



October 18, 2022

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: **543614**

Symbol: **TIPSFILMS**

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 held on Thursday, October 13, 2022.

You are requested to take this information on your record.

Thanking you,

For **Tips Films Limited**

Vinit K. Bhanushali
Company Secretary

Encl: a/a

TIPS FILMS LTD.

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“Tips Films Limited
Investor Analyst call”

October 13, 2022



MANAGEMENT:

**MR. KUMAR TAURANI – CHAIRMAN AND
EXECUTIVE DIRECTOR, TIPS FILMS LIMITED
MR. HARESH SEDHANI - SENIOR VICE PRESIDENT
FINANCE, TIPS FILMS LIMITED
MR. SUNIL CHELLANI – CFO, TIPS INDUSTRIES
LIMITED.**

ANALYST:

MR. FARAZ AHMED – ORIENT CAPITAL



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Moderator: Ladies and gentlemen, good day and welcome to the Investor Analyst Call of Tips Films 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 now hand the conference over to Mr. Faraz Ahmed from Orient Capital, the Investor Relations Partner. Thank you and over to you Sir.

Faraz Ahmed: Thank you, Michelle. Hello everyone, and a very warm welcome to the Investor Analyst Conference call of Tips Films Limited. Today on this call, we have Mr. Kumar Taurani – Chairman and Executive Director of Tips Films Limited, along with Mr. Haresh Sedhani, Senior Vice President Finance of Tips Films and our guest Mr. Sunil Chellani – CFO of Tips Industries Limited.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations as of today and actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on page 2 of the company's investor presentation which has been uploaded on the stock exchange and the company's website as well. With this I handover the call to Mr. Kumar Taurani for his opening remarks. Over to you sir.

Kumar Taurani: Thank you. Good afternoon and welcome to the first conference call of Tips Films limited for the investor analyst fraternity. The Indian film industry has gone through a rough phase during 2001 for 2017 and is now emerging as a more stable business. What has remained constant is the audience's desire for feature film format ranging from 80 to 180 minutes and character driven storytelling.

Over the years, consumption of film content has actually seen huge growth due to probably creation of smartphones and OTT apps, along with cheap internet. According to FICCI -EY media and entertainment report 2022 over 750 films were released in calendar year 2021 across all languages as compared to just 441 releases in calendar year 2020, over hundred films released directly on streaming platforms.

Historically, movies generated revenue from satellite rights, music rights, video rights, and theatrical release, which include domestic and overseas. The downturn in music industry and complete loss of video rights due to technological change in 2001 created a very heavy dependence on box office revenues for recoveries. Today, the music industry has revived and digital rights have replaced the revenue from video rights. The film production industry is now on a sound footing, digital rights will grow fastest among the four revenue streams. Satellite rights values expected to grow in line with revenues of satellite players. Coming to the music and the music rights of a movie, music plays a vital role in the film success. Good music attracts audiences to the box office and also contributes to a film's box office success. So good music will always command a premium and enjoy listenership for a very long time. For a film producer, music rights are very important source of revenue and a strong means of recovering a portion of films production cost.

Last but not the least, we have the box office or theatrical release of a movie. The dependence on the box office has reduced over the last few years. In our experience, we have observed that sometimes a well-made film generates a lot of revenue long after it's box office released. Sometimes a well-crafted film may not do well at box office, but then it picks up a lot of viewership on satellite and digital mediums. This reflects in our revenues over time as we license out our library to various players. Of course, success at the Box office enhances the value of all rights immediately.



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Going forward, Tips Films expects its the revenue breakup of 30% from digital rights, 30% from domestic theatrical rights, 15% from satellite rights, 15% from music rights, and 10% from overseas theatrical rights. The budgeting of a movie is a critical aspect in deciding its profitability. Hence, during this process, we seek the input of key company executives responsible for our major revenue stream, such as music, television, broadcasting, OTT, distribution and marketing, and overseas release. The process includes analysis of financial projections in these areas based on all available data at hand. For, FY '22 Tips Films had a single release Bhoot Police and reported revenue of INR 66.83 crore with a profit of INR 6.95 crore, which translate to a PAT margin of 10.4% due to second wave of COVID-19, a box office release could not be done, and as a result, we lost some profits.

The film's revenue were largely from satellite and digital rights. With this, now, I now hand over the call to Mr. Haresh Sedhani, Senior VP Finance to discuss the financials of the company.

