

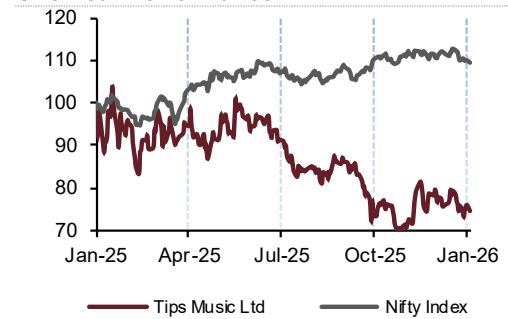
Tips Music reported a robust performance in Q3FY26, with revenue from operations rising 21% YoY to ₹943 million and PAT growing 33% YoY to ₹587 million, reflecting strong digital monetization and operating leverage. EBITDA (excluding other income) increased 34% YoY to ₹745 million, with margins expanding sharply to 79.0% (up 747 bps YoY and 300 bps QoQ), aided by a significant moderation in content costs. Content acquisition and in-house production expenses declined 55% YoY to ₹46 million, bringing content cost to revenue down to 9.4% versus 18.7% in Q3FY25. Despite higher employee benefit expenses (+87% YoY), overall cost discipline remained strong, supporting healthy profitability. EPS grew 33% YoY to ₹4.59, while QoQ growth across revenue, EBITDA and PAT stood at ~10%, underscoring consistent earnings momentum.

Key Financial Highlights

- Revenue:** For Q3FY26, the company reported revenue of ₹943 million, reflecting 21% YoY growth and 6% QoQ increase.
- Profit After Tax (PAT):** Net profit after tax for Q3FY26 stood at ₹587 million, representing a 33% YoY rise and a 10% sequential improvement.
- EBITDA Margin:** The company achieved an EBITDA margin (excluding other income) of 79.0% in Q3FY26, an expansion of 747 bps YoY and 300 bps QoQ.
- Content/Acquisition Cost:** Acquisition cost/in-house music production expenses were ₹89 million, accounting for 9.4% of revenue, down sharply by 39% YoY and 33% QoQ.
- EPS:** Adjusted earnings per share in Q3FY26 came in at ₹4.59, a 33% YoY and 10% QoQ growth.
- Dividend Component (Q3 FY26):** Company declared a third interim dividend for the financial year 2025-2026 of Rs. 5/- per equity share. This dividend declaration for Q3FY26 amounted to ₹639.1 million

Rating	TP (Rs)	Up/Dn (%)
BUY	678	31
Market data		
Current price	Rs	518
Market Cap (Rs.Bn)	(Rs Bn)	66
Market Cap (US \$ Mn)	(US \$ Mn)	729
Face Value	Rs	1
52 Weeks High/Low	Rs	739.1 / 483
Average Daily Volume	(000)	188
BSE Code		532375
Bloomberg		TIPS MUSI.IN

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	64.15	64.15
Public	35.85	35.85
Total	100.00	100.00

Source: BSE

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Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Net sales	1,356	1,868	2,416	3,107	3,674	4,494	5,584
EBIDTA	862	1,019	1,585	2,067	2,727	3,109	3,880
Margins(%)	63.6	54.6	65.6	66.5	74.2	69.2	69.5
PAT (adj)	646	765	1,272	1,666	2,151	2,477	3,062
Growth (%)	15%	19%	66%	31%	29%	15%	24%
EPS	4.98	5.96	9.90	13.03	16.82	19.38	23.96
P/E (x)	104	87	52	40	31	27	22
P/B (x)	1	1	0	4	2	1	1
EV/EBITDA (x)	73	61	39	30	22	19	15
RoE (%)	63	56	71	79	63	61	64
ROCE (%)	83	78	95	107	85	82	85
RoIC (%)	153	190	264	100	99	128	204
Net Debt	-582	-898	-1,252	-892	-1,900	-3,050	-5,020

