grew 30% to reach Rs.499 billion, or 48% of total advertising revenues. The recorded music industry in India grew 19% to reach Rs. 22 billion. Film music, which had reduced during the pandemic, returned at scale. 87% of revenues were earned through digital means. Streaming 86% of the revenues and Physical 1.4% of revenues by 2023.

Segment	2019	2020	2021	2022	2023E	2025E	CAGR 2022-2025
Television	787	685	720	709	727	796	3.9%
Digital media	308	326	439	571	671	862	14.7%
Print	296	190	227	250	262	279	3.7%
Filmed entertainment	191	72	93	172	194	228	9.8%
Online gaming	65	79	101	135	167	231	19.5%
Animation and VFX	95	53	83	107	133	190	21.1%
Live events	83	27	32	73	95	134	22.2%
Out of Home media	39	16	20	37	41	53	12.8%
Music	15	15	19	22	25	33	14.7%
Radio	31	14	16	21	22	26	7.5%
Total	**1,910**	**1,476**	**1,750**	**2,098**	**2,339**	**2,832**	**10.5%**
Growth		**(23.20%)**	**19.30%**	**19.90%**	**11.50%**	**21.44%**	

(Source: - Page 25 AR 2023)

Paid subscriptions crossed 99 million across 45 million households and generated Rs. 68 billion in revenues. A rich library comprising millions of songs gives them a wider range to choose their music from. Users like to choose their own music from streaming services rather than being directed to music through platform curations. According to Luminate, Gen Z is investing more time and money on music when compared to the average music listener. They spend 21% more hours and spend 18% more money on music annually compared to the average music listener. Gen Z listeners are also 28% more likely to pay for premium music subscriptions. The global music market derives 48.3% of revenues from paid subscriptions. In India, we expect to see advertisement-supported and subscription models co-exist.

(Source: - Page 24 AR 2023)

Music

The launch of Napster in 1999 resulted in an explosion of unauthorized file sharing and severely dented industry revenues. The launch of iTunes music store in 2003, which allowed users to download singles for 99 cents disrupted physical distribution channels of recorded music. Industry revenue declined as consumers opted to download their favorite singles instead of buying albums of 8 to 10 songs.

(Source: - Page 7 AR 2020)

The untapped potential for growth in media reach, impact of digitization and convergence, better consumer understanding, sustained efforts in innovation, and enhanced penetration of regional markets all augur well for the industry.

(Source: - Page 36 AR 2010)

With the Internet playing an influential role in music consumption trends, the Company has been expanding through licensing its song library to various websites for digital streaming and download. New opportunities in the M&E industry like surge of subscription services, online download stores and streaming websites. *By disposing of its obsolete cassette machinery in 2012, the Company further proves its dedication to stay at the forefront of industry trends*.

(Source: - Page 31 AR 2013)

Social Media is fast emerging as an interesting alternative digital platform for marketing and promotions of movies and music.

(Source: - Page 27 AR 2013)

By 2020 after 5 years of the new way of doing business specially for music consumption (with the explosion of internet) the company focused on its data library of 25000 songs and increased to 29000 songs library which was 100% digitized and available to stream online. The company added another 1000 songs to make their library to 30000 songs by 2023. During the financial year 2022-23, Company has released 896 new songs.

Our digitized catalogue comprises over 29,000 songs in multiple Indian languages and genres which is available on many global and local platforms including YouTube, Resso, Amazon Prime, JioSaavn and Facebook.

(Source: - Page 8 AR 2020)

During the financial year 2021-22, Company has released 276 new songs.

PHASE 2 of Music Business: - DIGITAL

We have 16.74 million followers on Facebook and 1.06 million on Twitter. Our YouTube channel has over **23.64 million subscribers**/ followers. This entire digital focus and impetus has ensured our music business continues to accelerate from year to year.

(Source: - Page 6 AR 2019)

YouTube channel has over 35.88 million subscribers/followers.

