Tips Music

Q2FY27 Result Update | Music Industry

Strong Growth, Robust Catalogue Monetisation

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

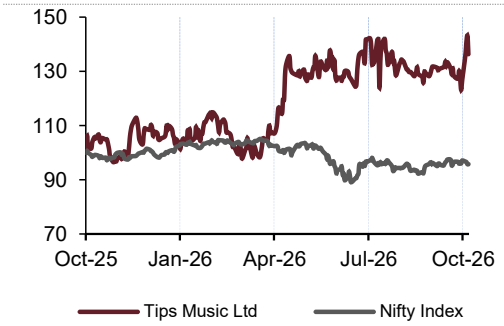
15 October 2026

Rating	TP (Rs)	Up/Dn (%)
BUY	**817**	**19**

Market data		
Current price	**Rs**	**684**
Market Cap (Rs.Bn)	(Rs Bn)	87
Market Cap (US$ Mn)	(US$ Mn)	919
Face Value	Rs	1
52 Weeks High/Low	Rs	741 / 481.15
Average Daily Volume	('000)	633
BSE Code		532375
Bloomberg		TIPSMUSI.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-26	Mar-26
Promoters	64.32	64.15
Public	35.68	35.85
Total	**100.00**	**100.00**

Source: BSE

Tips Music reported a strong operating performance in Q2FY27, with revenue growing 35% YoY to ₹120.1 crore, driven by healthy traction across new releases and catalogue monetization. Operating EBITDA increased 25% YoY to ₹84.6 crore, with EBITDA margin at 70.5%, while PAT grew 23% YoY to ₹65.5 crore. Sequential profitability improved significantly following elevated content acquisition costs in Q1FY27.

Content acquisition cost stood at ₹26.2 crore in Q2FY27, up 97% YoY but down 34% QoQ, as investments remained front-loaded in H1FY27. Management maintained its FY27 content cost guidance of ₹90–100 crore, implying significantly lower spending in H2FY27. H1FY27 revenue grew 28% YoY to ₹227 crore, while PAT increased 11% YoY to ₹109 crore.

Management retained its formal FY27 revenue growth guidance of at least 20%, while indicating that H2 growth could be stronger, with a longer-term aspiration to return to 30% growth. The proposed YouTube Shorts agreement, expected to close largely in Q3FY27, remains a key near-term growth catalyst. The company's recurring revenues, which contribute approximately 85% of total revenue, continue to provide a strong earnings base.

Key Financial Highlights – Q2FY27

- **Revenue:** Revenue from operations for Q2FY27 stood at ₹1,201 million, registering 35% YoY growth and 13% QoQ growth, supported by healthy business momentum.
- **Profit After Tax (PAT):** Net profit after tax came in at ₹655 million, growing 23% YoY and 49% QoQ, supported by higher revenue and a strong sequential recovery in profitability.
- **EBITDA Margin:** EBITDA (excluding other income) margin stood at 70.5%, contracting 553 bps YoY but expanding 2,023 bps QoQ from 50.3% in Q1FY27, reflecting a moderation in content acquisition costs compared with the previous quarter.
- **Content/Acquisition Cost:** Content acquisition and in-house music production expenses stood at ₹262 million, increasing 97% YoY but declining 34% QoQ from ₹399 million. Content cost as a percentage of revenue stood at 21.8% compared with 14.9% in Q2FY26 and 41.9% in Q1FY27.
- **Content Addition:** The company released 73 songs during Q2FY27, including 40 film songs and 33 non-film songs. 'Ishqnama' crossed 100 million YouTube views, while

'Aankhon Se Tune' surpassed 66 million views, indicating strong audience engagement.

- **Digital Reach:** The cumulative YouTube subscriber base increased to 164.5 million, while total views exceeded 54.3 billion, reflecting continued engagement with both new releases and catalogue content.
- **Capital Allocation:** The company remains debt-free with ₹311 crore of cash and investments as of September 2026. It announced an interim dividend of ₹6.50 per share and completed a ₹44.44 crore share buyback during the quarter.
- **Management Guidance:** Management expressed confidence in surpassing its annual revenue growth guidance of 20%, supported by strong engagement across new releases and catalogue content.