Source: Dalal & Broacha Research, Company

Conference Call Key Highlights

Financial Performance and Results

- **Revenue:** Revenue grew 21% YoY to ₹94.3 crore, driven by strong digital monetization and legacy Music.
- **Margin:** EBITDA increased by 34% YoY to ₹74.5 crore, with margins expanding to 79% (vs. 72% last year) due to lower content cost.
- **Profitability:** PAT for the quarter stood at ₹58.7 crore, up 33% YoY, translating into a PAT margin of 62.2%. EPS increased 33% YoY to ₹4.59.
- **Content Cost:** Content acquisition and in-house production costs declined sharply to 9.4% of revenue (vs. 18.7% in Q3 FY25), supporting margin expansion
- **Dividends:** The board approved a dividend of ₹5 per share (₹639.1 Mn), bringing the total payout for the year to ₹1661.8 Mn. This fulfills the company's commitment to return 100% of the previous year's PAT to shareholders.
- **Liquidity:** The company maintains a healthy cash and investment balance of approximately ₹3030 Mn

Growth Outlook and Guidance

- **FY26 Guidance:** Management maintained 20% revenue growth guidance and upgraded PAT growth to 25%.
- **FY27 Direction:** Targeting revenue of ₹450–455 crore, supported by digital growth and legacy music.
- **Industry Tailwinds:** Indian music industry expected to scale to ₹10,000 crore over the next 4–5 years.

Content Strategy and Performance

- **Catalog Strength:** Legacy catalog contributes 85% of revenue, with long-term monetization visibility and remained significant for 15-20 Years
- **Content Discipline:** Content spend moderated in 9M FY26 due to film deferrals; company continues 100% write-off policy on content costs.
- **Digital Platforms:** YouTube subscribers reached 145.3 million; Shorts monetization remains fixed-fee, with revenue-sharing expected over the medium term.
- **Streaming:** Spotify paid subscriptions grew 50% YoY, with revenue mix expected to normalize over coming quarters.
- **Pipeline:** Upcoming content such as a film featuring Imtiaz Ali, Diljit Dosanjh, and AR Rahman, a David Dhawan–Varun Dhawan collaboration along with a pipeline of mid-sized Hindi and regional films

Strategy

- **Market Share:** Estimated at 7–8%, with steady quarterly gains.
- **Capital Allocation:** Focus remains on quality content, disciplined spending, and high shareholder payouts.
- **Merger and Acquisition:** Management indicated that the company does not plan film production acquisitions, as it has strong internal capabilities and prefers acquiring music rights at arm's length.

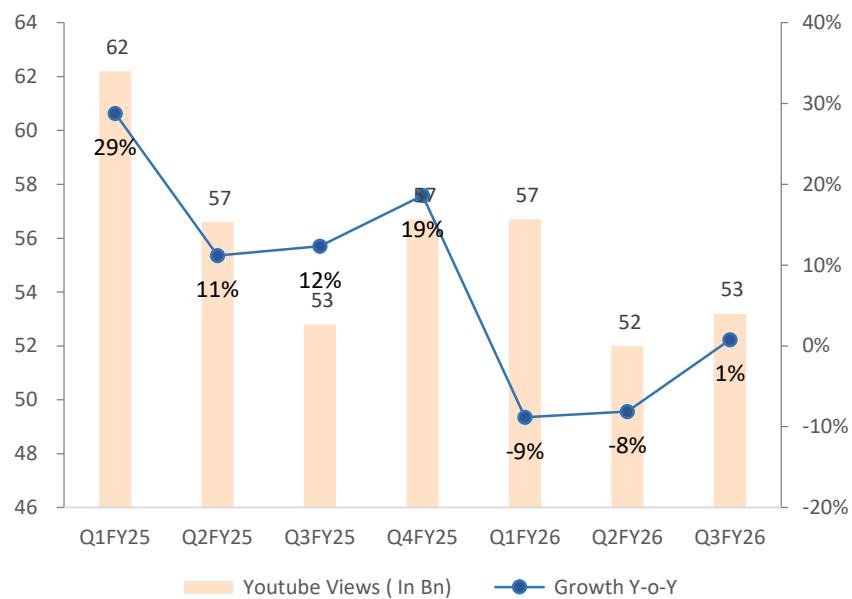
Valuation & Outlook

At the current level of INR 518, the stock is trading at 31x / 27x / 22x FY26e / FY27e / FY28e EPS.