- Haresh Sedhani:** Good afternoon everyone, and welcome to the first call of Tips Film Limited. First and foremost, I want to draw your attention to our accounting policy. The Tips Films will write off 100% of the cost of the movie within 12 months of the release. Earlier we used to write off 60% of year of the release and balance was return up over nine years. FY '22 financial figure was as follows, revenue for the year was INR 66.83 crore, EBITDA stood at INR 12 crore with EBITDA margin of 17.96%. Our PBT was INR 9.49 crore and PAT was INR 6.95 crore. PAT margin stood at 10.40%. Thank you everybody and now I hand over the call to the moderator.
- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sagar Jethwani from Phillip Capital.
- Sagar Jethwani:** So, my first question is how have you arrived at the 85% success rate in your presentation? Just trying to understand how you define success, as in, is it in terms of the box office collections or IMDB ratings? Just want to know the methodology of that. This is my first question.
- Kumar Taurani:** Yeah, so basically 85% what I say, film is, recovered it's cost or maybe, it's a successful, maybe not in the first run, but in the longer time, 10 years, eight years, seven years whenever satellite right come back and digital rights as well so, 85% is ultimately we are recovering our revenue. The 85% of our movies recover our revenue and maybe some movies, not recover our revenues.
- Sagar Jethwani:** Okay. So this recovery is in how much period do you target and how much period generally is the payback in this industry, in a film industry for you?
- Kumar Taurani:** I think for me, film industry revenue should be in the first year itself. We should recover, on the first release itself, all the platforms and everything. We should recover all the monies plus make some profits.
- Sagar Jethwani:** Okay. And my second question is how many films do we plan release this year and next year and any ballpark budget have you estimated for the same?
- Kumar Taurani:** See, we are making, now -- three films are under production and, we have already two are on OTT will release on OTT platforms and one will be theatrical release and we have already closed the deal for one film, OTT film and we are in discussion of the two other films actually to begin we plan to release three to five films a year. And, ultimately our aim is to release at least 10 films a year, 10 - 12 films a year. So it'll take, two-three years' time to reach there. But I'm very confident the way market is, the way content demand is, we will achieve that.
- Sagar Jethwani:** Any budget for the same?



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- Kumar Taurani:** Yeah, what I'm looking at, film should be from INR 5 crore to INR 7 crore till INR 25 crore. We will make, and also we are trying, we should have some kind of a partnership one, on the OTT side and satellite side, music side, we already have our own sister concern, Tips Industries, so if we do some kind of tie-ups, then we don't have any, kind of pressure on the monies and budget plus in case there's a big movie, like we produced Race 3, if you know, in 2018 we produced Race 3 in that we had Salman Khan as our partner, he actually funded the film. So we, try and partner, we do not try, but we will definitely look for a bigger partner who can, finance the movie and maybe we can pre-sell today the entire movie. And then there's no risk on these films.
- Sagar Jethwani:** So this INR 5 crore to INR 25 crore is our budget per film, you're saying?
- Kumar Taurani:** Yes, yes.
- Sagar Jethwani:** Okay. Okay. And, if I can squeeze one more question, so, how are the dynamics different between theatrical release and OTT release, your perspective on the same?
- Kumar Taurani:** See, again, it's, depending upon the make of the film, starcast and mix of all that and who's your target audience for that particular movie. So accordingly we will decide.
- Moderator:** Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** So you mentioned that you have IPR of 50 movies so in these movies do we have any monetization opportunities in FY '23 and FY '24.
- Kumar Taurani:** Yeah, we have already had a deal this year. I think two, three months back we had a deal of 17 films. In which we had six Hindi films and five Punjabi films and six Punjabi dubbed in Hindi films total lot of 17 films. We had a deal with satellite rights. And, we have this, it'll come in this quarter and next quarter you will see that numbers.
- Ankush Agrawal:** And this deal is for how many years.
- Kumar Taurani:** This deal is for seven years.
- Ankush Agrawal:** So typically if I have to understand the business, so, once we release the movie in the first year, the second time when will we get opportunity to monetise it, it will be like five to six years later or how?
- Kumar Taurani:** At Tips, we do -- actually we do deals of five years to seven years in that range. Accordingly, we negotiate, so as per the negotiation we close the deal accordingly, but five to seven years. There are some deals which are for 10 year. So in that the revenue increases and we get more money, so we do that as well.
- Ankush Agrawal:** And these would largely be for satellite and digital,
- Kumar Taurani:** Yeah, after movie release, there is two rights remaining with us, one is satellite and digital plus at times from that movie if a producer needs a scene then that small business will be there, then we have rights of remaking, prequel or sequel is there, if a movie is very good and if from any character you can make web series the even that option is there, so there are many options like that.
- Ankush Agrawal:** Secondly, Taurani sir, how much cash do we have in Tips Films?
- Kumar Taurani:** Around INR 50 crore cash and we had total reserves of INR 62 crore you can say in total. And plus we got INR 10 crore from insurance, Keyman insurance were due so we have



