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IPO NOTE

Amagi Media Labs Ltd.

12th Jan 2025.

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Company Overview

Amagi Media Labs Limited is a global, cloud-native media technology company that provides SaaS solutions to content owners, broadcasters, streaming platforms, and advertisers, enabling efficient distribution, management, and monetization of video content. Founded in 2008 and headquartered in Bengaluru, the company is organized across three key business divisions, Cloud Modernization, Streaming Unification, and Monetization and Marketplace, each designed to address distinct structural challenges in the media and entertainment ecosystem. The Cloud Modernization division helps television networks migrate from traditional, hardware-based on-premise broadcast infrastructure to flexible, cloud-based systems, managing content preparation, scheduling, and channel delivery while significantly reducing capital expenditure and improving scalability. Such transitions can lower total cost of ownership by approximately 35-50% over five years, with this division contributing 21.9% of revenue in the six months ended September 30, 2025 and 18.7% in FY25. The Streaming Unification division simplifies the complexity of OTT distribution by enabling multiple business models including SVOD, AVOD, and FAST on a single platform, making it the company's largest revenue contributor at 52.9% for the six months ended September 30, 2025 and 57.1% in FY25. The Monetization and Marketplace division focuses on revenue enhancement through advertising technology and global content licensing, supporting targeted ad delivery and facilitating content syndication across platforms, and contributed 25.3% and 24.2% of revenue over the same respective periods. As of September 30, 2025, Amagi served over 400 content providers, more than 350 distributors, and over 75 advertisers across 40+ countries. According to the 1Lattice Report, the company worked with over 45% of the top 50 listed media and entertainment companies by revenue. Its customer roster includes leading global players such as Vevo, Lionsgate Studios, DAZN, E.W. Scripps, Sinclair, VIZIO, Roku, The Trade Desk, JioAds, and the Tennis Channel, positioning Amagi as a key enabler of the global shift from legacy broadcasting to cloud-based and digital video consumption through a scalable, recurring, subscription-led business model.

Objects of the issue

The company will utilize net proceeds in the following manner:

- Expenses towards technology and cloud infrastructure; and
- Funding inorganic growth through unidentified acquisitions and general corporate purposes.

Investment Rationale

One stop glass-to-glass solution provider

Amagi is a one-stop "glass-to-glass" solutions provider, meaning it supports the entire video lifecycle from the camera that captures the content to the screen on which viewers consume it. Its cloud-native platform enables media companies to modernize their operations by migrating from traditional, hardware-based broadcast infrastructure to flexible, scalable cloud systems, significantly reducing costs and improving operational efficiency. At the same time, Amagi unifies the management of live TV, video-on-demand, OTT, and FAST channels on a single platform, allowing content owners to seamlessly handle multiple distribution models such as SVOD, AVOD, and FAST without operational complexity. Beyond distribution, the platform helps customers monetize content through advanced advertising technology, including targeted and programmatic ads on connected TVs, as well as through global content syndication and licensing. By covering content production, preparation, packaging, delivery, and monetization end-to-end, Amagi enables media companies to streamline workflows, scale rapidly, and unlock new revenue opportunities using one integrated, cloud-based solution.

Positioned within a three-sided marketplace to leverage strong network effects

Amagi operates as a strategically positioned three-sided marketplace at the intersection of content providers, distributors, and advertisers, enabled by its integrated, cloud-based platform. For content providers, the company modernizes live, linear, and VOD workflows by migrating them to the cloud while simultaneously enabling monetization through a premium connected TV (CTV) advertising marketplace. For distributors, Amagi functions as a content acquisition and distribution hub, supported by AI-driven analytics and personalization tools that help expand content libraries and improve viewer engagement. For advertisers, the platform offers access to high-quality, context-aware CTV inventory complemented by real-time analytics that enhance targeting efficiency and campaign performance. This ecosystem creates a powerful network-driven flywheel, a growing distributor network attracts more content providers seeking broader reach, which in turn draws additional distributors and builds larger audiences, ultimately attracting advertisers. Higher advertising demand and revenues then flow back to content providers, enabling reinvestment in content and further strengthening the platform. This self-reinforcing model underpins Amagi's competitive advantage and has enabled its customers to monetize 18.2 billion advertising impressions in the six months ended September 30, 2025 and 26.1 billion impressions in FY25, reinforcing Amagi's positioning as a core video operating system for the emerging digital and CTV-led media economy.