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
Net sales	1,356	1,868	2,416	3,107	3,755	4,661	5,710
EBIDTA	862	1,019	1,585	2,067	2,758	3,426	4,182
Margins(%)	63.6	54.6	65.6	66.5	73.4	73.5	73.2
PAT (adj)	646	765	1,272	1,666	2,167	2,692	3,264
Growth (%)	**15%**	**19%**	**66%**	**31%**	**30%**	**24%**	**21%**
EPS	4.98	5.96	9.90	13.09	17.12	21.06	25.54
P/E (x)	137	115	69	52	40	32	27
P/B (x)	2	1	1	5	3	2	1
EV/EBITDA (x)	102	85	55	42	32	25	20
RoE (%)	63	56	71	79	83	66	66
ROCE (%)	83	78	95	107	112	88	89
RoIC (%)	153	190	264	100	87	109	129
Net Debt	-582	-898	-1,252	-892	-155	-3,079	-4,645

Source: Dalal & Broacha Research, Company

Conference Call Key Highlights

➢ Guidance & Growth Outlook

- **Revenue growth:** Management maintained FY27 revenue growth guidance of at least 20%, despite delivering 28% YoY growth in H1 FY27. Management indicated that H2 growth could be stronger, while retaining its conservative guidance approach.
- **Growth aspiration:** Management acknowledged its ambition to return to 30% growth, emphasizing its philosophy of under-promising and over-delivering.
- **Q2 performance:** Revenue grew 35% YoY to ₹120 crore, while operating EBITDA increased 25% YoY to ₹84.6 crore, with an EBITDA margin of 70.5%. PAT grew 23% YoY to ₹65.5 crore.

➢ Industry & Platform Commentary

- **Subscription mix:** Paid subscriptions contribute approximately 10–15% of digital revenue. Management sees significant long-term potential from increasing paid-subscriber penetration, particularly across rural and Tier 2–4 cities.
- **YouTube Shorts agreement:** Negotiations remain ongoing, with closure largely expected in Q3 FY27. Management expects the agreement to become a significant revenue contributor once finalised.
- **Streaming monetisation:** Per-stream rates have stabilised, with future revenue growth expected to be driven primarily by higher streaming volumes rather than improved realisation rates**.**
- **Warner partnership:** Revenue from the Warner partnership increased in H1 FY27 YoY across platforms. The agreement is due for renewal on September 28 next year.

➢ Content Investment

- **FY27 content budget:** Management maintained its content acquisition cost guidance of ₹90–100 crore, despite spending ₹71 crore in H1 FY27.
- **Front-loaded spending:** Q2 content cost stood at ₹26.2 crore, driven by new releases and associated promotional expenses, including costs relating to launches towards the end of Q1. Management expects H2 spending to be significantly lower.
- **Content investment framework:** Management targets content spending of approximately 22% of revenue, with flexibility to increase it to 25–28% for attractive opportunities, even at the expense of near-term profitability.

➢ Content Pipeline & Catalog

- **Release pipeline:** The company released 73 songs in H1 FY27, comprising 40 film and 33 non-film songs. Management intends to continue acquiring new music rights and expects additional producer tie-up announcements shortly.
- **Film production:** Management plans to release at least 5–6 films annually, including Hindi and regional-language films, alongside its non-film music portfolio.
- **Catalog economics:** Approximately 85% of revenue is generated from catalog tracks older than three years, highlighting the recurring monetization potential of its extensive music library**.**

➢ Other Key Developments

- **OTT renewals:** Key OTT agreements and renewals for H2 FY27 are already locked in, reducing near-term renewal uncertainty.
- **Artist management:** Management reiterated its preference to focus on music acquisition rather than artist management, favouring short-term contracts covering two to three songs.
- **CEO appointment:** The search for a suitable CEO remains ongoing, with management indicating that an appointment will be made once the right candidate is identified.