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around INR 70 crore to INR 72 crore plus this deal is also close to around INR 29.5 crore. So we have kitty of around INR 90-100 crore.

- Ankush Agrawal:** Got you. So this will take care of the recent one, two years.
- Kumar Taurani:** It is a bit less, there would be issues in cash flow, but as I told the caller before, we are trying that films should also be handled in a stable manner, so we will have to enter into partnership, that like there are OTT and satellite players, so they also want content, what would they do without content, so there is a lot of demand and Tips brand also has good value, so we will get that partners, so our partnerships will happen.
- Ankush Agrawal:** So you would do pre-sales kind of deal during production.
- Kumar Taurani:** Yeah.
- Moderator:** Thank you. The next question is from the line of Sanjeev Damani from SKD Consulting, the money from Skd Consulting. Please go ahead.
- Sanjeev Damani:** Thank you. sir, firstly, I would like to understand the, necessity of creating this company separate from Tips Industry. Is it nearly a focus transfer or is it a family split or what kind of arrangements are there that is one. Secondly, what was the basis of this split? You know, our company equity is around INR 4 crore, whereas the equity of Tips Industries is INR 12 crore So I would also like to understand that. Thirdly, I would like to understand, do we have our own studios to produce our films or we are hiring everything or how much we own various aspects of film making, how much we really own. there is a description of investment property of INR 5 crore. So it is a book value or it is a market value that also I want to know, thirdly, I want to know what are the other current assets where INR 43 crore are lying. And fourth is digital rights and satellite rights. So is it nearly satellite means television telecasting and digital means mobile casting. So I want to understand that also. So kindly explain me, because I'm very new to this because I'm observing this company, so I'm not much aware. So kindly explain. Thank you. I wait for my turn, again.
- Kumar Taurani:** Split on the basis you want to know, equity reduced why, the studio we have or not, you want to know that? And then there's two things you said, which I couldn't hear. So can you just...
- Sanjeev Damani:** Sure sir, we have investment property worth INR 12 crore. So that investment property is the book value or the market value of investment property in the balance sheet. Then we have other current assets worth INR 43 crore so what are they, that also I want to know because, I refer to the BSE announcement where I did not find the details balance sheet.
- Kumar Taurani:** But let me answer all his question. He has already spoken, see, first question was why did we separate the business one this is films is risky business, from 2001 to 2017 in this two revenues were music and video rights were almost over, we were not getting revenues, and because of we have one company, whatever music revenue was there that used to get merged, it was not separate. So as the value of music has increased, if you see music from '16 onwards to 2022, every company, not Tips, other companies revenue has grown by 300% to 400%, so if there is so much grown then please understand that cost of content will also increase by 150% to 200%, so that was also there, and this business is risky, so that perception is there, so we felt that our investors, who want to invest in music then let them be a music investor, if someone wants to be in films then they can also be there. So that was a big reason to create a proper valuation for each company, so that is why we took this call and we are doing this. And as far as reducing equity is concerned, our experts who are doing all these things, merchant bankers said that Film being a new business to public, their perception might not be that good, considering the perception people have for film business this formulae would be correct, so we agreed with them and said that we will do as they said. And third we don't have any studio, we do not believe in that, we are a content driven company,



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in music also if you see there is no physical thing, we only focus on content, rest of the things we hire and then on project to project basis we complete our project, we pay them their money and we only be owner of our content. And then INR 12 crore property is yes, it is book price, so its market value I feel should be around INR 17 crore to INR 18 crore, but it is book value. As far as your other assets of INR 43 crore are concerned, I think that is investment in new films. We have said there are under production movies, so investment is done there, Haresh is it correct.

