Tips Music Ltd.

Q2FY27 Update

- **Margin profile:** TML remains the only listed Indian music label to expense 100% of content acquisition costs in the year of release, unlike peers that amortise costs over multiple years. Q2FY27 EBITDA margin stood at 71%, down 553 bps YoY due to elevated content and promotional expenditure, while PAT margin declined 486 bps YoY to 55%. However, margins improved sharply QoQ, with EBITDA margin expanding 2,023 bps to 71%. Management maintained FY27 content cost guidance of ₹90–100 Cr, with H1 expenditure of ₹71 Cr implying a lighter H2 investment cycle.
- **Long runway for digital monetisation:** India's paid music subscription market remains underpenetrated, with subscriptions contributing approximately 10–15% of digital revenue. Digital platforms accounted for 73% of H1FY27 revenue, with management expecting the contribution to remain within 70–75%. Growing streaming volumes, which increased approximately 30–35% YoY in Q2FY27, alongside the potential monetisation of YouTube Shorts and expansion into Tier 2–4 markets, provide structural growth opportunities.
- **Robust content pipeline to sustain growth:** TML released 73 songs in Q2FY27, comprising 40 film songs and 33 non-film songs. New releases and catalogue content continued to gain traction, with Ishqnama crossing 100 Mn YouTube views and Chunnari Chunnari surpassing 100 Mn views. Management targets at least 5–6 film releases annually and continues to invest in fresh music alongside selective catalogue recreations. Full-year content expenditure guidance remains at ₹90–100 Cr, with investments front-loaded in H1.
- **Recurring cash flows from a sticky catalogue:** Approximately 85% of revenue is generated from content acquired more than three years ago, while 15% comes from content acquired within the last three years. YouTube subscribers reached 164.5 Mn and cumulative content views exceeded 54.3 Bn, demonstrating sustained catalogue engagement. Management expects content acquisitions to recover costs over approximately 4–5 years and continues to invest in fresh music to maintain long-term catalogue relevance.
- **Strong financial performance and shareholder returns:** Q2FY27 revenue grew 35% YoY and 13% QoQ to ₹120.06 Cr, while EBITDA increased 25% YoY to ₹84.65 Cr and PAT rose 24% YoY to ₹65.74 Cr. EBITDA and PAT margins stood at 71% and 55%, respectively. The company completed an open-market buyback worth ₹44.44 Cr and declared an interim dividend of ₹6.50 per share, reinforcing its commitment to shareholder returns. Management expects FY27 revenue growth to exceed its earlier 20% guidance following 28% growth in H1FY27, while maintaining a conservative outlook.

Outlook:.

Tips Music expects FY27 revenue growth to exceed 20%, supported by strong catalogue monetisation, rising streaming volumes and fresh content releases. Digital monetisation opportunities and disciplined content spending, alongside strong margins and shareholder returns, support long-term growth. Given its predictable earnings profile we upgrade our previous estimations of Revenue/ EBITDA/ PAT CAGR of 20%/20%/21% to 25%/25%/27% over FY26-FY28E . Hence, the stock seems well positioned to sustain premium valuation multiples over the long term.

At CMP ₹722 the stock is trading at PE multiple of 26x to its FY28E EPS, we continue with the previously assigned PE multiple of 32x and arrive at a TP of ₹875 implying an upside of 21% with BUY rating.

CMP: ₹ 722

Reco: BUY

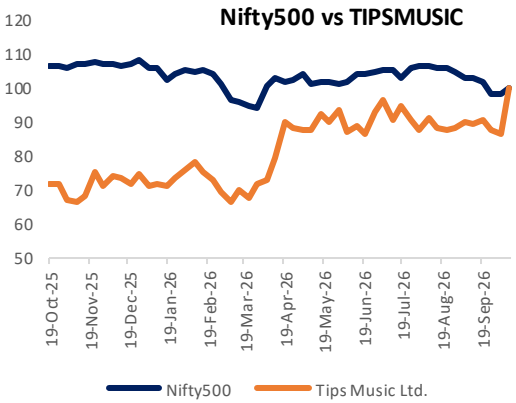
Target Price: ₹ 875

Stock Info	
BSE	532375
NSE	TIPSMUSIC
Sector	Media and Entertainment
Face Value (₹)	1
Equity Capital (₹ Cr)	12.7
Mkt Cap (₹ Cr)	9,169
Avg volume (1 year)	4,35,328
Dividend yield (%)	1.78
52w H/L (₹)	741 / 481