(Source: - Page 8 AR 2020)

Technological change and consumer choice reshaped the music industry. Old ways of doing business perished in the dawn of the digital age. Music was the first industry to face the wrath of digital disruption. It emerged with a new business model as a completely digital industry. It is now one of the most profitable internet businesses. Record companies do not require, factories and warehouses or incur transportation costs. The delivery from the Label to the Consumer is completed over internet.

(Source: - Page 8 AR 2020)

Short-form music and music-based video content has grown rapidly, driven by the growth of global social video applications such as TikTok, which features 15-second videos often set to music. These applications have the potential for mass adoption, illustrating the opportunity for additional platforms of scale to be created to the benefit of the music and entertainment industry. These platforms also enable incremental consumption of music appealing to varied, and often younger, audiences.

(Source: - Page 29 AR 2020)

"Recent price increases [at certain music streamers] have been successful and are a move in the right direction, but this should be just the first step. Those subscription services which have raised prices have done the fiscally prudent thing – for themselves, their shareholders, and the creative community and there is no sign that they are seeing elevated churn."

Explosion in Music consumption

Addressable streaming market to be expanded through the penetration of Smart Audio Devices "wearables" (smart watches, earbuds) Smart TVs and Connected Cars. These developments may increase engagement and consumption and support new listening behaviors, creating a powerful driver for customer acquisition and retention.

(Source: - Page 6 AR 2022)

"Music is undervalued, and this is not my opinion – there are actually numbers to back it up. If you take the US, the price that the user pays per hour of consumption of music is half of what they pay for movies and TV shows on streaming services."

"If you look at the calculations of smartphone, use with music revenue built in, from where we are today at 6% to where it will be potentially in 2030, that's going to come from emerging markets [with] huge amounts of revenue."

"Being a leader is not necessarily about market share and size, it's about being ahead – and we want to be ahead."

From the Industry Vitrains all across the Globe for Music Industry

Films

Growth drivers for the sector would include expansion of multiplex screens resulting in better realizations, an increase in the number of digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and ancillary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future.

(Source: - Page 36 AR 2010)

C&S Rights: - the value of a film's C&S rights is now even more closely linked to its domestic box office performance.
DTH platform: - The DTH platform offers a new revenue stream for producers to monetize their filmed content. Progressive producers view the Direct-To-Home (DTH) platform as a means of supplementing their overall revenues, rather than as a threat to theatrical revenues, as the perception is that the big screen viewing experience cannot be compared with that of the small screen.

(Source: - Page 38 AR 2010)

The market potential is huge, as the South Indian film industry, including the Telugu and Tamil industries currently dominates Indian film revenues.

(Source: - Page 31 AR 2013)

Rise of the OTT Revolution

Amazon Prime acquired the digital rights for 12 of the 30 highest grossing Hindi films of 2019, followed by Netflix, Zee5 and Hot star. Some movies were rented to OTT platforms even before the movies got released.

(Source: - Page 28 AR 2020)

Paid subscriptions crossed 80 million and generated Rs.56 billion in revenues. OTT players are expected to spend Rs.300 billion on content over 2021-25, Netflix, Disney and Amazon are expected to spend USD 66.6 billion on content in CY2022, a growth of 18.2% yoy.

(Source: - Page 34 AR 2022)

Risk's

Many political, economic, legal and other factors affect the development of the E&M industry. Any adverse change in the economic conditions of the country due to slowdown in the GDP growth, rise in interest rates, inflation, changes in tax, trade, fiscal and monetary policies, etc. could have an adverse effect on the Company's business, financial condition and results of operations. DTH (Direct to Home) net subscriber base grew 75 percent, adding 12 million subscribers in 2010. The market for digital distribution platforms is expected to grow following regulatory push on digitization, ongoing high speed internet rollouts, increasing mobile and broadband penetration. Availability of infrastructure and appropriately-priced content across these new media platforms are expected to be critical success factors for the Indian market. Watching movies for leisure may be considered a form of discretionary spending, consumers would be more likely to cut down on such expenditure when an economic downturn occurs.