- Haresh Sedhani:** Yes, it is for Merry Christmas and Gaslight.
- Kumar Taurani:** So it is that only, these are production cost. And as far has digital and satellite that is main revenue, digital has OTT platforms like Netflix, Amazon, Hotstar, then there is Zee on Satellite, Sony, Viacom, Star, so these are the major source of revenue today which give us money.
- Moderator:** Thank you. The next question is from the line of Kashish Shambhwani from Negen Capital PMS. Please go ahead.
- Kashish Shambhwani:** Sir I wanted some clarification regarding the business model, we produce the film so our first revenue stream is office collection? After that we will sell music rights that will be for perpetuity to the music company and our digital and satellite, this will for 5-7 years and we can do the deal every 5-7 year in this is this correct?
- Kumar Taurani:** Yes. Kashish, you want to understand the flow of the business, so I think when picture is announced and when the production is started, our three businesses are started, immediately we start negotiation with music rights and digital and satellite, so these deals are done first, in 99% cases film... music is done no matter what, but if someone has made small movie, C grade or D grade movie, then no music company will go to him, but today you might know that in music business there is a shortage of content, we need 2-3 players in market but we have 5-7 players who all want to acquire music, so music deal is done first, within 1-1.5 months of announcement plus satellite negotiation and digital negotiation is started, but even that I think in 95% of the cases these deals are also done. And I will tell you one more thing, recent trend is music, digital, and satellite, so this whole pie can recover 75% to 120% of the recovery of the movie.
- Kashish Shambhwani:** Right.
- Kumar Taurani:** And in most of the cases theatrical is at the last, and it is mostly free or it only has risk of 20-30% on the producer. So 90-95% this is how all companies are doing the business. This is a general trend in the market.
- Kashish Shambhwani:** And this 90-100 crore kitty which we have to invest in the content, out of this INR 80 crore is cash, INR 17 crore is property, remaining INR 43 crore you said that is already invested right now.
- Kumar Taurani:** No, in this the cash which we got last year from Tips Industries so it is this cash which was needed and there was insurance money last year and we are going to get one insurance money this year, and one big deal of satellite which I told you happened this year. So that money is going to come, some of it has come, 50% has come, and rest of the 50% will come in next 3-4 weeks.
- Kashish Shambhwani:** How much money did we get from satellite?
- Kumar Taurani:** Our old library opened in 2020, so at that time 3 big movies opened in 2022, but because of pandemic there was this fear as to how to renew them, so we were not getting the price which we were expecting, so we kept it on hold for one year. Now that we got the price which we were expecting so we closed the deal.



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- Kashish Shambhwani:** What is the amount of this deal?
- Kumar Taurani:** INR 29.50 crore.
- Kashish Shambhwani:** And you said that we will plan to release 10 films per year.
- Kumar Taurani:** Yes, we have that thought that we should go into regional movies. So today we are in 2023, so by 2025, before closing of that year we should produce at least 8 to 10 movies, we want to increase that volume.
- Kashish Shambhwani:** And one last question, if you have INR 100 crore of cash to invest in this, and I know this is all variable, box office collection will vary, but if we have to give reasonable assumption, what is your targeted ROC on this investment.
- Kumar Taurani:** Please wait for end of next quarter, we are working on all that parameter, we are doing it for 2-3 years, but still I feel that this year will be very good for us, because of INR 29 crore deal which we have got, it is direct to the bottom line, but I think you can say that this year we will have 20% on INR 100 crore, but target would be 30%, to 40% on that.
- Kashish Shambhwani:** And are we also looking or any dilution, this year or next year, or the cash we will get will suffice that.
- Kumar Taurani:** I feel that if you see the overall valuation of the films, so we don't have that kind of valuation. We will wait for another 2 years, lets first work and show results and after that we will think all these things.
- Kashish Shambhwani:** The cash which we have now, that is enough for next two years.
- Kumar Taurani:** It is not enough, we will also take some bank loan, and we will take bank loan in such a way that we will use only if it is needed. And we will also try out model of partnership, we will tell them concept of the movie and we will pre-sell to them, so this will not cause issue with cash flow, and we can extract 50% of the cash, and 50% of it can be on delivery. And if this deal happens the bank can also fund you. So these 2-3 things are there in our mind, so we will explore all these things.
- Kashish Shambhwani:** Thanks, I will get back to queue.
- Kumar Taurani:** Thank you, the next question is from the line of Nikhil Moryani from Valiant Investments.
- Nikhil Moryani:** I want to know what is the nature of other income, in the profit and loss statement?
- Kumar Taurani:** Yeah, Nikhil other income is from insurance, we had a Keyman insurance so we got that money.
- Nikhil Moryani:** Okay. And sir, can you also explain me for theoretical release, usually production houses, engage with distributors. How does that arrangement work? What is -- do we pass on the entire risk to the distributors or do movie houses still hold some risk?
- Kumar Taurani:** See for theatrical it depends on what is the craze of your film. If the craze is good then you can sell the movie at minimum guarantee and if someone gives you money then you have passed on your risk. But what I am seeing in Hindi Cinema, MG model is tough, not a lot of pictures goes on MG, exceptions are there but mostly pictures are given on advance, they will give you advance and then he will invest money in the prints which are needed in theatre, the digital charges needed, so he will invest in that. And if the picture's business is in overflow then he will pay us more, the advance will get adjusted and he will pay us more, whatever percentage of profit were there they will be adjusted, and if that money is not recovered or