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	64.32%
FII	7.86%
DII	5.66%
Public	22.14%

Source: Company filings, PESB research



IC report (link):

Tips Music Ltd. IC

Anupama Bhootra
Analyst
Siyaa Deshmukh
Associate

Concall Highlights

- **Strong Revenue Growth:** Q2FY27 revenue stood at ₹12,006 lakh, up 35% YoY from ₹8,922 lakh and 13% QoQ. Growth was driven by new releases and catalogue monetisation across digital and non-digital platforms. Management clarified that growth was primarily volume-led, with streaming volumes increasing approximately 30–35% YoY and no one-off factors.
- **Profitability and Margins:** EBITDA increased 25% YoY and 58% QoQ to ₹8,465 lakh, with EBITDA margin at 71%, down 553 bps YoY but up 2,023 bps QoQ. PAT grew 24% YoY and 50% QoQ to ₹6,574 lakh, while PAT margin stood at 55%, down 486 bps YoY but up 1,373 bps QoQ.
- **Strong Content Performance:** The company released 73 songs during Q2, comprising 40 film songs and 33 non-film songs. Ishqnama crossed 100 Mn YouTube views, Aankhon Se Tune 2.0 surpassed 66 Mn views, and Chunnari Chunnari crossed 100 Mn views. Tera Naam Doon crossed 1 Bn Instagram views, highlighting strong engagement with new releases and catalogue content.
- **Digital Reach and Revenue Mix:** YouTube subscribers reached 164.5 Mn, while cumulative views across the content library exceeded 54.3 Bn. Digital platforms contributed approximately 73% of H1FY27 revenue, with management expecting the share to remain within 70–75%. Subscription-based revenue accounted for approximately 10–15% of digital revenue, with growth primarily driven by higher streaming volumes.
- **Content Investment and Cost Guidance:** Content expenditure reached approximately ₹7,100 lakh in H1FY27, reflecting front-loaded investments and promotional spending. Management maintained its FY27 content cost guidance of ₹9,000–10,000 lakh, implying a substantially lighter investment outlay in H2. Content investment is typically budgeted at around 20–22% of revenue, with continued emphasis on fresh music and selective recreations of catalogue hits.
- **Revenue Growth Outlook:** Following 28% YoY revenue growth in H1FY27, management expects full-year growth to exceed its earlier 20% guidance but refrained from providing a revised numerical target. Management acknowledged the potential for stronger H2 performance due to seasonality while maintaining a conservative outlook focused on new releases, catalogue monetisation and streaming growth.
- **YouTube Shorts and Platform Partnerships:** Negotiations with YouTube for Shorts monetisation remain ongoing, with an update expected in the next quarter. The Warner Music partnership supports global platform monetisation, including Instagram Reels. Warner-related revenue contributes approximately 25–30% of total revenue, with an increase in contribution during H1FY27. The Warner agreement is due for renewal in September 2027.
- **Catalogue Strength and Content Acquisition:** Approximately 85% of revenue comes from content acquired more than three years ago, while 15% comes from content acquired within the last three years. Management reiterated its focus on fresh music, citing Main Vaapas Aaunga and Ishqnama. The company targets at least 5–6 film releases annually, including 4–5 Hindi films and 2–3 films in other regional languages.
- **Content Economics and Monetisation Opportunities:** Management expects content acquisitions to recover their costs over approximately 4–5 years. The company expenses the entire content cost in the same year, limiting the risk of significant future write-offs. Longer-term opportunities include paid subscriptions, Tier 2–4 market penetration, short-form content monetisation and public performances, while management remains focused on the core music business rather than artist management.
- **Capital Allocation and Management Updates:** The company completed an open-market share buyback worth ₹4,444 lakh and declared an interim dividend of ₹6.50 per share. Management reiterated its focus on growth and financial discipline, confirmed that the CEO search remains ongoing, and indicated that discussions with additional film producers for audio-rights partnerships are underway.