Sector Risks

Key sectors struggled with problems and challenges such as sub-optimal scale, fragmented audiences, distribution leakages, and need for industry co-ordination. India is currently one of the most under-screened countries in the world, with only 8 screens serving every million of the population. Further, screens are not distributed equally among all regions and cities. Metropolitan regions such as Delhi and Mumbai have already seen a saturation of screens, with few or no new screens added in the fiscal year. Rather, cinema exhibitors are rapidly expanding into Tier II and III cities to reach millions of people.

(Source: - Page 31 AR 2013)

Piracy Risk

The free availability of internet downloads for audio tracks have almost completely wiped out the physical format market with the only silver lining being the mobile downloads. Pirated CDs of movie is also easily available, sometimes even before the theatrical release of the movie. Significant steps have been taken in 2012 to curtail piracy and support the legitimate digital and creative industries. The Kolkata High Court has placed 387 injunctions to restrain Internet Service Providers (ISPs) from providing access to some 104 illegal music-downloading websites. The Andhra Pradesh Film Chamber of Commerce (APFCC) has also joined forces with the Motion Picture Distributors Association, India (MPDA) to curb film piracy. The alliance held a joint operation in June 2012, revealing that organised criminal syndicates are costing the film industry Rs. 250 million in lost revenues annually.

According to the Indian Music Industry (IMI), about 54 per cent of Internet users access unlicensed services every month, causing the recording industry to lose a huge market worth Rs. 4,650 crores in digital music revenues. The lack of resolution to the problem has led to shutdowns of online music download services, as well as deterred new entrants.

There has also been a significant increase in camcording incidents in theatres. The MPDA had recorded 53 cases in the first nine months of 2012, which was a 77 per cent increase from the 30 incidents recorded in 2011. The resultant loss due to video piracy in 2012 was US$1.1 billion**. Piracy in the music ecosystem has reduced from 76% in 2018 to 73% in 2022 but is still higher than the global average of 30%.**

(Source: - Page 32 AR 2013)

In spite of commendable measures taken by the industry and authorities, piracy still plagues the industry. It has been estimated the Indian films industry suffers a loss of revenues to the tune of around INR180 billion every year as well as loss of 60,000 jobs (FICCI-KPMG report). With the advent of digitization, piracy has become an increasing menace as seen in 2016 in the case of films such as 'Udta Punjab' and 'Great Grand Masti' faced the issue where a pirated version was available before the release date. Over 90 per cent of new release titles originate from cinemas and these infringing copies appear online within few hours of a film release.

(Source: - Page 36 AR 2017)

Competition Risk

The Company can face competition from other players in the film and music industry. The Indian Government has allocated Rs. 2 crore in the 12th Five Year Plan towards an anti-piracy initiative in the audio-visual sector. Also, the ongoing Phase 3 licensing for the radio sector (850 locations in Tier 2 and Tier 3 cities) and 4G rollout of internet would extend coverage to all cities as well as reduce costs of downloading and lead to significant growth in radio listenership as well as Internet users. These initiatives are bound to increase music consumption and video viewership across the population.

High Talent Costs

Escalating fees charged by leading actors makes the cost of production very high, making it difficult to recover costs.

A new trend that has emerged is that of a profit-sharing model between actors and production companies, wherein top actors take a small upfront fee and a share of profits in lieu of the larger portion of their fee. This model allows the economics of a film to work better by improving the risk bearing capacity of producers and linking actors' remuneration to a films commercial success.

Tips has deep relationships with artists at every level which help them sign stars at correct costs, thereby keeping a check on unreal production costs.

(Source: - Page 33 AR 2014)

High production Costs

The high-cost base without a corresponding increase in revenue for films green lit in 2007-08 forced producers to look for innovative ways to cut costs and improve production efficiency. For example, producers chose to shoot in outdoor locations closer to home rather than in far off exotic locations and initiated active budget monitoring and cost control processes. Producers also made use of subsidies and co-production treaties in place to arrive at a cost effective and quality conscious model. These lessons learnt are likely to hold the industry in good stead in the future.