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the movie does not do good on box office, then we have to refund his money in 3 months time. We have 3 months deadline, so we have to return that money. So that is the arrangement in industry.

Moderator: Thank you. The next question is from the line of Anika Mittal from Nvest Research. Please go ahead.

Anika Mittal: Okay. So, my question is, what are the growth drivers for our strategy, for our business model, which we are internally working on for next two, three years around which we shall create some competitive advantage, means that will create our right to win in this particular industry, giving us the competitive advantage in relation to other players operating in the industry.

Kumar Taurani: See our strength key, we understand, which story can we pick up to make a film. We know actually you can – if you pay attention and if you study then Tips is number one company in creating their own films music. So that's a very big strong point we have. So what we'll do and if movie of any picture is good then there is 95% chance that movie will be a hit and the movie has long term value. And we are focusing on Hindi plus I'm, entering into regional languages. We are working a lot on regional pictures, so I feel there is a lot of vacuum, we can work well there and over there profits are also good, so we are having a mix of regional languages and Hindi films. Plus there is OTT our focus is on OTT films. If we make 8-10 movies, then we will have 4-5 OTT films, 2-3 regional films, 2-3 Hindi Films so it'll be a mixture of all that. So I think in this mixture, risk is also divided and if this is the content which you have, then even if a movie does not work then you can cover it. Even if you earn 100 crore, and if another movie does not work then 20 crore will go into that, then still you have profit of 60-70 crore. So that is the strategy I am working on this. Let's see how we can achieve.

Anika Mittal: Basically we are diversifying our portfolio kind of thing.

Kumar Taurani: Yes.

Anika Mittal: Okay. And what is the growth outlook for Tips Films as a business in the terms of revenue scalability, EBITDA margins improvement, PAT margins improvement going forward in next say three to four years down the line?

Kumar Taurani: What I feel is see, I'm looking at this year as a first year and we have a three films now. So what I want to say, this film business sometimes is not a quarterly business. We are trying, we should have a quarterly cycle of the business, but there is a -- we are dealing with humans, actors, so it is different kind of a business. My raw material is humans, so if we don't have their date or if they are sick, so if I have planned that this quarter I am releasing a movie or INR 50 crore and I would get its money, may be I have received INR 25 crore as its advance, but I will keep that as advance, I will book the money on release only. So quarter can go up and down, so it will take 1-2 years to know the picture. But I feel is our turn over at this current year, as I told you INR 29.50 crore we recovered from satellite, and we are planning to release at least 1 movie which will give us more INR 35 crore to 40 crore business, so around INR 70 crore is guarantee, that much should happen. And like another big movie is being made like Merry Christmas, so if that happens then we will be in the range of INR 150 crore top line plus, and bottom line will be around INR 30-40 crore, if that big movie goes to next year then INR 70 crore and bottom line will be INR 15-20 crore, so you can expect that. So the target for next, if we take benchmark of 10 years then in that we will grow atleast 50-60% top line anyhow, that would be be our try. And bottom line target is that we will maintain it at 30%.

Anika Mittal: One more question regarding, this, strategic deals. You were mentioning of the satellite deal. So how frequently do we expect these deals means, in this particular year we got the deal. So do we expect it on regular basis, consistent basis or it will be after span of time.