Issue Details	
Offer Period	13th Jan. 2026 - 16th Jan. 2025
Price Band	Rs. 343 to Rs. 361
Bid Lot	41
Listing	BSE & NSE
Issue Size (no. of shares in Crs)	4.9
Issue Size (Rs. in Crs)	1,789
Face Value (Rs.)	5
Issue Structure	
QIB	75%
NIB	15%
Retail	10%
BRLM	Kotak Mahindra Capital Co. Ltd., Citigroup Global Markets India Pvt. Ltd., Goldman Sachs (India) Securities Pvt. Ltd., IIFL Capital Services Ltd., Avendus Capital Pvt. Ltd.
Registrar	MUFG Intime India Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	15.8%	14.1%
Public	84.2%	85.9%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

Valuation

Amagi Media Labs Limited is a global, cloud-native media technology company delivering SaaS solutions that enable content owners, broadcasters, streaming platforms, and advertisers to efficiently distribute, manage, and monetize video content. Founded in 2008 and headquartered in Bengaluru, the company operates through three core business verticals, Cloud Modernization, Streaming Unification, and Monetization and Marketplace, each purpose-built to solve critical, structural challenges across the evolving media and entertainment value chain. Amagi's growth strategy follows the "Win, Expand, Extend" framework, a proven vertical SaaS playbook. The company focuses on winning new customers through differentiated, cloud-native solutions, expanding wallet share by cross-selling and upselling across its integrated platform, and extending growth via new products, adjacent workflows, and geographic expansion. This approach supports efficient scaling, deeper customer engagement, and sustained long-term growth in a rapidly evolving media ecosystem. The global M&E industry is expected to grow at a CAGR of 3.7% from CY24 to CY29, reaching Rs, 301.3 trillion (USD3.6 trillion) by CY29. On the financial front, Amagi has delivered strong and consistent growth, with revenue from operations recording a 30.7% CAGR between FY23 and FY25 and rising 34.6% YoY to Rs. 704.8 crores in H1FY26, driven by new customer wins and deeper engagement from existing clients. The business demonstrates high customer stickiness, reflected in net revenue retention of ~127% in both H1FY26 and FY25. Profitability metrics continue to improve, with gross margins expanding from 64.7% in FY23 to 69.3% in FY25 and remaining stable at ~69.6% in H1FY26, supported by a software-led delivery model. Despite absolute increases in employee and operating costs, Amagi has shown clear operating leverage, with operating expenses declining from 85.5% of revenue in FY23 to 67.3% in FY25, and further improving to 61.3% in H1FY26. **At the upper price band of Rs. 361, Amagi Media Labs Ltd. is valued at a P/S multiple of 0.3x based on FY25 sales. Given the company's scalable business model and industry growth potential, we believe the valuation is justified. Thus, we recommend a "SUBSCRIBE" rating for this issue with a medium to long-term investment horizon.**

Key Risks

- Amagi has a history of losses and negative cash flows, and its financial performance remains sensitive to changes in operating leverage. Any future escalation in expenses, slowdown in revenue growth, or reversion to negative cash flows could materially impact profitability and weaken the company's financial position.
- Amagi's revenue profile shows a high degree of geographic concentration, with the Americas and Europe (including the UK) accounting for the bulk of operations. During the six months ended September 30, 2025, the Americas contributed Rs. 516.1 crores (73.2%) of revenue, while Europe contributed Rs. 121.7 crores (17.3%), a similar trend persisted in FY25, with contributions of Rs. 847.0 crores (72.86%) and Rs. 201.7 crores (17.34%), respectively, in line with Ind AS 108 segment reporting. This concentration exposes the company to macroeconomic, regulatory, and advertising demand cycles in these regions, and any adverse economic developments in these key markets could materially impact Amagi's revenue growth, operating performance, financial condition, and cash flows.
- The company's business model carries inherent third-party infrastructure risk, as its platform and solutions are heavily dependent on cloud infrastructure operated by external service providers. Any service disruption, outage, performance degradation, or failure at these cloud providers could impair platform availability and service quality, potentially leading to customer dissatisfaction, revenue loss, operational disruptions, reputational damage, and exposure to contractual or regulatory liabilities, thereby adversely affecting the company's financial performance and cash flows.
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Income Statement (Rs. in Crores)

