Tips Music Ltd

Q2FY26 Result Update | Music Industry

Amid Challenging Industry, Business Fundamentals robu

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

15 October 2025

Tips Music delivered resilient performance in Q2FY26, posting revenue of ₹892 million (up 11% YoY) and PAT of ₹532 million (up 10% YoY, 16% QoQ), with EBITDA margin expanding to 76%. Content acquisition costs declined sharply by 38% YoY to ₹58 million, reflecting better cost discipline. EPS rose 10% YoY to ₹4.16, and a second interim dividend of ₹4 per share was declared, totaling ₹511.3 million. Management reaffirmed its FY2026 revenue growth target of 20%, expecting stronger momentum in H2 from YouTube and subscription growth. The company remains focused on quality music output, catalog monetization, and digital expansion, while emerging opportunities in AI and short-format monetization offer long-term upside.

Key Financial Highlights

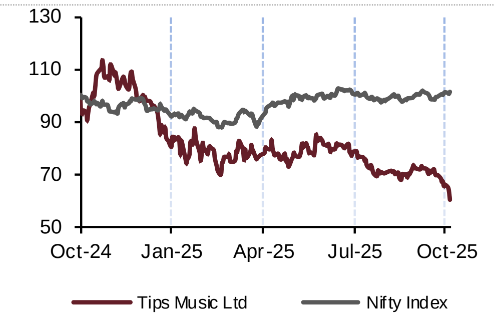
- **Revenue: For Q2FY26E, the company reported revenue of ₹892 million, reflecting an 11% YoY growth and 1% QoQ increase.**
- **Profit After Tax (PAT): Net profit after tax for Q2FY26E stood at ₹532 million, representing a 10% YoY rise and a 16% sequential improvement.**
- **EBITDA Margin: The company achieved an EBITDA margin (excluding other income) of 76.0% in Q2FY26E, an expansion of 226 bps YoY and 1185 bps QoQ.**
- **Content/Acquisition Cost: Acquisition cost/in-house music production expenses were ₹58 million, accounting for 6.5% of revenue, down sharply by 38% YoY and 70% QoQ.**
- **EPS: Adjusted earnings per share in Q2FY26E came in at ₹4.16, a 10% YoY and 16% QoQ growth.**
- **Dividend Component (Q2 FY26): Company declared a second interim dividend for the financial year 2025-2026 of Rs. 4/- per equity share. This dividend declaration for Q2FY26 amounted to ₹511.3 million**

Rating	TP (Rs)	Up/Dn (%)
BUY	**660**	**32**

Market data		
Current price	**Rs**	**502**
Market Cap (Rs.Bn)	(Rs Bn)	64
Market Cap (US$ Mn)	(US$ Mn)	722
Face Value	Rs	1
52 Weeks High/Low	Rs	950 / 499.9
Average Daily Volume	('000)	271
BSE Code		532375
Bloomberg		TIPSMUSI.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	64.15	64.15
Public	35.85	35.85
Total	**100.00**	**100.00**

Source: BSE

Akshay Kolekar
+91 22 67141412
akshay.kolekar@dalal-broacha.com

Financial Summary

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e
Net sales	905	1,356	1,868	2,416	3,107	3,746	4,650
EBIDTA	552	862	1,019	1,585	2,067	2,443	3,021
Margins(%)	60.9	63.6	54.6	65.6	66.5	65.2	65.0
PAT (adj)	562	646	765	1,272	1,666	1,965	2,410
Growth (%)	**25%**	**15%**	**19%**	**66%**	**31%**	**18%**	**23%**
EPS	11.39	4.98	5.96	9.90	13.03	15.37	18.85
P/E (x)	181	122	102	61	46	39	32
P/B (x)	-	-	-	-	-	-	-
EV/EBITDA (x)	160	98	81	52	40	34	27
RoE (%)	56	63	56	71	79	62	58
ROCE (%)	59	83	78	95	107	83	78
RoIC (%)	64	153	190	264	100	93	85
Net Debt	-333	-582	-898	-1,252	-406	-1,052	-1,101

Source: Dalal & Broacha Research, Company

Conference Call Key Highlights

Financial Performance and Results

- **Half-Year Revenue Growth:** Revenue grew by 15% in H1 FY2026 despite challenging industry conditions.
- **H1 FY2023 Highlights:** Revenue for the first half was ₹1773 million, up 15% year-on-year. EBITDA increased by 8%.
- **Q2 FY2023 Highlights:** Q2 revenue was ₹892.4 million, marking year-on-year growth. Operating margin was 76%, and EBITDA rose by 7%.
- **One-Off Revenue:** The previous year's September quarter included a one-off revenue event of around ₹7 crore, which should be factored in when assessing growth.

Growth Outlook and Guidance

- **Annual Growth Target:** The company maintained its FY2026 revenue growth target of 20%, revised down from an earlier 30% guidance.
- **Q3–Q4 Acceleration:** Management expects a strong rebound in Q3 and Q4 driven largely by YouTube revenues. Achieving the annual goal requires ~25% average revenue growth in H2.
- **Long-Term Drivers:** Sustained paid subscriber additions, the start of ad revenue sharing from short-form platforms, and broader market expansion are expected to drive long-term growth.

