Q4FY25 Result Update | Media & Entertainment



Equity Research Desk

25 April 2025

Hitting the right notes

Tips Music's strategies focus on leveraging the digital landscape, diversifying revenue streams, and strategically expanding their content and reach through various partnerships and acquisitions. The company anticipates a 30% YoY growth in both revenue and PAT for FY26.

Key Financial highlights

- Revenue: For FY25, Tips Music reported a revenue of INR 310.7 crore, marking a 29% (YoY) growth. In Q4 FY25, the revenue recorded was INR 78.5 crore, showing a 24% YoY increase.
- Profit After Tax (PAT): The PAT for FY25 was INR 166.6 crore, which is a 31% YoY rise. For Q4 FY25, the PAT was INR 30.6 crore, reflecting a 19% YoY improvement.
- Operating EBITDA Margin: The company achieved an operating EBITDA margin of 66.5% in FY25, a 94 bps YoY increase. However, the Q4 FY25 margin decreased by 22 bps to 47.5%
- Content Cost: Content expenses represented 28% of the revenue for FY25. The projection for content costs in FY26 is between 25-28% of revenue.
- Payout: A total of INR 136.09 crore was distributed to shareholders in FY25 through dividends and buybacks, representing an 82% payout ratio

Rating	TP (Rs)	Up/Dn (%)
BUY	832	28
Market data		
Current price	Rs	650
Market Cap (Rs.Bn)	(Rs Bn)	83
Market Cap (US\$ Mn)	(US\$ Mn)	973
Face Value	Rs	1
52 Weeks High/Low	Rs	950 / 345.5
Average Daily Volume	('000')	710
BSE Code		532375
Bloomberg Source: Bloomberg		TIPSMUSI.IN

One Year	Perform	ance		
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170 -	,//•		harden.	-M-A
120 -	N		- · · · · ·	
70	~			~~
Apr-24	Jul-24	Oct-24	Jan-25	Apr-25
	Tips Music	Ltd -	Nifty	Index

Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	64.15	64.15
Public	35.85	35.85
Total	100.00	100.00

Source: Bloomberg

rmanciai	Summary
Y/E Mar	(Rs mn)

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e
Net sales	905	1,356	1,868	2,416	3,107	3,990	5,157
EBIDTA	552	862	1,019	1,585	2,067	2,564	3,354
Margins(%)	60.9	63.6	54.6	65.6	66.5	64.3	65.0
PAT (adj)	562	646	765	1,272	1,666	2,056	2,659
Growth (%)	25%	15%	19%	66%	31%	23%	29%
EPS	11.39	4.98	5.96	9.90	13.03	16.08	20.80
P/E (x)	194	131	109	66	50	40	31
P/B (x)	-	98	73	55	47	31	23
EV/EBITDA (x)	160	98	81	52	40	32	24
RoE (%)	56	63	56	71	79	64	62
ROCE (%)	59	83	78	95	107	86	83
RoIC (%)	64	153	190	264	100	94	91
Net Debt	-333	-582	-898	-1,252	-2,203	-2,810	-2,914

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Source: Dalal and Broacha

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Concall Highlights

- Content Cost: For the quarter, content costs stood at ₹28.90 crores, excluding royalty expenses. Looking ahead to FY26, content acquisition costs are projected to be in the range of 25-28% of revenue from operations, up from the current level of ~21%. Based on revenue estimates, this translates to an anticipated spend of ₹95-120 crores on content acquisition. Songs of 12 flims to be acquired in FY26, remaining non flims songs.
- Warner Deal Payments: First tranche of payment was received in Mar-24, second tranche received in April-25, third tranche to be received in Oct-25.
- Provision of Doubtful Debts: Other expenses for the period included a provision for doubtful debts amounting to ₹2.5 crores. This was primarily due to two factors: Old Content Advances for which we haven't received the content (>3 years) & Secondly Loan provided to Landlord which Is not yet recovered.
- Renewal of Sony Publishing Deal: In Q4, successfully renewed agreement with Sony Music Publishing. As part of the renewed deal, it includes YouTube rights, making the overall agreement nearly four times larger in value compared to the previous arrangement.
- Industry Growth: Currently the industry size is ~3500-4000 Crores, likely to exceed ~10000 crores in next 3-4 years.