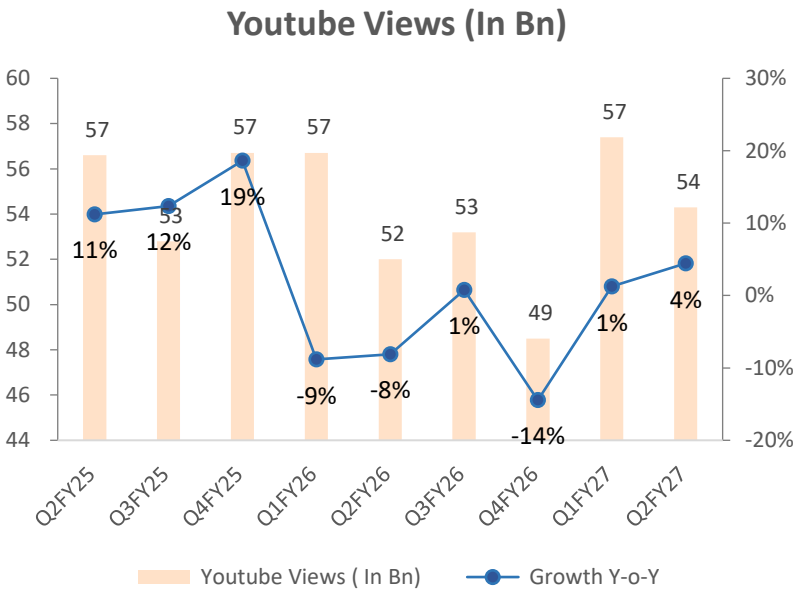
Valuation & Outlook

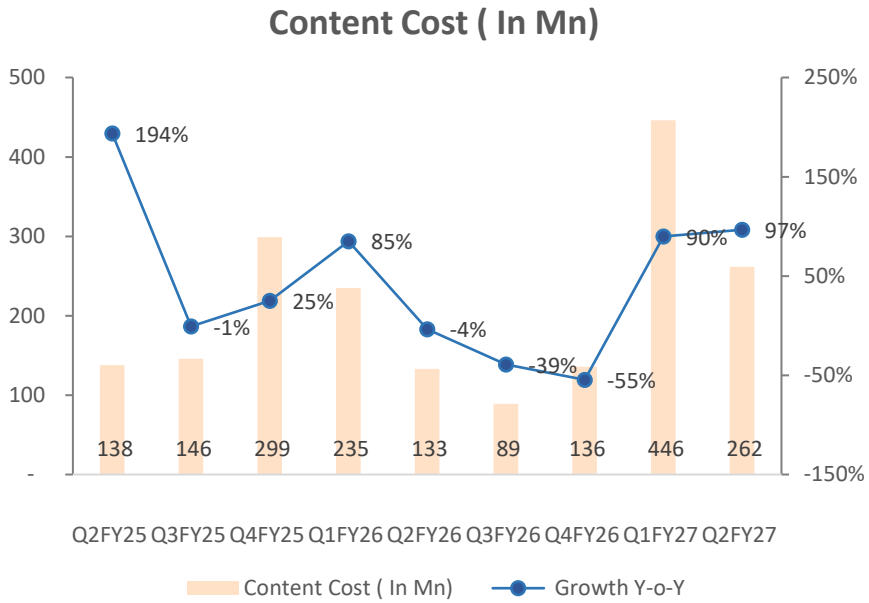
At the current market price of INR 684, the stock is trading at 32x / 27x FY27E / FY28E EPS, respectively.

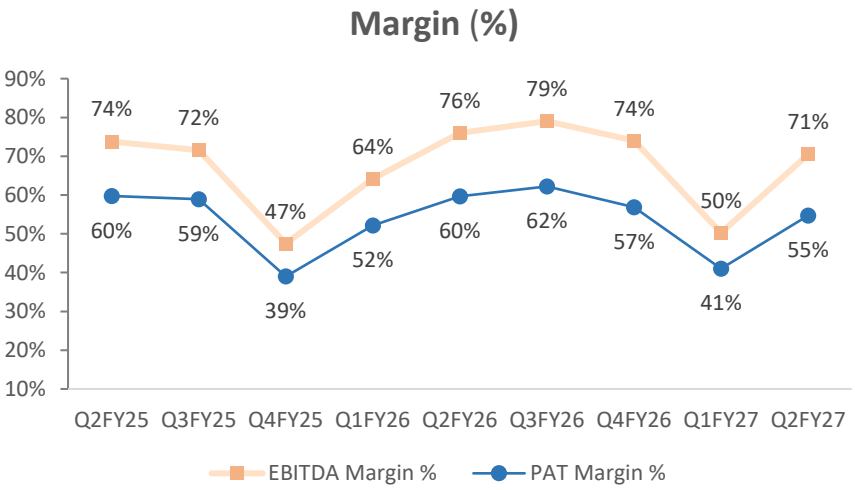
Tips Music delivered a strong Q2FY27 performance, with revenue growing by **35% YoY** and PAT increasing **23% YoY**, supported by healthy traction across new releases and catalogue monetization. Operating EBITDA margin stood at **70.5%**, reflecting a sequential recovery following elevated content acquisition costs in Q1FY27. Management maintained its FY27 content cost guidance of **₹90–100 crore**, despite front-loaded investments during H1FY27.

Management reiterated its formal FY27 revenue growth guidance of **at least 20%**, while indicating the potential for stronger growth in H2FY27 and aspiring to return to ~30% growth over time. Long-term growth prospects remain supported by recurring catalogue monetization, increasing digital music consumption, rising paid subscription penetration and new monetization opportunities, particularly the proposed **YouTube Shorts agreement**, which is expected to close largely in Q3FY27. The company's debt-free balance sheet, cash and investments of ₹311 crore, and continued shareholder distributions through dividends and buybacks further support its financial position.

