



Tips Music delivered a robust Q1FY26 performance with record revenue of ₹88.1 Cr (+19% YoY; +12% QoQ), EBITDA ₹56.5 Cr (EBITDA Margin at 64.2%; +4% YoY) and PAT ₹45.7 Cr (+5% YoY), continuing its trend of profitability amid rising content investments. The quarter marked disciplined content rollouts and platform growth, as Tips released 92 new songs—48 film and 44 non-film—with the standout Punjabi track ‘Main Nachdi’ becoming a viral hit (75mn+ views) and driving consumption on YouTube and Meta platforms.

Content cost rose sharply (+85% YoY to ₹23.5 Cr), reflecting the company’s upfront expensing model and focus on quality content additions. Despite this, margin profile remained strong at 64.2%, aided by scale and automation efficiencies through its in-house CMS “Pulse” for DSP deliveries. The revenue growth was supported by a steadily growing YouTube base (125.8 mn subscribers, +20% CAGR over 2 years), increased traction on platforms like Spotify and Meta, and a shift toward a paid streaming ecosystem

While management remains confident of achieving 30% YoY revenue growth in FY26, it maintains a cautious 20% base-case outlook due to evolving monetization norms, platform transitions (e.g., OTT shutdowns, subscription gating), and changing YouTube policies that reduce pirated content monetization—an eventual structural tailwind for rights holders

**Financial Summary**

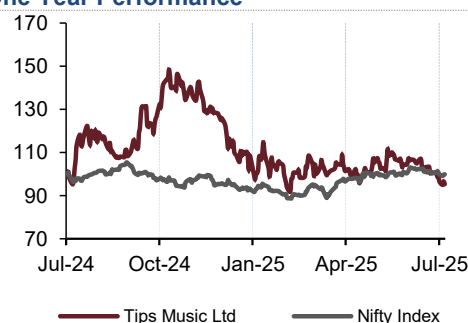
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
Net sales	1,356	1,868	2,416	3,107	3,786	4,756
EBIDTA	862	1,019	1,585	2,067	2,432	3,091
Margins (%)	63.6	54.6	65.6	66.5	64.2	65.0
PAT (adj)	646	765	1,272	1,666	1,956	2,462
<b>Growth (%)</b>	<b>15%</b>	<b>19%</b>	<b>66%</b>	<b>31%</b>	<b>17%</b>	<b>26%</b>
EPS	4.98	5.96	9.90	13.03	15.30	19.26
P/E (x)	122	102	61	46	40	31
P/B (x)	-	-	-	-	-	-
EV/EBITDA (x)	98	81	52	40	34	27
RoE (%)	63	56	71	79	62	59
ROCE (%)	83	78	95	107	83	79
RoIC (%)	153	190	264	100	93	86
Net Debt	-582	-898	-1,252	-406	-1,052	-1,101

Source: Dalal and Broacha

Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>773</b>	<b>28</b>

**Market data**

<b>Current price</b>	<b>Rs</b>	<b>602</b>
Market Cap (Rs.Bn)	(Rs Bn)	77
Market Cap (US \$ Mn)	(US \$ Mn)	886
Face Value	Rs	1
52 Weeks High/Low	Rs	950 / 551
Average Daily Volume	('000)	152
BSE Code		532375
Bloomberg		TIPSMUSI.IN
Source: Bloomberg		

**One Year Performance**


Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	64.15	64.15
Public	35.85	35.85
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: BSE

Tips continue to maintain a high cash reserve of ₹316 Cr, stays debt-free, and sustains its strong shareholder return model with ₹51.13 Cr paid out via interim dividends in Q1. With 72% of revenue generated via digital platforms and legacy IP performing strongly (e.g., Chundri Chundri at 2bn views), the company is well-positioned to monetize both evergreen catalog and new releases through a multi-platform strategy. The medium-term guidance of 25–28% content cost to revenue and 20–30% revenue growth remains intact, supported by robust content pipeline, automation, and growing demand for Indian music global

## Conference Call Key Highlights

### Market Strategy & Mix

- **Strong catalog & global audience:** Tips continues to benefit from its evergreen 90s music catalog, which holds ~65–70% of that decade's repertoire, supporting consistent listenership and monetization across platforms like YouTube, Instagram, and Facebook.
- **Digital + Non-Digital traction:** Despite YouTube policy-led moderation in UGC content, content consumption on Meta platforms and Spotify continues to grow. Paid ecosystem momentum is visible across streaming services.
- **Global platforms:** Tips' music sees active traction on global platforms like TikTok, YouTube, and Spotify; 72% of revenue remains digital-led.