Content Strategy and Performance

- **Content Output:** 133 songs released in FY2026 so far — 76 film songs and 57 non-film songs.
- **Focus on Quality:** Management emphasized prioritizing content quality over sheer volume and expressed unwillingness to overpay for competitive bidding.
- **H2 Lineup:**
  - Planned release of ~50–60 non-film songs by March (roughly one every 30 days).
  - Film music releases remain uncertain, tied to broader movie schedules.
- **Digital Reach:** Combined YouTube subscriber base stands at 100 million.
- **Catalog Performance:** Legacy catalog performing strongly on Meta platforms, with standout tracks surpassing 1.5 billion, 850 million, and 700 million views respectively.

Industry Dynamics and Challenges

- **Subscription Transition:** Platforms like Spotify are pushing free users toward paid subscriptions through ad limitations — painful in the short term but positive for long-term revenue growth.
- **Short-Form Monetization:** Revenue sharing on short formats (e.g., YouTube Shorts) not yet on a variable basis. Expected to begin once platform–label agreements are finalized.
- **YouTube Shorts Contract:** Current fixed contract expires on June 19 next year; management anticipates a shift to a revenue-sharing model post-renewal.
- **Competitive Landscape:** Ongoing consolidation in the industry, with several apps shutting down or pivoting paid models. The company lost ~$3 million following the exit of a major app due to "China-related issues."

Future and Strategy

- **Core Focus:** The company's 3–5-year strategy remains firmly centered on its music business; it is not venturing into peripheral verticals like event management.
- **Artist Management:** Exploring partnerships and collaborations with artist management firms.
- **Acquisition Rationale:** Recently acquired legacy studio music assets at attractive valuations; digitization work is underway (completion expected in 12 months) for future monetization.

- **AI Outlook:** Management sees global labels' AI tie-ups as encouraging and is actively engaging in discussions with Indian AI firms.
- **Industry Growth Forecast:** The Indian music industry is projected to scale to ₹10,000–₹12,000 crore within five years.
- **Key Future Growth Drivers:**
  1. Subscription expansion
  2. Short-form content monetization (post revenue-sharing implementation)
  3. Public performance rights — currently a ₹150 crore segment, potentially expanding to ₹200 crore.
- **Dividend Policy:** The elevated dividend payout indicates strong liquidity. Management remains disciplined in content acquisition, benefiting shareholders through prudent capital allocation.

Valuation & Outlook

At the current level of INR 502, the stock is trading at 39x / 33x / 27x FY25 / FY26e / FY27e EPS.

The valuation is justified by the company's robust 15% revenue growth in H1 FY2026 despite industry headwinds, supported by strong digital reach with 100 million YouTube subscribers and high-performing legacy catalog tracks. The management's revised guidance of 20% revenue growth for FY2026, along with H2 acceleration driven by YouTube monetization, underpins long-term growth prospects. Additionally, strategic acquisitions, focus on quality content, expansion into public performance rights, and AI partnerships further strengthen future earnings potential. The company's disciplined capital allocation and high dividend payout reflect strong liquidity, enhancing its valuation comfort. Overall, these factors collectively validate a positive outlook aligned with the company's value trajectory.

We assign a BUY rating to the stock, applying a target multiple of 35x FY27e, arriving at a target price of INR 660.

Quarterly Performance Analysis

(Rs.Mn)	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)
Revenue from Operations	**892**	**806**	**11%**	**881**	**1%**
Other Income	45	56	-19%	57	-21%
Acquisition Cost/In-house Music Productions	58	94	-38%	195	-70%
Royalty Expense	14	12	20%	10	37%
Advertisment	61	33	85%	30	101%
Employee Benefits Expense	34	28	22%	31	9%
Other Expenses	47	45	5%	49	-4%
Total Expenses	214	211	1%	315	-32%
EBITDA (Excluding Other Income)	**678**	**595**	**14%**	**565**	**20%**
Depreciation and Amortisation Expenses	6	5	13%	6	0%
EBIT / PBIT	**717**	**645**	**11%**	**616**	**16%**
Finance Costs	1	1	-32%	1	-11%
EBT/ PBT	**717**	**644**	**11%**	**615**	**16%**
Tax Expense	185	163	14%	157	18%
Net Profit after Tax	**532**	**482**	**10%**	**458**	**16%**
Adj Earning Per Share	4.16	3.77	10%	3.59	16%
Margins (%)			**(In bps)**		**(In bps)**
EBITDA Margins (Excl Other Income)	76.0%	73.8%	226	64.2%	1185
PAT Margins	59.6%	59.7%	-13	52.0%	757
Content Cost % Revenue	6.5%	11.6%	-516	22.1%	-1560