Management Outlook and Guidance:

Management expects FY27 revenue growth to exceed the earlier guidance of 20%, following 28% YoY growth in H1FY27, but refrained from providing a revised target. Full-year content costs are maintained at ₹90–100 Cr versus ₹71 Cr spent in H1, implying lighter H2 investments. Digital revenue contribution is expected to remain at 70–75%, while the company targets 5–6 film releases annually. YouTube Shorts monetisation negotiations remain ongoing, with an update expected next quarter.

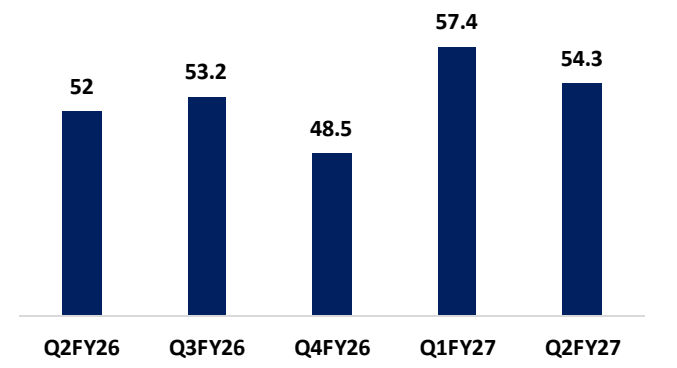
Q2FY27 Financials (Consolidated)

Particulars (₹ LAKHS)	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ
Revenue from Operations	12,006	8,922	35%	10,651	13%
Costs	2,617	1,326	97%	4,460	-41%
Employee Exp	359	339	6%	404	-11%
Other Exp	565	473	19%	433	31%
EBITDA	**8,465**	**6,784**	**25%**	**5,354**	**58%**
EBITDA Margin	***71%***	***76%***	***-553bps***	***50%***	***2023bps***
Depreciation & Amortization	97	62	56%	96	0%
EBIT	**8,368**	**6,722**	**24%**	**5,258**	**59%**
EBIT Margin	***70%***	***75%***	***-564bps***	***49%***	***2033bps***
Finance Cost	10	5	78%	10	-9%
Other Income	445	451	-1%	582	-24%
EBT	**8,804**	**7,167**	**23%**	**5,830**	**51%**
Tax Expense	2,230	1,848	21%	1,460	53%
PAT	**6,574**	**5,319**	**24%**	**4,370**	**50%**
PAT Margin	***55%***	***60%***	***-486bps***	***41%***	***1373bps***

Source: Company filings, PESB research

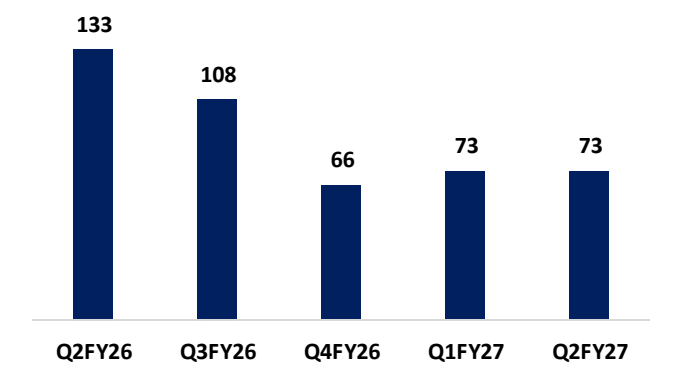
➢ KPI's (Quarterly)

Youtube Views (Bn)