Particulars	FY23	FY24	FY25	H1FY26
Revenue:				
Revenue from operations	681	879	1,163	705
Total revenue	**681**	**879**	**1,163**	**705**
Expenses:				
Purchase of traded goods	2	1	1	0
(Increase)/ decrease in inventories of traded good	0	0	0	0
Employee Benefits	599	663	695	386
Impairment loss	0	14	0	0
Other Expenses	427	479	557	324
Total expenses	**1,027**	**1,158**	**1,253**	**709**
EBITDA	**-347**	**-278**	**-91**	**-5**
Depreciation & amortization	9	16	17	10
EBIT	**-356**	**-295**	**-107**	**-14**
Finance costs	3	5	5	3
Other Income	44	63	61	29
PBT	**-315**	**-237**	**-52**	**12**
Current Tax	26	21	25	12
Deferred tax	-19	-13	-8	-7
Total tax	6	8	17	5
PAT	**-321**	**-245**	**-69**	**6**
Diluted EPS	**-17**	**-13**	**-3**	**0**

Source:RHP,StoxBox

Cash Flow Statement (Rs. in Crores)

Particulars	FY23	FY24	FY25	H1FY26
Cash Flow from/(used in) operating activities	-245	-183	34	-201
Cash flow from/(used in) investing activities	-257	-438	-24	-239
Net cash flows from/(used in) financing activities	538	-8	-9	-38
Net increase/(decrease) in cash and cash equivalents	**36**	**-629**	**1**	**-478**
Cash and cash equivalents at the beginning of the period	**704**	**741**	**112**	**114**
Cash and cash equivalents at the end of the period	**741**	**112**	**114**	**115**

Source:RHP,StoxBox

Balance Sheet (Rs. in Crores)

Particulars	FY23	FY24	FY25	H1FY26
ASSETS				
Non-current Assets				
Property, Plant & Equipment	2,908	3,439	4,264	4,936
Capital Work in Progress	1,300	1,368	1,617	1,842
Exploration and Evaluation Assets	155	163	228	52
Intangible Assets	16	13	9	8
Financial Assets				
(i) Loans	0	0	0	0
(ii) Other Financial Assets	706	887	1,019	1,171
Deferred Tax Assets (Net)	1,048	717	563	557
Other non-current assets	621	857	1,043	1,070
Total Non-Current Assets	**6,754**	**7,443**	**8,743**	**9,637**
Current Assets				
Inventories	1,029	1,382	1,960	1,952
Financial Assets				
(i) Investments	80	267	0	0
(ii) Trade receivables	1,251	1,333	1,848	2,203
(iii) Cash and cash equivalents	545	286	168	429
(iv) Other Bank Balances	609	659	962	650
(v) Other Financial Assets	59	74	234	391
Current Tax Assets (Net)	169	103	199	155
Other Current Assets	2,818	3,182	3,170	3,295
Total Current Assets	**6,559**	**7,285**	**8,541**	**9,074**
Total Assets	**13,313**	**14,728**	**17,283**	**18,711**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	4,657	4,657	4,657	4,657
Other equity	-853	665	1,806	1,007
Total Equity	**3,804**	**5,322**	**6,463**	**5,664**
Liabilities				
Non-Current Liabilities				
Financial liabilities				
(i) Lease liabilities	154	153	143	166
(ii) Other Financial Liabilities	297	324	358	389
Provisions	2,089	2,018	2,325	2,388
Other Non-Current Liabilities	150	883	806	1,043
Total Non-Current Liabilities	**2,689**	**3,377**	**3,632**	**3,984**
Current Liabilities				
Financial liabilities				
(i) Borrowings	0	0	0	1,559
(ii) Lease liabilities	59	78	90	83
(iii) Trade Payables	913	1,234	2,173	2,865
(iv) Other Financial Liabilities	1,448	1,946	2,339	2,316
Other Current Liabilities	1,969	1,587	1,534	1,416
Provisions	2,431	1,185	1,052	824
Total Current Liabilities	**6,820**	**6,029**	**7,189**	**9,063**
Total Liabilities	**9,509**	**9,406**	**10,821**	**13,048**
Total Equity and Liabilities	**13,313**	**14,728**	**17,283**	**18,711**

Source: RHP,StoxBox

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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