### AI, Privacy & IP

- **Content ID & piracy control:** YouTube's Content ID system continues to support rights enforcement. Platform-level UGC restrictions to curb piracy are a long-term positive for revenue integrity.
- **In-house automation (Pulse):** Tips built its own CMS ("Pulse") to deliver content directly to TikTok and other DSPs via DDEX feeds, enhancing delivery control and turnaround time.

### Operations & Cost

- **Content cost management:** Content cost surged 85% YoY in Q1 due to high-value releases, but management expects FY26 content cost to normalize at 25–28% of revenue.
- **Accounting policy:** All content cost is expensed in the quarter of release, ensuring a clean balance sheet. Tips wrote off ₹20.5 Cr in Q1 due to major releases.
- **Steady EBITDA margins:** Despite higher content cost, EBITDA margins held at a healthy 64%, supported by platform scale and automation.

### Pricing Discipline & Competitive Positioning

- **Focus on quality content:** Management reiterated that it prioritizes high-quality, monetizable content over volume. Older hits like "Chundri Chundri" (2bn views), "Hona Tha Pyaar" (500mn), and "Dil Hai Tumhara" (700mn) continue to yield value.
- **Wider ecosystem growth:** The shift of many platforms (Ganna, Reso, etc.) behind paywalls and Amazon's full-page launch is expected to bring incremental revenue opportunities and better monetization across verticals.

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## Capital Allocation

- **High cash balance & payouts:** Tips remains debt-free with ₹316 Cr in cash and investments. Declared ₹51.13 Cr interim dividend in Q1FY26.
- **Content-first capital use:** Investment focus remains on content IP; M&A optionality exists but with high-quality filters. Warner Music continues to contribute 25–30% to revenue.

## Guidance, Seasonality & Macro

- **FY26 guidance:** Management maintains 20–30% revenue growth guidance for FY26, depending on platform trends and execution. A 20% growth is seen as highly achievable, with 30% being the stretch target.
- **Macro challenges absorbed:** Despite OTT shutdowns and ad revenue fluctuations, diversified platforms (Meta, Spotify, Amazon) continue to offer resilience.
- **YouTube shifts temporary:** Management noted that YouTube's new UGC restrictions impacted views slightly in Q1 (–9% YoY), but July saw a rebound. Structural trends remain positive.
- **Long-Term Vision:** Tips continues to build on its unique position in Indian music IP, focusing on sustained monetization, catalog enrichment, and platform reach. Emphasis on building a durable, high-ROI business model rooted in music licensing and digital engagement.

## Valuation & Outlook

**At the current level of INR 605, the stock is trading at 46x / 40x / 31x FY25 / FY26e / FY27e EPS.**

Tips' IP-led, content-first model is compounding with discipline—Q1 FY26's 19% YoY revenue growth and resilient 64% EBITDA margin validate the credibility of its 20–30% topline CAGR narrative. Pulse CMS automation, premium content additions, and structural shifts toward paid streaming platforms fortify monetization levers and margin integrity. Despite YouTube policy shifts, platform diversification (Spotify, Meta, TikTok) and legacy IP strength are sustaining scale and pricing power.

Tips continue to benefit from a diversified revenue mix (~72% digital; ~28% non-digital) with legacy IP driving views (e.g., “Chundri Chundri” with 2Bn+ views). Key tracks from new releases, like ‘Main Nachdi’, have scaled virality (75Mn+ views), supported by a growing YouTube base (125.8Mn subscribers, 20% 2Y CAGR). The company released 92 new songs in Q1, reflecting a sharp uptick in content investments (₹23.5 Cr, +85% YoY), fully expensed as per its conservative accounting policy.

Capital deployment remains prudent—Tips holds ₹316 Cr in cash, is debt-free, and paid out ₹51.13 Cr in Q1FY26 as dividends. Growth investments remain catalog-focused, while M&A optionality is high-bar and selective (Warner contributes 25–30%). The company reiterated its medium-term guidance of 25–28% content cost-to-revenue and 20–30% revenue growth, contingent on platform dynamics and monetization pace.

On balance, Tips merits a structural premium vs traditional media peer, underpinned by:

- Unmatched legacy IP and pan-India rights portfolio;
- Structural margin durability despite rising content costs;
- Direct platform monetization and automation (Pulse CMS, DDEX feeds);
- Tailwinds from global shift toward paid digital consumption.