Subscriptions are becoming more acceptable in India



Spotify India Subscription Revenue up by 90% and Ad revenue rose by 114% for FY24

Spotify India Loss Narrows, Revenue Strikes a High Note

EPORT CARD Revenue surge fuelled by robust rowth in both advertising and subscription

According to Spotify India's 2024 advertising deck, the platform now boasts 70 million monthly active users who spend an average of 1.44 hours daily streaming music

59% of Spotify's total reach comes from the top eight metro cities, while the remaining 41% is spread across 7,000 towns

63% of Spotify India's users fall within the 25 to 44-plus age group, while the 16-24 age group makes up the remaining 37%

Subscription Realization per stream is higher, which will help drive top-line growth and improve margins over time

Source: Investor PPT, Dalal & Broacha Research

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Q4FY25 Financial Performance

(Rs.Mn) Q4FY		Q4FY24	YoY Growth	Q3FY25	QoQ Growth
(NS.IVIII)	Q41 123	Q41 124	(%)	Q31 123	(%)
Revenue from Operations	785	633	24%	777	1%
OtherIncome	47	53	-13%	42	12%
Acquisition Cost/In-house Music Productions	250	189	32%	101	147%
Royalty Expense	11	9	20%	12	-8%
Advertisment	39	41	-7%	33	17%
Employee Benefits Expense	46	43	7%	30	52%
Other Expenses	67	49	38%	45	48%
Total Expenses	412	331	25%	221	87%
EBITDA (Excluding Other Income)	373	302	24%	556	-33%
Depreciation and Amortisation Expenses	6	5	10%	5	1%
EBIT / PBIT	414	350	18%	592	-30%
Finance Costs	1	1	-21%	1	-8%
EBT/ PBT	413	349	18%	591	-30%
Tax Expense	107	92	17%	149	-28%
Net Profit after Tax	306	258	19%	442	-31%
Adj Earning Per Share	2.39	2.02	19%	3.46	-31%
Margins (%)			(In bps)		(In bps)
EBITDA Margins (Excl Other Income)	47.5%	47.7%	-22	71.6%	-2407
PAT Margins	39.0%	40.7%	-173	56.9%	-1794

Source: Investor PPT, Dalal & Broacha Research

Valuation & Outlook

We expect robust Revenue/EBITDA/PAT CAGR of 29%/28%/28% over FY24-27E and value the company at 40x FY27e EPS of ~Rs 20.8 arriving at target price of Rs 832. This is justified by acting as a proxy for the evolving Indian digitization story, driven by the widespread adoption of smartphones and low-cost data, which have significantly curbed piracy and enhanced revenue tracking. This digital shift has led to a revival in the Indian music industry, with consumers increasingly embracing streaming platforms and providing music labels with a more substantial share of revenue. Despite evolving musical tastes, the consistent demand for music ensures a stable terminal value for companies as long as they maintain a relevant and appealing repertoire

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FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26e	FY27e
Net Sales	1,356	1,868	2,416	3,107	3,990	5,157
Operating Expenses	-	-	-	-	-	-
Employee Cost	-63	-73	-109	-132	-152	-175
Other Expenses	-431	-775	-722	-908	-1,274	-1,627
Total Expenditure	-494	-849	-831	-1,040	-1,426	-1,803
Operating Profit	862	1,019	1,585	2,067	2,564	3,354
Depreciation	-7	-13	-20	-22	-28	-34
PBIT	855	1,006	1,565	2,045	2,536	3,320
Other income	32	54	144	190	209	230
Interest	-1	-3	-3	-3	-3	-3
PBT	886	1,056	1,705	2,232	2,742	3,547
Profit before tax	886	1,056	1,705	2,232	2,742	3,547
Exceptional Items	-	-	-	, -	-	-
Profit before tax post Exceptional	886	1,056	1,705	2,232	2,742	3,547
Provision for tax	-241	-291	-434	-566	-686	-887
Profit & Loss from Associates/JV	_	_	_	_	_	_
Reported PAT	646	765	1,272	1,666	2,057	2,660
MI	-	-	-,	-	-,	-,000
Owners PAT	646	765	1,272	1,666	2,057	2,660
Adjusted Profit	646	765	1,272	1,666	2,057	2,660
EPS	4.98	5.96	9.90	13.03	16.09	20.81
	50	3.30	3.30	20.00	20.03	20.02
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	3,074	4,138
Net worth	1,024	1,362	1,795	2,096	3,202	4,266
MI	-	-	-	-	-	-
Loans	-	-	-	-	_	-
Lease Liability	36	31	36	20	20	20
Other Non Current Liability	297	-	717	179	500	500
Deffered Tax liability	-	-	-	-	-	-
Capital Employed	1,357	1,393	2,548	2,295	3,722	4,787
Gross Fixed Assets	129	127	173	179	229	274
Less Depreciation	66	77	94	116	144	178
Net Fixed Assets	63	50	78	62	84	96
Capital WIP	-	-	-	11	-	-
Other Non current assets	116	230	554	316	270	269
Current Assets	1,288	1,646	2,749	2,999	4,550	5,686
Investments	34	131	913	955	1,855	2,755
Inventory	-	-	-	-	-	-
Debtors	179	203	263	275	328	424
Cash & Cash Bank Balances	619	957	1,312	412	1,014	1,154
Loans & Advances	2	26	27	-6	1	1
Other Current Assets	454	328	234	1,364	1,352	1,352
Current Liability & Provision	110	533	834	1,093	1,182	1,265
Creditors	42	160	147	194	219	283
Other Liabilities	16	371	684	897	963	982
Provision	52	3	3	3	-	-
Net Current Assets	1,179	1,113	1,915	1,906	3,368	4,422
Application Of Funds	1,358	1,393	2,548	2,295	3,722	4,787