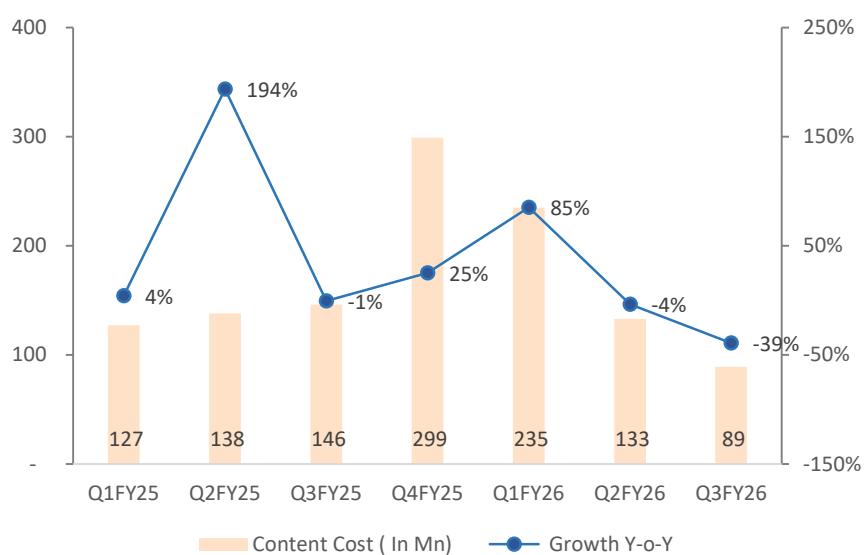
The valuation is supported by strong earnings visibility and superior profitability, with Q3 FY26 revenue and PAT growing 21% and 33% YoY, respectively, and industry-leading EBITDA margins of 79% driven by disciplined content spending and operating leverage. Management's guidance of ~20% revenue growth and 25% PAT growth for FY26, along with sustained digital monetization across YouTube and paid streaming platforms, provides confidence in medium-term growth. The company's catalog-led model, conservative accounting policy, and improving subscription mix underpin stable cash flows. Further, a debt-free balance sheet, ~₹3030 million cash and investments, and high dividend payout enhance valuation comfort. Overall, strong return ratios, cash generation, and visible growth drivers justify the company's valuation and support a positive long-term outlook.

We assign a BUY rating to the stock, applying a target multiple of 35x FY27e, arriving at a target price of INR 678.

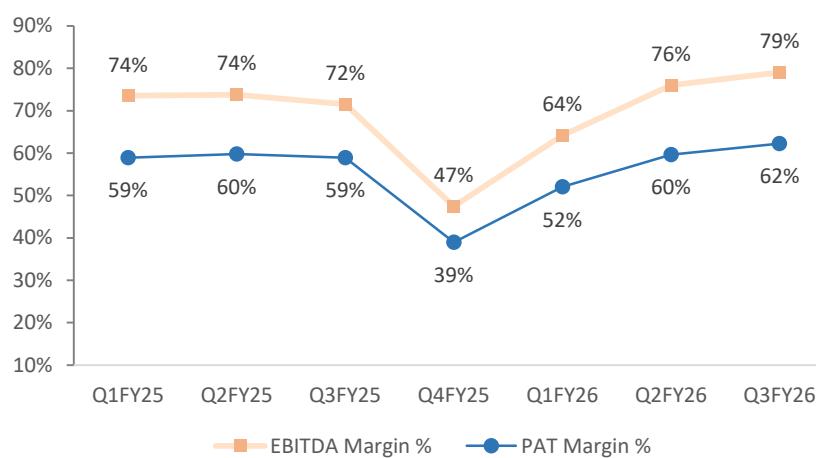
Youtube Views (In Bn)