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- Kumar Taurani:** See now, as I told you, we have sold this, we have done this deal for seven years. So this deal will open up again into 2029 and our other films, which, many other films which we have released in '20, which is coming up again to for renewal in '26, '27, '28. Then this lot also will come in '29 and one or two films will come up in 2030. So many films will from '26 to '30, you can -- I can say these 50 films will come back for a renewal. Entire lot. And then plus whatever movies we produce, say, we are making our films in '22, now we are in '22, from '22 to '26, then '27, '28, '29, whatever films, we end up make another 30-40 films. So I'm trying that by 30, we should have a kitty of 100 films which can give us a regular income you can say year wise, and also I'm planning that all movies I should make a one date or two date that my library opens together and together we will have big money cash flow will be better. So we are planning all those things also.
- Anika Mittal:** Okay, understood. And in your P&L statement, as you disclosed in this presentation, there is a figure appearing from around INR 8.59 crore as a share of partner. so can you please elaborate the same or clarify the same? What is that figure, what is that share.
- Kumar Taurani:** See this movie we produced Booth Police. So, in Booth Police we had a partner. He has a 40% partnership because, this was -- he suggested the project, we like the project and then we entered, we produced that movie. So it was a profit sharing between us 60-40, we given him a 40% profit. So that is his money.
- Anika Mittal:** So, it's around, I think INR 8.59 crore and your EBITDA was I think INR 12 crore. So what cases is 40 I didn't understand.
- Kumar Taurani:** 40% say approximately, I think we sold movie for INR 66 crore. So out of that, if movie was for INR 46 crore then INR 20 crore was the margin, so that how we calculated the margin, and then there was also value of music, so that is why the margin was INR 8.95 crore
- Anika Mittal:** Okay. And I think there is some, calculation mistakes in the cash flow statement. If I am not wrong. In investor presentation, if you see.
- Kumar Taurani:** Tell me, my senior VP will clear this.
- Anika Mittal:** I think it is, it's given that operating profit before working capital is INR 9.15 crore and then you deducted the changes in working capital INR 7.88 crore. So it is cash generated from operations INR 1.27 crore and deduction of direct taxes you have shown zero. Then, the figure is INR 10.4 crore how you arrived at this figure.
- Kumar Taurani:** Harsh it will take time?
- Haresh Sedhani:** It will take five minutes. So I will.
- Kumar Taurani:** So Anika we can com back to this.
- Moderator:** Thank you. The next question is from the line of Mayur Parkeria from Welth Managers India Private Limited. Please go ahead.
- Mayur Parkeria:** I just had, one small question. you know, it's great to see that, you know, we have writing of policy of within 12 months of the release. I just had, the question related to that is I said, how will we allocate or apportion the cost to various rights?
- Kumar Taurani:** Yeah, see our early policy was
- Mayur Parkeria:** Just one minute. You explained that, the music, satellite and digital are normally done in the first phase and then theoretical releases happen. There is a lag between some of them. So when you close the balance sheet, accounting from point of view, there will be some rights



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which may be sold. There are some rights which may be, so how will you apportion the cost of the movie, to the various rights?