Decreasing theatrical windows

Now a day the fate of a movie is decided in the first three days of its release. With this decreasing theatrical window, the importance of progressive marketing and promotions is growing. An integrated marketing campaign by the producers, distributors and exhibitors to attract audiences and drive better monetization within the limited theatrical windows available today is critical for the industry

Tips understands the importance of progressive marketing and promotions. It undertakes an integrated marketing campaign involving producers, distributors and exhibitors to attract audiences and drive better monetization within the limited theatrical windows available.

Under Screened

India is currently one of the most under-screened countries in the world as compared to emerging countries such as Brazil and China and developed countries such as the USA. The market is severally untapped and hence cinema exhibitors are rapidly expanding into Tier II and III cities to increase their reach to millions of people. Slowdown in multiplexes development due to slowdown in real estate development acts as a hindrance for developers to put up more cineplexes' / screens across the country.

(Source: - Page 33 AR 2014)

Lost opportunity due to inability to add new screens in a timely manner also adds to risk of the business.

(Source: - Page 23 AR 2016)

Reduction of cinema screens is an ongoing trend. Since 2018 the number of cinema screens has reduced from 9601 to 9382 in 2022.

(Source: - Page 32 AR 2023)

Single Screen's Shutting Down

With the onslaught of multiplexes, there has been an alarming in the number of single-screens that are shutting down. It is estimated that single screens are shutting down at twice the rate as compared to growth in multiplexes which have been growing at a consistent rate of about 200 screens per year.

(Source: - Page 27 AR 2016)

An estimated 1000 to 1500 single screen cinema's have shut down bringing the overall screen count in India down to 8000. Real estate developers supported exhibitors by lowering rentals and revenue share agreements.

(Source: - Page 33 AR 2021)

Other Forms of Entertainment

TV, IPL, OTT platforms, live entertainment etc. and other forms of outdoor entertainment such as sports, eating out, etc. may eat into the share of domestic theatricals as an entertainment option.

(Source: - Page 23 AR 2016)

Management Analysis

Tips Industries Ltd. (promoted in 1980 by Kumar S. Taurani and Ramesh S. Taurani) is among the leading entertainment and media companies in India, actively engaged in the business of film production and music.

History and Evolution of Tips Industries

1. Beginning

My father Shri Sadhuram Taurani belonged to a middle-class joint family consisting of his parents, his wife, two brothers and five sisters, all residing in Karachi in unified India. In 1946, at the time of India's Partition, they left all their belongings and came to Mumbai where they rented a house in Dadar. Luckily, the Government soon announced some aid for people compelled to relocate from those provinces and my father received Rs. 6,000 as aid. He used Rs. 3,000 to buy a shop in Colaba and started a grocery store with his younger brother. There wasn't enough money to stock goods or create an inventory. Neither connections nor business track record was available to help access credit. Fearing that customers would not come to a sparsely stocked store, he relied on his wits and stocked the shop with goods that he could buy and filled up the rest of the store with empty containers and boxes to create an impression of a well-stocked store. The store was a success and soon turned very profitable as my father focused on selling food items consumed by the Sindhi community, which were not easily available with other grocers.

A few years later, my father bought another shop, Jai Hind Electronics, in Navjivan Society on Lamington Road and started to sell electronics, watches, clocks etc. It was a middling enterprise. My father's youngest brother managed this business. When I was around 18-19 years old, my younger brother Ramesh and I were asked to learn the business under him. We visited the shop but looked forward to weekends when both of us would spend the entire weekend watching movies. Our goal was to watch every movie that was released that weekend. Our elders didn't approve of this, but we persisted. We got an opportunity to become dealers of HMV. Since the electronics business was not very profitable, we started selling music records. In a few years, we also got dealerships of Polydor Music India, CBS and other leading music labels of that time. Soon we were the largest distributors of music records in the western region.