Content Cost (In Mn)



Margin (%)



Source: Dalal & Broacha Research Company

Quarterly Performance Analysis

(Rs.Mn)	Q3FY26	Q3FY25	YoY Growth (%)	Q2FY26	QoQ Growth (%)
Revenue from Operations	943	777	21%	892	6%
Other Income	48	42	16%	45	7%
Acquisition Cost/In-house Music Productions	46	101	-55%	58	-21%
Royalty Expense	12	12	6%	14	-13%
Advertisement	31	33	-6%	61	-49%
Employee Benefits Expense	57	30	87%	34	67%
Other Expenses	52	45	16%	47	10%
Total Expenses	198	221	-11%	214	-8%
EBITDA (Excluding Other Income)	745	556	34%	678	10%
Depreciation and Amortisation Expenses	6	5	19%	6	5%
EBIT / PBIT	787	592	33%	717	10%
Finance Costs	0	1	-35%	1	-12%
EBT/ PBT	786	591	33%	717	10%
Tax Expense	200	149	34%	185	8%
Net Profit after Tax	587	442	33%	532	10%
Adj Earning Per Share	4.59	3.46	33%	4.16	10%
Margins (%)			(In bps)		(In bps)
EBITDA Margins (Excl Other Income)	79.0%	71.6%	747	76.0%	300
PAT Margins	62.2%	56.9%	527	59.6%	259
Content Cost % Revenue	9.4%	18.7%	-930	14.9%	-543

Source: Dalal & Broacha Research, Company

Financials.

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Net Sales	1,356	1,868	2,416	3,107	3,674	4,494	5,584
Operating Expenses	-	-	-	-	-	-	-
Employee Cost	-63	-73	-109	-132	-180	-202	-240
Other Expenses	-431	-775	-722	-908	-767	-1,184	-1,463
Operating Profit	862	1,019	1,585	2,067	2,727	3,109	3,880
Depreciation	-7	-13	-20	-22	-24	-29	-32
PBIT	855	1,006	1,565	2,045	2,703	3,080	3,848
Other income	32	54	144	190	205	226	237
Interest	-1	-3	-3	-3	-2	-2	-2
PBT	886	1,056	1,705	2,232	2,906	3,303	4,083
(post exceptional)	886	1,056	1,705	2,232	2,906	3,303	4,083
Provision for tax	-241	-291	-434	-566	-756	-826	-1,021
Profit & Loss from Associates/JV	-	-	-	-	-	-	-
Reported PAT	646	765	1,272	1,666	2,151	2,477	3,062
MI	-	-	-	-	-	-	-
Owners PAT	646	765	1,272	1,666	2,151	2,477	3,062
(excl Exceptionals)	646	765	1,272	1,666	2,151	2,477	3,062
EPS	5	6	10	13	17	19	24