We assign a BUY rating to the stock, applying a target multiple of 32x FY28E EPS, arriving at a target price of INR 817.







Source: Dalal & Broacha Research Company

Quarterly Performance Analysis

(Rs.Mn)	Q2FY27	Q2FY26	YoY Growth (%)	Q1FY27	QoQ Growth (%)
Revenue from Operations	**1,201**	**892**	**35%**	**1,065**	**13%**
Other Income	45	45	-1%	58	-24%
Acquisition Cost/In-house Music Productions	121	58	109%	399	-70%
Royalty Expense	15	14	6%	12	22%
Advertisment	126	61	107%	34	266%
Employee Benefits Expense	36	34	6%	40	-11%
Other Expenses	57	47	19%	43	31%
Total Expenses	**354**	**214**	**66%**	**530**	**-33%**
EBITDA (Excluding Other Income)	**846**	**678**	**25%**	**535**	**58%**
Depreciation and Amortisation Expenses	10	6	75%	10	0%
EBIT / PBIT	**881**	**718**	**23%**	**584**	**51%**
Finance Costs	1	1	78%	1	-9%
EBT/ PBT	**880**	**717**	**23%**	**583**	**51%**
Tax Expense	223	185	21%	146	53%
Net Profit after Tax	**657**	**533**	**23%**	**437**	**50%**
Adj Earning Per Share	5.17	4.17	24%	3.42	51%
Content Cost	261.7	132.6	97%	446.0	-41%
Margins (%)			**(In bps)**		**(In bps)**
EBITDA Margins (Excl Other Income)	70.5%	76.0%	-553	50.3%	2023
PAT Margins	54.8%	59.7%	-494	41.0%	1373
Cost % Revenue					
Content Cost % Revenue	21.8%	14.9%	693	41.9%	-2008
Employee Cost % Revenue	3.0%	3.8%	-81	3.8%	-80
Other Expenses % Revenue	4.7%	5.3%	-60	4.1%	64

Source: Dalal & Broacha Research, Company

Financials.

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
Net Sales	**1,356**	**1,868**	**2,416**	**3,107**	**3,755**	**4,661**	**5,710**
Operating Expenses	-	-	-	-	-	-	-
Employee Cost	-63	-73	-109	-132	-203	-130	-143
Other Expenses	-431	-775	-722	-908	-794	-1,105	-1,385
Operating Profit	**862**	**1,019**	**1,585**	**2,067**	**2,758**	**3,426**	**4,182**
Depreciation	-7	-13	-20	-22	-25	-39	-43
PBIT	**855**	**1,006**	**1,565**	**2,045**	**2,733**	**3,387**	**4,139**
Other income	32	54	144	190	188	207	217
Interest	-1	-3	-3	-3	-2	-4	-4
PBT	**886**	**1,056**	**1,705**	**2,232**	**2,919**	**3,589**	**4,352**
(post exceptional)	**886**	**1,056**	**1,705**	**2,232**	**2,919**	**3,589**	**4,352**
Provision for tax	-241	-291	-434	-566	-751	-897	-1,088
Profit & Loss from Associates/JV	-	-	-	-	-	-	-
Reported PAT	646	765	1,272	1,666	2,167	2,692	3,264
MI	-	-	-	-	-	-	-
Owners PAT	646	765	1,272	1,666	2,167	2,692	3,264
(excl Exceptionals)	**646**	**765**	**1,272**	**1,666**	**2,167**	**2,692**	**3,264**
EPS	**5**	**6**	**10**	**13**	**17**	**21**	**26**
PB Ratio	14	12	9	87	65	49	42