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886 7	1,056	1,705	2 222	~	
7		1,700	2,232	2,742	3,547
/	13	20	22	28	34
1	3	3	3	3	3
-219	-310	-439	-592	-686	-887
-360	90	1,128	-306	393	-14
-22	-42	-87	-157	-163	-170
293	811	2,330	1,202	2,318	2,513
-5	-7	-28	-15	-22	-11
289	804	2,302	1,187	2,296	2,502
-266	-475	-1,124	77	209	230
-	0	42	44	-900	-900
-270	-483	-1,110	106	-713	-681
-	-	-	-	-	-
-	-	-0	-	-	-
-26	-26		-895	-1,234	-1,596
					-96
					-1,692
			-		139
					991
					1130.44
				991.33	1130.4
				1 014	1,154
020	333	1,314	412	1,014	1,134
FY22	FY23	FY24	FY25	FY26e	FY27e
63.6	54.6	65.6	66.5	64.3	65.0
46.5	39.8	49.7	50.5	49.0	49.4
-27.2	-27.6	-25.4	-25.4	-25.0	-25.0
50%	38%	29%	29%	28%	29%
56%	18%				319
57%	18%			24%	319
15%	19%	66%	31%	23%	29%
4.98	5.96	9.90	13.03	16.09	20.81
					20.98
3.0 .	0.00	20.00	2012 1	20.20	
7.90	10.60	13.98	16.32	24.93	33.22
293.49	810.91	2,329.52	1,202.13	2,317.93	2,512.66
-5	-7	-28	-15	-22	-11
288.70	803.76	2,301.63	1,186.77	2,296.31	2,501.57
131	109	66	50	40	31
		47	40		20
					25
					0.00%
0.34%	0.96%	2.74%	1.42%	2.74%	2.98%
63%	56%	71%	79%	64%	62%
63% 83%	56% 78%	71% 95%	79% 107%	64% 86%	62% 83%
	-219 -360 -22 293 -5 289 -26627026 -3 -28 -5 227 221.31 399 620 FY22 63.6 46.5 -27.2 50% 56% 57% 15% 4.98 5.04 7.90 293.49 -5 288.70	-219	-219	-219 -310 -439 -592 -360 90 1,128 -306 -22 -42 -87 -157 293 811 2,330 1,202 -5 -7 -28 -15 289 804 2,302 1,187 -266 -475 -1,124 77 - 0 42 44 -270 -483 -1,110 106 0 -26 -26 -835 -895 -3 -408 -13 -490 -28 -434 -848 -1,385 -5 -106 372 -77 227 221 116 485 221.31 115.65 487.23 407.97 227 221 116 485 221.31 115.65 487.23 407.97 399 843 827 4 620 959 1,314 412 FY22 FY23 FY24 FY25 63.6 54.6 65.6 66.5 46.5 39.8 49.7 50.5 -27.2 -27.6 -25.4 -25.4 50% 38% 29% 29% 56% 18% 56% 30% 57% 18% 56% 31% 15% 19% 66% 31% 4.98 5.96 9.90 13.03 5.04 6.06 10.06 13.14 7.90 10.60 13.98 16.32 293.49 810.91 2,329.52 1,202.13 -5 -7 -28 -15 288.70 803.76 2,301.63 1,186.77	-219

Source: Dalal & Broacha Research, Company

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