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
Net Sales	**1,356**	**1,868**	**2,416**	**3,107**	**3,746**	**4,650**
Operating Expenses	-	-	-	-	-	-
Employee Cost	-63	-73	-109	-132	-142	-158
Other Expenses	-431	-775	-722	-908	-1,160	-1,470
Operating Profit	**862**	**1,019**	**1,585**	**2,067**	**2,443**	**3,021**
Depreciation	-7	-13	-20	-22	-29	-35
PBIT	**855**	**1,006**	**1,565**	**2,045**	**2,414**	**2,986**
Other income	32	54	144	190	209	230
Interest	-1	-3	-3	-3	-3	-3
PBT	**886**	**1,056**	**1,705**	**2,232**	**2,620**	**3,213**
(post exceptional)	**886**	**1,056**	**1,705**	**2,232**	**2,620**	**3,213**
Provision for tax	-241	-291	-434	-566	-655	-803
Profit & Loss from Associates/JV	-	-	-	-	-	-
Reported PAT	646	765	1,272	1,666	1,965	2,410
MI	-	-	-	-	-	-
Owners PAT	646	765	1,272	1,666	1,965	2,410
(excl Exceptionals)	**646**	**765**	**1,272**	**1,666**	**1,965**	**2,410**
EPS	**5**	**6**	**10**	**13**	**15**	**19**

Source: Dalal & Broacha Research, Company

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	3,037	4,001
Net worth	**1,024**	**1,362**	**1,795**	**2,096**	**3,166**	**4,129**
MI	-	-	-	-	-	-
Non Current Liabilites	334	32	760	205	520	520
Current Liabilites	110	533	834	1,093	1,219	1,269
TOTAL LIABILITIES	**1,468**	**1,927**	**3,389**	**3,395**	**4,905**	**5,919**
Non Current Assets	179	281	632	389	332	341
	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
Current Assets	**1,288**	**1,646**	**2,756**	**3,006**	**4,574**	**5,578**
Current investments	**34**	**131**	**913**	**955**	**1,859**	**2,740**
Inventories	-	-	-	-	-	-
Trade Receivables	179	203	263	275	308	382
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
TOTAL ASSETS	**1,468**	**1,927**	**3,389**	**3,395**	**4,905**	**5,919**

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
PBT	851	1,056	1,705	2,232	2,620	3,213
Depreciation	7	13	20	22	29	35
Net Chg in WC	-360	90	1,128	-306	400	-43
Taxes	-219	-310	-439	-592	-655	-803
Others	-22	-39	-84	-154	-163	-173
CFO	**258**	**811**	**2,330**	**1,202**	**2,231**	**2,229**
Capex	-5	-7	-28	-15	1	-9
Net Investments made	-75	-555	-2,006	14	-905	-881
Others	-191	79	924	107	209	230
CFI	**-270**	**-483**	**-1,110**	**106**	**-620**	**-642**
Change in Share capital	-	-	-	-	-	-
Change in Debts	-	-	-	-	-	-
Change in Debts	-26	-427	-835	-895	-1,179	-1,446
Others	-3	-5	-13	-18	214	-92
CFF	**-28**	**-432**	**-848**	**-1,385**	**-971**	**-1,538**
Total Cash Generated	**-41**	**-104**	**371**	**-77**	**640**	**49**
Cash Opening Balance	**227**	**186**	**81**	**485**	**407**	**1,053**
Cash Closing Balance(a)	**186**	**81**	**453**	**407**	**1,053**	**1,102**
Other Bank Balances (b)	**399**	**843**	**827**	-	-	-
Total(a+b)	584	924	1,279	407	1,053	1,102

Ratios	FY22	FY23	FY24	FY25	FY26e	FY27e
OPM	63.6	54.6	65.6	66.5	65.2	65.0
NPM	46.5	39.8	49.7	50.5	49.7	49.4
Tax rate	-27.2	-27.6	-25.4	-25.4	-25.0	-25.0
Growth Ratios (%)						
Net Sales	50%	38%	29%	29%	21%	24%
Operating Profit	56%	18%	56%	30%	18%	24%
PBIT	57%	18%	56%	31%	18%	24%
PAT	15%	19%	66%	31%	18%	23%
Per Share (Rs.)						
Net Earnings (EPS)	4.98	5.96	9.90	13.03	15.37	18.85
Cash Earnings (CPS)	5.04	6.06	10.06	13.14	15.53	19.04
Dividend						
Book Value	**7.90**	**10.60**	**13.98**	**16.32**	**24.65**	**32.15**
Cash Flow from Operations	258.13	810.91	2,329.52	1,202.13	2,231.18	2,228.85
Less:- Capex	-5	-7	-28	-15	1	-9
Free Cash Flow	**253.34**	**803.76**	**2,301.63**	**1,186.77**	**2,232.38**	**2,219.40**
Valuation Ratios						
P/E(x)	122	102	61	46	39	32
P/B(x)	83	62	47	40	26	20
EV/EBIDTA(x)	98	81	52	40	34	27
FCF Yield(%)	0.30%	0.96%	2.74%	1.42%	2.66%	2.65%
Return Ratios (%)						
ROE	63%	56%	71%	79%	62%	58%
ROCE	83%	78%	95%	107%	83%	78%
RoIC	153%	190%	264%	100%	93%	85%

Source: Dalal & Broacha Research, Company

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.
D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com
D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.
D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.
SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.
D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092

E-mail: equity.research@dalal-broacha.com