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
Equity capital	130	128	128	128	128	128	128
Reserves	894	1,233	1,667	1,968	2,472	3,964	4,780
Net worth	**1,024**	**1,362**	**1,795**	**2,096**	**2,600**	**4,093**	**4,909**
MI	-	-	-	-	-	-	-
Non Current Liabilites	334	32	760	205	51	538	538
Current Liabilites	110	533	834	1,093	969	1,268	1,326
TOTAL LIABILITIES	**1,468**	**1,927**	**3,389**	**3,395**	**3,621**	**5,899**	**6,773**
Non Current Assets	179	281	632	389	598	495	477
Fixed Assets	63	50	78	62	141	73	55
Right of Use Assets	-	-	-	-	-	-	-
Financial Assets	2	72	479	212	262	268	267
Deferred Tax Asset	4	5	6	5	9	6	6
Long Term Loans and Advances	-	1	1	1	1	1	1
Other Non Current Assets	108	153	68	57	145	145	145
Current Assets	**1,288**	**1,646**	**2,756**	**3,006**	**3,023**	**5,405**	**6,296**
Current investments	**34**	**131**	**913**	**955**	**1,499**	**2,380**	**2,380**
Inventories	-	-	-	-	-	-	-
Trade Receivables	179	203	263	275	343	383	469
Cash and Cash Equivalent	221	114	485				
Bank Balance other than cash	399	843	827	485	80	1,465	2,207
Short Term Loans and Advances	2	26	27	1	2	2	2
Other Financial Assets	87	45	58	1,169	837	837	837
Other Current Assets	367	283	184	195	262	277	277
TOTAL ASSETS	**1,468**	**1,927**	**3,389**	**3,395**	**3,620**	**5,899**	**6,773**

Cashflow (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
PBT	591	851	1,056	1,705	2,232	2,919	3,589	4,352
Depreciation	8	7	13	20	22	25	39	43
Net Chg in WC	-26	-360	90	1,128	-306	-91	823	-47
Taxes	-129	-219	-310	-439	-592	-728	-897	-1,088
Others	-12	-22	-39	-84	-154	-156	-181	-184
CFO	**433**	**258**	**811**	**2,330**	**1,202**	**1,970**	**3,372**	**3,076**
Capex	-8	-5	-7	-28	-15	-59	69	18
Net Investments made	-165	-75	-555	-2,006	14	-228	-881	-
Others	38	-191	79	924	107	-341	225	235
CFI	**-135**	**-270**	**-483**	**-1,110**	**106**	**-628**	**-570**	**271**
Change in Share capital	-	-	-	-	-	-	-	-
Change in Debts	-19	-	-	-	-	-	-	-
Change in Debts	-227	-26	-427	-835	-895	-1,662	-2,019	-2,448
Others	-0	-3	-5	-13	-18	-11	755	-75
CFF	**-246**	**-28**	**-432**	**-848**	**-1,385**	**-1,678**	**-1,264**	**-2,524**
Total Cash Generated	**51**	**-41**	**-104**	**371**	**-77**	**-336**	**1,539**	**823**
Cash Opening Balance	**260**	**227**	**186**	**81**	**485**	**407**	**77**	**1,616**
Cash Closing Balance(a)	**311**	**186**	**81**	**453**	**407**	**77**	**1,616**	**2,439**
Other Bank Balances (b)	**24**	**399**	**843**	**827**	**485**	**80**	**1,465**	**2,207**
Total(a+b)	335	584	924	1,279	892	157	3,081	4,646

Ratios	FY21	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
OPM	60.9	63.6	54.6	65.6	66.5	73.4	73.5	73.2
NPM	58.9	46.5	39.8	49.7	50.5	55.0	55.3	55.1
Tax rate	-5.1	-27.2	-27.6	-25.4	-25.4	-25.7	-25.0	-25.0
Growth Ratios (%)								
Net Sales	-1%	50%	38%	29%	29%	21%	24%	23%
Operating Profit	0%	56%	18%	56%	30%	33%	24%	22%
PBIT		57%	18%	56%	31%	34%	24%	22%
PAT		15%	19%	66%	31%	30%	24%	21%
Per Share (Rs.)								
Earning		5	6	10	13	17	21	26
Cash Earnings (CPS)	4.40	5.04	6.06	10.06	13.14	17.07	21.26	25.75
Book Value	**7.81**	7.90	10.60	13.98	16.32	20.25	31.87	38.22
Cash Flow from Operations	432.50	258.13	810.91	2,329.52	1,202.13	1,969.95	3,372.39	3,076.07
Less:- Capex	-8	-5	-7	-28	-15	-59	69	18
Free Cash Flow	**424.90**	**253.34**	**803.76**	**2,301.63**	**1,186.77**	**1,910.87**	**3,441.12**	**3,094.23**
Valuation Ratios								
P/E(x)	204	137	115	69	52	40	32	27
P/B(x)	88	87	65	49	42	34	21	18
EV/EBIDTA(x)	160	102	85	55	42	32	25	20
FCF Yield(%)	63.23	0.29%	0.91%	2.62%	1.35%	2.18%	3.92%	3.52%
Return Ratios (%)								
ROE	56%	63%	56%	71%	79%	83%	66%	66%
ROCE	59%	83%	78%	95%	107%	112%	88%	89%
RoIC	64%	153%	190%	264%	100%	87%	109%	129%

Source: Dalal & Broacha Research, Company

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