**We assign a BUY rating to the stock, applying a target multiple of 40x FY27e, arriving at a target price of INR 773.**

## Quarterly Performance Analysis

(Rs.Mn)	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Revenue from Operations	881	739	19%	785	12%
Other Income	57	46	24%	47	22%
Acquisition Cost/In-house Music Productions	195	83	135%	250	-22%
Royalty Expense	10	10	7%	11	-4%
Advertisement	30	34	-12%	39	-22%
Employee Benefits Expense	31	28	11%	46	-32%
Other Expenses	49	41	21%	67	-26%
Total Expenses	315	195	61%	412	-23%
EBITDA (Excluding Other Income)	565	544	4%	373	52%
Depreciation and Amortisation Expenses	6	9	-29%	6	12%
EBIT / PBIT	616	581	6%	414	49%
Finance Costs	1	1	-32%	1	-9%
EBT/ PBT	615	580	6%	413	49%
Tax Expense	157	148	6%	107	47%
Net Profit after Tax	458	432	6%	306	50%
Adj Earning Per Share	3.59	3.38	6%	2.39	50%
<b>Margins (%)</b>			<b>(In bps)</b>		<b>(In bps)</b>
EBITDA Margins (Excl Other Income)	64.2%	73.6%	-937	47.5%	1669
PAT Margins	52.0%	58.5%	-644	39.0%	1305

Source: Dalal & Broacha Research, Company

## Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
<b>Net Sales</b>	<b>1,356</b>	<b>1,868</b>	<b>2,416</b>	<b>3,107</b>	<b>3,786</b>	<b>4,756</b>
Operating Expenses	-	-	-	-	-	-
Employee Cost	-63	-73	-109	-132	-144	-162
Other Expenses	-431	-775	-722	-908	-1,210	-1,503
<b>Operating Profit</b>	<b>862</b>	<b>1,019</b>	<b>1,585</b>	<b>2,067</b>	<b>2,432</b>	<b>3,091</b>
Depreciation	-7	-13	-20	-22	-29	-35
<b>PBIT</b>	<b>855</b>	<b>1,006</b>	<b>1,565</b>	<b>2,045</b>	<b>2,403</b>	<b>3,056</b>
Other income	32	54	144	190	209	230
Interest	-1	-3	-3	-3	-3	-3
<b>PBT</b>	<b>886</b>	<b>1,056</b>	<b>1,705</b>	<b>2,232</b>	<b>2,608</b>	<b>3,283</b>
<b>(post exceptional)</b>	<b>886</b>	<b>1,056</b>	<b>1,705</b>	<b>2,232</b>	<b>2,608</b>	<b>3,283</b>
Provision for tax	-241	-291	-434	-566	-652	-821
Profit & Loss from Associates/JV	-	-	-	-	-	-
Reported PAT	646	765	1,272	1,666	1,956	2,462
MI	-	-	-	-	-	-
Owners PAT	646	765	1,272	1,666	1,956	2,462
<b>(excl Exceptionals)</b>	<b>646</b>	<b>765</b>	<b>1,272</b>	<b>1,666</b>	<b>1,956</b>	<b>2,462</b>
<b>EPS</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>13</b>	<b>15</b>	<b>19</b>

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
Equity capital	130	128	128	128	128	128
Reserves	894	1,233	1,667	1,968	3,034	4,018
<b>Net worth</b>	<b>1,024</b>	<b>1,362</b>	<b>1,795</b>	<b>2,096</b>	<b>3,162</b>	<b>4,147</b>
MI	-	-	-	-	-	-
<b>Non Current Liabilites</b>	<b>334</b>	<b>32</b>	<b>760</b>	<b>205</b>	<b>520</b>	<b>520</b>
<b>Current Liabilites</b>	<b>110</b>	<b>533</b>	<b>834</b>	<b>1,093</b>	<b>1,222</b>	<b>1,275</b>
<b>TOTAL LIABILITIES</b>	<b>1,468</b>	<b>1,927</b>	<b>3,389</b>	<b>3,395</b>	<b>4,904</b>	<b>5,942</b>
<b>Non Current Assets</b>	<b>179</b>	<b>281</b>	<b>632</b>	<b>389</b>	<b>332</b>	<b>341</b>
	177	281	632	337	330	347
Fixed Assets	63	50	78	62	61	71
Right of Use Assets	-	-	-	-	-	-
Financial Assets	2	72	479	212	206	211
Deferred Tax Asset	4	5	6	5	5	6
Long Term Loans and Advances	-	1	1	1	1	1
Other Non Current Assets	108	153	68	57	57	57
<b>Current Assets</b>	<b>1,288</b>	<b>1,646</b>	<b>2,756</b>	<b>3,006</b>	<b>4,572</b>	<b>5,601</b>
<b>Current investments</b>	<b>34</b>	<b>131</b>	<b>913</b>	<b>955</b>	<b>1,855</b>	<b>2,755</b>
Inventories	-	-	-	-	-	-
Trade Receivables	179	203	263	275	311	391
Cash and Cash Equivalent	221	114	485			
Bank Balance other than cash	399	843	827	485	1,053	1,102
Short Term Loans and Advances	2	26	27	1	1	1
Other Financial Assets	87	45	58	1,169	1,169	1,169
Other Current Assets	367	283	184	195	184	184
<b>TOTAL ASSETS</b>	<b>1,468</b>	<b>1,927</b>	<b>3,389</b>	<b>3,395</b>	<b>4,904</b>	<b>5,942</b>