2. Music Label

In the 1980s, we were still a joint family. In, a division of assets, our grocery store at Colaba was given to one of my uncles in 1982. My father and his youngest brother now depended on the records business. All the leading labels had launched music cassettes during this time and we got dealerships to start selling cassettes in the Indian market. In 1985, we bought another shop on the busiest part of Lamington Road, Pancham Electronics. Between Jai Hind Electronics and Pancham Electronics, we got dealerships from all major music labels of that time to sell cassettes too. As we gained an understanding of the records business, we realised that recording music was more profitable than selling music records and cassettes. So we started recording bhajans and songs by small artistes in Hindi, Sindhi and Marathi languages under the label TIPS which was owned by our Company R.K. Electronics. Our music label was TIPS, which stands for 'To Introduce Promising Singers'.

In 1986, in yet another division of assets, our shop, Pancham Electronics along with the music dealerships was handed over to our uncle. My father had retired and my brother and I retained Jai Hind Electronics and our Company R. K. Electronics along with the music label and the music rights that we had created. Ramesh and I worked very hard in this business.

In 1988, we launched another Company, Tips Cassettes and Records Company to acquire film music rights and sell film music cassettes under the TIPS label. Gunahon Ka Devta, released in 1990 was the first film whose music rights were acquired by TIPS. We subsequently acquired the music rights of four more films; Elaan-E-Jung (1989), Chor Pe Mor, Kahan Hai Kanoon (1989), Bungalow No. 666, which were all musical flops. We remained undeterred and we tried to gather insights from our distribution business on consumer taste and preferences for music. We also used this experience to fine-tune our understanding of pricing music rights. In 1992-93, we merged R. K. Electronics and Tips Cassettes and Records Company.

3. Growth Phase

Salman Khan starrer Pathar Ke Phool was our first superhit and we sold 3 million cassettes. In the very same year, music of Phool Aur Kaante became a blockbuster hit. Its music remained popular until the era of cassettes and CDs ended. Cumulatively, we would have sold over 20 million cassettes and CDs of this film's music.

As the music distribution business grew, the cost of acquiring rights also went up. Ramesh and I focused on acquiring music rights and poured every spare penny into IPR. We opted not to purchase larger houses or more cars or redecorate our homes. We simply kept investing every rupee into music rights. The music business was booming and we were recovering anywhere between 30 per cent and 300 per cent of the cost of producing a film simply by selling its music. So, in 1993, we decided to produce films in a bid to gather more music rights, cheaply. Given the economics of that time, we felt it was a risk worth taking.

We had no experience in the craft of filmmaking. So, we partnered with other film producers. Our first film Coolie No.1 was coproduced with Mr. Vashu Bhagnani's Pooja Films. We probably sold over four million cassettes and CDs of Coolie No.1's music. Our next film, Raja Hindustani was also a co-production with Ali and Karim Morani and Bunty Soorma. The film and its music were both blockbusters and we would have sold over ten million cassettes within twelve months of the film's release. Similarly, we co-produced Haqeeqat with the Bombay High Court upheld that decision and acquitted him in July 2021, closing this chapter finally. After a very long time, our family can be at peace.

In retrospect, however, when the news broke out in 1997, we found ourselves in a dilemma. On one hand, we had six movies on the floor requiring capital influsion every day and on the other hand all our financiers were insisting on return of their capital. Those were extremely trying times for the business and the family as well. I met all our financiers and explained the situation to them. I assured them about the return of their capital and convinced them to give us six months' time to start the repayments. We took stock of the various productions and ranked them on the basis of completion. The movie which was nearest to completion was prioritized for providing additional capital. On completion, we sold the film and used the proceeds to partly repay financiers and partly for completion of the next film. We completed all six films in this manner and released them.

In about eight to nine months, most of the external capital was repaid and within a year all of it was paid back with full interest as per our original agreement. We did not seek any interest waivers or even lower interest rates. We repaid every single penny.