Source: Company filings, PESB Research

No of new songs added



Source: Company filings, PESB Research

Consolidated Financials

Income Statement (₹ Lakhs)	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	24,158	31,069	37,551	47,179	58,789
Costs	5,557	7,100	5,924	7,443	9,274
Employee Exp	1,091	1,320	2,033	2,554	3,183
Other Exp	1,663	1,980	2,015	2,532	3,155
EBITDA	**15,847**	**20,669**	**27,580**	**34,651**	**43,177**
EBITDA Margin	**66%**	**67%**	**73%**	**73%**	**73%**
Depreciation & Amortization	197	220	250	291	358
EBIT	**15,650**	**20,449**	**27,329**	**34,360**	**42,819**
EBIT Margin	**65%**	**66%**	**73%**	**73%**	**73%**
Finance Cost	35	30	20	34	35
Other Income	1,438	1,899	1,878	2,884	3,594
EBT	**17,053**	**22,318**	**29,187**	**37,210**	**46,378**
Tax Expense	4,336	5,662	7,513	9,302	11,594
PAT	**12,717**	**16,656**	**21,675**	**27,907**	**34,783**
PAT Margin	**53%**	**54%**	**58%**	**59%**	**59%**
			FY24-26		**FY26-28E**
Revenue CAGR			25%		25%
EBITDA CAGR			32%		25%
PAT CAGR			31%		27%

Source: Company filings, PESB Research

BALANCE SHEET (₹ Lakhs)	FY24	FY25	FY26	FY27E	FY28E
Assets					
Non-Current Assets					
Property, Plant & Equipment	795	634	1,417	1,748	2,435
CWIP	2	73	0	0	0
Other Non Current Assets	5,528	3,171	4,560	4,560	4,560
Total Non Current Assets	**6,325**	**3,878**	**5,977**	**6,308**	**6,995**
Current Assets					
Investments	9,128	9,549	14,988	19,602	25,637
Trade Receivables	2,634	2,748	3,434	4,544	5,413
Cash and Cash equivalents	13,119	4,121	801	4,765	9,834
Other Current Assets	2,681	13,645	11,002	11,002	11,002
Total Current Assets	**27,562**	**30,062**	**30,226**	**39,913**	**51,886**
TOTAL ASSETS	**33,887**	**33,940**	**36,203**	**46,221**	**58,881**
Equity					
Equity Share Capital	1,284	1,278	1,278	1,278	1,278
Other Equity	16,666	19,676	24,717	34,388	46,477
Total Equity	**17,950**	**20,954**	**25,995**	**35,667**	**47,755**
Liabilities					
Total Borrowings	501	345	510	519	528
Trade Payables	1,468	1,936	1,320	1,659	2,221
Other liabilities	13,968	10,705	8,377	8,377	8,377
Total Liabilities	**15,937**	**12,986**	**10,207**	**10,555**	**11,126**
Total Equity and Liabilities	**33,887**	**33,940**	**36,203**	**46,221**	**58,881**

Source: Company filings, PESB Research

CASH FLOW STATEMENT (₹ Lakhs)	FY24	FY25	FY26	FY27E	FY28E
Cash flow from Operations	23,295	12,023	19,699	27,456	34,864
Cash flow from Investing	-11,102	1,057	-6,278	-5,236	-7,080
Cash flow from Financing	-8,482	-13,851	-16,785	-18,256	-22,715

Source: Company filings, PESB Research

RATIOS	FY24	FY25	FY26	FY27E	FY28E
Margin Analysis					
Gross Margin	77%	77%	84%	84%	84%
EBITDA Margin	66%	67%	73%	73%	73%
PAT Margin	53%	54%	58%	59%	59%
Profitability					
ROCE	61%	89%	103%	95%	89%
ROE	71%	79%	83%	78%	73%
Liquidity Ratios					
Debt to Equity (x)	0.03	0.02	0.02	0.01	0.01
Interest Turnover (x)	449.06	672.90	1367.84	1009.63	1236.73
Current Ratio (x)	3.30	2.75	3.12	3.98	4.90
Valuation Ratios					
P/E (x)	72.7	55.5	42.6	33.1	26.6
EPS (₹)	9.9	13.0	16.9	21.8	27.2