- Kumar Taurani:** See we won't do that. What is -- why this one year means say we are releasing in March 15th or last week. So if we are releasing the movie in the month of March, and we are -- we have a theatrical release, we have a pre-sale, but we have not given the delivery of the -- we have music money has come in music deal is closed, because movie is releasing but satellite and digital delivery goes after that. So maybe that portion will be left out. So we will tell you at that time, how much we have -- whatever money we receive from satellite and -- sorry, music and that theatrical we will write off entire money. We will proportion like that. And also we have given you the rough proportion of our expected revenue in my speech also, plus my presentation also is there, so you can -- that can be a benchmark as well. But we will go on actuals. Actually my wish is, see this is the first time we are doing, this is the first call of conference call and we are now separating the business and all that. My wish is I should write off everything on the first day of the release of the movie and in the same quarter the way we do in music, that we will achieve that. But we want, this one or two quarters to see how our business is shaping up accordingly we will take a call.
- Mayur Parkeria:** So sir, honestly, here is less clarity, maybe over the next one or two quarters in calls we'll get more clarity.
- Kumar Taurani:** No, see clarity is there. What I told you was that music and theatrical revenue I will write off immediately. Like I will give you an example. Suppose a movie is of INR 100 crore.
- Mayur Parkeria:** Take from INR 20 crore.
- Kumar Taurani:** if a movie is of INR 20 crore, and out of that INR 3 crore is from music and we are releasing theatrical and in INR 15 crore we sold satellite and digital, so that INR 15 crore or satellite and digital, I cannot do booking till the time I do not do delivery, so that money will not be booked, so I booked INR 3 crore of music, and from theatre my revenue was INR 7 crore, and I booked that, so against INR 20 I recovered INR 10 crore and INR 15 crore is yet to be recovered, so that INR 10 crore I will carry forward to next year or I will discuss with the auditor the balance INR 15 crore which I am going to get, that I will book in next quarter, so out of that INR 5 crore is profit, so may be I should book INR 2.5 crore towards this and INR 2.5 crore next quarter, so how we will do that. So this is for that purpose only.
- Mayur Parkeria:** So in short, the INR 10 crore which you are booking in first year, against the INR 20 crore movie, you have received INR 10 crore, so you have to show the margin in front of that.
- Kumar Taurani:** Yes, we will show that, we will show it proportionately.
- Mayur Parkeria:** That is what I wanted to understand, out of that INR 20 crore -- INR 25 crore is the total revenue expected out of that INR 10 crore is recovered which I 40%, so will you do 40% of the cost as well or will it be --- my suggestion is and my humble request is to have a standardized accounting policy based on your experience and based on how the things happen. It will do two things, it will remove ambiguity on the inventory valuation and it will remove ambiguity on the realization of the inventory which can be there.
- Kumar Taurani:** I think what suggestion now given that's the best suggestion you have given, we will -- I'll discuss with my auditor, and we will -- it'll be -- I can tell you one thing, it'll be very transparent, very open, and we will tell you all no problem and everything will...
- Mayur Parkeria:** if you can do that accounting policy, there is even auditor, they don't -- not, so sorry, maybe I am just telling, they have less understanding of movie business. What the domain is, only you understand how much realization can happen and potential can happen, but margins are important. So be con -- if you are as conservative as possible, right off the cost upfront as much as possible if you don't show margin initially it is okay, but you know, at the end of the



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day, overall it should make money. So as long as it is conservative, it'll help the investors. And as long as it is transparent and standardized, it'll help. Sir. Thank you, sir.

Kumar Taurani: That is the intention. That's why I told, we have discontinuing the 10 year old policy, we are not going ahead with that. We are revising that. And I told you that my target is to achieve -- on the release date, it should be 100% written off. There shouldn't be any, even if there are losses but very transparent and open. Absolutely. That's the key.

Moderator: Thank you ladies and gentlemen. Due to time constraint, that was the last question that the management could answer. I would now like to hand the conference over to Mr. Kumar Taurani for closing comments.

Kumar Taurani: Just a second. Haresh, you are ready with the answer. We have to reply one answer, one question was asked earlier.

Haresh Sedhani: Yes, actually there is a typing error, typing error. This is changes working capital, cash generative working capital is plus INR 1.27 crore. This INR 7.88 crore figure should not come. That is zero.

Kumar Taurani: Who was that? Mr. Anika? Hello

Moderator: Sir, he's on a mute moon. Give me a moment, I will just try to unmute him. Anika, I have unmuted you.

Anika Mittal: Hello? Yes sir.

Kumar Taurani: There was one question, Haresh has replied that there is some error in typing. So we will also update our presentation to the exchange and whatever formalities we will do that. But he's replying to you. Yeah, Haresh go on.

Haresh Sedhani: This is changes in working capital. This is actually zero, this is cash generated from working capital. That is INR 1.27 crore.

Anika Mittal: Understood, this is the cash generated from working capital INR 1.27 crore you were saying. And this INR 9.15 crore plus INR 1.27 actually comes to INR 10.42 crore.

Kumar Taurani: Okay?

Anika Mittal: Okay. Understood. Thank you. Thank you for clarification.

Moderator: Thank you. Sir, any closing comments from your end?

Kumar Taurani: Thank you so much for attending our first conference call and I can rest all of you, that have confidence in us and have faith in us. We will be 100% transparent and we will tell you everything, whatever is happening at the company. Thank you so much. Thank you so much for your support always. Thanks.

Moderator: Thank you. On behalf of Tips Films Limited. That concludes this conference. Thank you for joining us and you may now disconnect your lines.