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
PBT	851	1,056	1,705	2,232	2,608	3,283
Depreciation	7	13	20	22	29	35
Net Chg in WC	-360	90	1,128	-306	399	-45
Taxes	-219	-310	-439	-592	-652	-821
Others	-22	-39	-84	-154	-162	-172
<b>CFO</b>	<b>258</b>	<b>811</b>	<b>2,330</b>	<b>1,202</b>	<b>2,222</b>	<b>2,281</b>
Capex	-5	-7	-28	-15	1	-9
Net Investments made	-75	-555	-2,006	14	-900	-900
Others	-191	79	924	107	209	230
<b>CFI</b>	<b>-270</b>	<b>-483</b>	<b>-1,110</b>	<b>106</b>	<b>-616</b>	<b>-662</b>
Change in Share capital	-	-	-	-	-	-
Change in Debts	-	-	-	-	-	-
Change in Debts	-26	-427	-835	-895	-1,174	-1,477
Others	-3	-5	-13	-18	214	-93
<b>CFF</b>	<b>-28</b>	<b>-432</b>	<b>-848</b>	<b>-1,385</b>	<b>-966</b>	<b>-1,570</b>
<b>Total Cash Generated</b>	<b>-41</b>	<b>-104</b>	<b>371</b>	<b>-77</b>	<b>640</b>	<b>49</b>
<b>Cash Opening Balance</b>	<b>227</b>	<b>186</b>	<b>81</b>	<b>485</b>	<b>407</b>	<b>1,053</b>
<b>Cash Closing Balance(a)</b>	<b>186</b>	<b>81</b>	<b>453</b>	<b>407</b>	<b>1,053</b>	<b>1,102</b>
<b>Other Bank Balances (b)</b>	<b>399</b>	<b>843</b>	<b>827</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total(a+b)</b>	<b>584</b>	<b>924</b>	<b>1,279</b>	<b>407</b>	<b>1,053</b>	<b>1,102</b>
Ratios	FY22	FY23	FY24	FY25	FY26e	FY27e
OPM	63.6	54.6	65.6	66.5	64.2	65.0
NPM	46.5	39.8	49.7	50.5	49.0	49.4
Tax rate	-27.2	-27.6	-25.4	-25.4	-25.0	-25.0
<b>Growth Ratios (%)</b>						
Net Sales	50%	38%	29%	29%	22%	26%
Operating Profit	56%	18%	56%	30%	18%	27%
PBIT	57%	18%	56%	31%	17%	27%
PAT	15%	19%	66%	31%	17%	26%
<b>Per Share (Rs.)</b>						
Net Earnings (EPS)	4.98	5.96	9.90	13.03	15.30	19.26
Cash Earnings (CPS)	5.04	6.06	10.06	13.14	15.46	19.45
<b>Dividend</b>						
<b>Book Value</b>	<b>7.90</b>	<b>10.60</b>	<b>13.98</b>	<b>16.32</b>	<b>24.62</b>	<b>32.29</b>
Cash Flow from Operations	258.13	810.91	2,329.52	1,202.13	2,221.83	2,280.74
Less:- Capex	-5	-7	-28	-15	1	-9
<b>Free Cash Flow</b>	<b>253.34</b>	<b>803.76</b>	<b>2,301.63</b>	<b>1,186.77</b>	<b>2,223.03</b>	<b>2,271.29</b>
<b>Valuation Ratios</b>						
P/E(x)	122	102	61	46	40	31
P/B(x)	83	62	47	40	27	20
EV/EBIDTA(x)	98	81	52	40	34	27
Div. Yield(%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF Yield(%)	0.30%	0.96%	2.74%	1.42%	2.65%	2.71%
<b>Return Ratios (%)</b>						
ROE	63%	56%	71%	79%	62%	59%
ROCE	83%	78%	95%	107%	83%	79%
RoIC	153%	190%	264%	100%	93%	86%

Source: Dalal &amp; Broacha Research, Company

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