Source: Company filings, PESB Research

Disclosures and Disclaimers:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

This report has been prepared by Pune E- Stock Broking Limited (here in after referred to as PESB) in the capacity of a Research Analyst registered with SEBI and distributed as per SEBI (Research Analysts) Regulations 2014. This report is prepared and distributed by Research Analysts employed by PESB for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PESB to be valid when published. The report also contains information provided to PESB by third parties. Whilst PESB has taken all reasonable steps to ensure that all the information in the report is correct, PESB does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report does so entirely at his or her own risk and PESB does not accept any liability as a result. Securities markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding investment in securities market and should understand that. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PESB believe is reliable. PESB or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any information provided in the report reflects analysis at this date and are subject to change without notice. PESB submits that no material disciplinary action has been taken on PESB by any regulatory authority impacting Research Analysis activities. PESB is a Member of National Stock Exchange of India Limited (NSE), BSE Ltd (Bombay Stock Exchange), Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), and has Depository Participant affiliation with Central Depositories Services (India) Limited (CDSL). It is a SEBI registered Portfolio Manager and SEBI registered Research Analyst [SEBI Reg. No.: INB/F/E 231079832, INB/F/E 011079838, IN-DP-32-2015, AMFI Reg. No. ARN: 173556, SEBI Research Analyst Reg. No.: INH000018197, CIN - L67120PN2007PLC130374.

Certifications: The Research Analyst(s), Shubham Mundada, who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst's compensationwas, is, or will be, directly or indirectly,related to the Specific views or recommendations contained in this research report.

AdditionalDisclosures of Interest:
The ResearchAnalyst, PESB, or its associates or relatives of the research analyst does not have any Financial interest in the company (ies) covered in this report. The ResearchAnalyst, PESB or its associates or relatives of the research analyst affiliates do not hold more than 1% of the securities of the company (ies) covered in this report as of the end of the month immediately preceding the distribution of the research report. The Research Analyst, his/her associate, his/her relative, and PESB, do not have any othermaterial conflict of interest at the time of publication of this research report. The Research Analyst,PESB, and its associates have not received compensation for brokerage Services, investment banking,merchant banking or for any other products or services fromthe Company (ies) covered in this report, in the past twelve months. The Research Analyst,PESB or as associates have not managed or co-managed,in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report. The Research Analyst, PESB or its associates have not received compensation or other benefits fromthe company (ies) covered in this report or fromany third party, in connectionwith the research report. The Research Analyst has not served as an Officer,Director, or employee of the company (ies) covered in the Research report. The Research Analyst and PESB has not been engaged in marketmaking activity for the company (ies) covered in the Research report.
This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual Recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investor₹Each investor must make its own determination as to the appropriateness of any Securities referred to in this research report based upon the legal, tax and accounting considerations Applicable to such investor and its own investment objectives or strategy, its financial situation and its Investing experience. The value of any securitymay be positively or adversely affected by changes in Foreign exchange or interestrates, as well as by other financial, economic, or political factor₹ Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PESB and the research analyst believe to be reliable, but neither PESB nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PESB is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PESB, any of its affiliates/employees or any third party involved in or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, fromthe use of this report.

Copyright: The copyright in this research report belongs exclusively to PSB. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PESB prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety. Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PESB and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third-party trading/investment advice outside PESB/group/associates/affiliates/directors/employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/ or employees, directors, associates of PESB's group entities or affiliates is not inducing you for trading investing in the financial market(s). Trading/Investment decision is your sole responsibility.You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed 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, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The Profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/or employees, directors, associates of PESB's group entities or affiliates is not inducing you for Trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed 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, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investor₹Persons in whose possession this document may come are required to informthemselves off and to observe such restriction. For Detailed Disclaimer, please visit our website www.pesb.co.in/