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Equity capital	130	128	128	128	128	128	128
Reserves	894	1,233	1,667	1,968	3,282	3,901	4,667
Net worth	1,024	1,362	1,795	2,096	3,410	4,030	4,795
MI	-	-	-	-	-	-	-
Non Current Liabilities	334	32	760	205	75	512	512
Current Liabilities	110	533	834	1,093	1,056	1,262	1,322
TOTAL LIABILITIES	1,468	1,927	3,389	3,395	4,542	5,803	6,628
Non Current Assets	179	281	632	389	225	190	183
Fixed Assets	63	50	78	62	67	83	76
Right of Use Assets	-	-	-	-	-	-	-
Financial Assets	2	72	479	212	86	91	91
Deferred Tax Asset	4	5	6	5	-	6	6
Long Term Loans and Advances	-	1	1	1	1	1	1
Other Non Current Assets	108	153	68	57	15	15	15
Current Assets	1,288	1,646	2,756	3,006	4,316	5,614	6,446
Current investments	34	131	913	955	1,642	2,523	2,523
Inventories	-	-	-	-	-	-	-
Trade Receivables	179	203	263	275	298	369	459
Cash and Cash Equivalent	221	114	485	-	-	-	-
Bank Balance other than cash	399	843	827	485	945	1,275	2,018
Short Term Loans and Advances	2	26	27	1	2	2	2
Other Financial Assets	87	45	58	1,169	913	913	913
Other Current Assets	367	283	184	195	516	532	532
TOTAL ASSETS	1,468	1,927	3,389	3,395	4,541	5,804	6,629

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
PBT	851	1,056	1,705	2,232	2,906	3,303	4,083
Depreciation	7	13	20	22	24	29	32
Net Chg in WC	-360	90	1,128	-306	-442	683	-48
Taxes	-219	-310	-439	-592	-756	-826	-1,021
Others	-22	-39	-84	-154	-172	-185	-187
CFO	258	811	2,330	1,202	1,561	3,004	2,859
Capex	-5	-7	-28	-15	-4	-16	7
Net Investments made	-75	-555	-2,006	14	-687	-881	-
Others	-191	79	924	107	205	226	237
CFI	-270	-483	-1,110	106	-412	-653	262
Change in Share capital	-	-	-	-	-	-	-
Change in Debts	-	-	-	-	-	-	-
Change in Debts	-26	-427	-835	-895	-1,613	-1,858	-2,297
Others	-3	-5	-13	-18	717	-69	-81
CFF	-28	-432	-848	-1,385	-902	-1,927	-2,378
Total Cash Generated	-41	-104	371	-77	247	424	743
Cash Opening Balance	227	186	81	485	407	660	1,084
Cash Closing Balance(a)	186	81	453	407	660	1,084	1,826
Other Bank Balances (b)	399	843	827	485	945	1,275	2,018
Total(a+b)	584	924	1,279	892	1,605	2,358	3,844
Ratios	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
OPM	63.6	54.6	65.6	66.5	74.2	69.2	69.5
NPM	46.5	39.8	49.7	50.5	55.4	52.5	52.6
Tax rate	-27.2	-27.6	-25.4	-25.4	-26.0	-25.0	-25.0
Growth Ratios (%)							
Net Sales	50%	38%	29%	29%	18%	22%	24%
Operating Profit	56%	18%	56%	30%	32%	14%	25%
PBIT	57%	18%	56%	31%	32%	14%	25%
PAT	15%	19%	66%	31%	29%	15%	24%
Per Share (Rs.)							
Cash Earnings (CPS)	5.04	6.06	10.06	13.14	16.93	19.52	24.09
Book Value	7.90	10.60	13.98	16.32	26.55	31.38	37.34
Cash Flow from Operations	258.13	810.91	2,329.52	1,202.13	1,560.94	3,003.99	2,859.02
Less:- Capex	-5	-7	-28	-15	-4	-16	7
Free Cash Flow	253.34	803.76	2,301.63	1,186.77	1,556.94	2,988.20	2,866.11
Valuation Ratios							
P/E(x)	104	87	52	40	31	27	22
P/B(x)	62	46	35	30	18	16	13
EV/EBIDTA(x)	73	61	39	30	22	19	15
FCF Yield(%)	0.40%	1.28%	3.66%	1.89%	2.47%	4.75%	4.55%
Return Ratios (%)							
ROE	63%	56%	71%	79%	63%	61%	64%
ROCE	83%	78%	95%	107%	85%	82%	85%
RoIC	153%	190%	264%	100%	87%	96%	118%

Source: Dalal & Broacha Research, Company

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