Following closely on the heels of this crisis was another; Technological Change in the music industry. This disrupted our physical distribution business and rampant piracy brought the business to a standstill. In this era, piracy, technological change and a change in music preferences led to a change in the industry's business model. I had written about these changes last year and will not repeat them here. Suffice to say, that the mobile telephony revolution revived our industry and we could see light at the end of the tunnel. We have always been first to embrace change and were the first music company to do a licensing deal with a Singapore-based streaming company, Sound Buzz, for streaming and downloading singles and albums in 2010.

In a decade since then, streaming has become the largest contributor of revenues to the industry. In films too, the business cycle has turned with the emergence of OTT players and large companies like Disney+Hotstar, Amazon, N R Pachisia, Jeet with Sajid Nadiadwala and Beqabu with N Chandra. Having gained some experience in film production, we decided to produce films independently. our first independent production was Auzaar. By this time, TIPS had become the leading music company in India. We started raising prices. Cassette prices went up from Rs 20 to Rs 55 over a period of time. The rest of the industry followed TIPS on pricing.

By virtue of independent recordings, acquiring film rights and producing films on our own, we had become the largest acquirer of music rights in India. The period from 1988 to 1997 was one of uninterrupted growth. We had announced simultaneous production of ten films. Soon six movies were on the floor and we had signed up actors for the other four movies.

The Crisis

Life never moves in a straight line

In 1997, my brother Ramesh was falsely implicated in the Gulshan Kumar case. Thankfully, the sessions court acquitted him in 2002 and the Bombay High Court upheld that decision and acquitted him in July 2021, closing this chapter finally. After a very long time, our family can be at peace. In retrospect, however, when the news broke out in 1997, we found ourselves in a dilemma. On one hand, we had six movies on the floor requiring capital influsion every day and on the other hand all our financiers were insisting on return of their capital. Those were extremely trying times for the business and the family as well.

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We have always been first to embrace change and were the first music company to do a licensing deal with a Singapore-based streaming company, Sound Buzz, for streaming and downloading singles and albums in 2010. In a decade since then, streaming has become the largest contributor of revenues to the industry. In films too, the business cycle has turned with the emergence of OTT players and large companies like Disney+Hotstar, Amazon, Netflix, Zee5, SonyLiv, ViacomVoot and others making India their focused markets. Ups and downs are a part of life and business. We are grooming our children to follow us on the same lines with the same values. At a time when both businesses are growing strongly and will henceforth carve out own paths, it's only natural to ask; What next? Ramesh and I cannot foretell the future, but to all our stakeholders, we want to say that there's lots more to come. I thank you all for your trust and faith in TIPS. A special note of gratitude to all our stakeholders: our employees, investors, partners, bankers and vendors.

Management Salary Median to Employes

Name	Designation	Ratio to Median	% increase / (decrease) in Remuneration
Mr. Kumar Taurani	Chairman & Managing Director	20.65	NIL
Mr. Girish Taurani	Executive Director	8.29	16.88%
Mr. Ramesh Taurani*	Executive Director	NA	NA
Mr. Amitabh Mundhra^	Independent Director	NA	NA
Mrs. Tara Subramaniam^	Independent Director	NA	NA
Mr. Shashikant Vyas^	Independent Director	NA	NA

* Mr. Ramesh Taurani didn't draw any remuneration during the financial year 2022-23.

Kumar Turani MD & Chairman draws a salary of 1.68 Crores. His salary is well within the permissible limits defined as per law. As per the annual report 2023 there are 49 employees on the payroll of the company.

Valuation

The business is available at trailing price to sales of 20x which is highly steep. But market sees the trajectory of the growth to be there for many more years to come as business is not at all capital intensive. The fortunes of the company depend upon the 30000 digital music library it has and how many more songs the management is able to add going ahead. The demand for quality music will always be there and the legends who are no more cannot be replaced by anyone. The company has exclusive rights for these music titles which keep them rolling. The market cap does not offer any margin of safety is available at highly stretched valuations.