



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✗	✓	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✓
RQ	✗	↔	✓
RV	✗	↔	✗

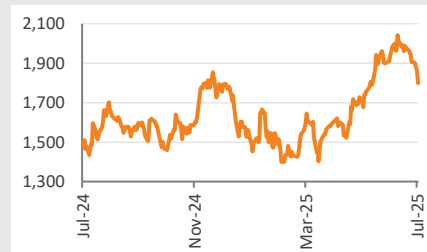
Company details

Market cap:	Rs. 25,843 cr
52-week high/low:	Rs. 2,080 / 1,221
NSE volume: (No of shares)	3.05 lakh
BSE code:	542752
NSE code:	AFFLE
Free float: (No of shares)	6.3 cr

Shareholding (%)

Promoters	55.0
FII	18.4
DII	13.8
Others	12.8

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-7.2	13.9	26.5	23.1
Relative to Sensex	-3.4	13.1	20.0	23.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Affle 3I Ltd

Robust Q1, well-positioned to deliver strong growth

Internet & new media

Sharekhan code: AFFLE

Reco/View: Buy



CMP: Rs. 1,839

(as on Jul 28, 2025)

Price Target: Rs. 2,250



Summary

- Reported revenue was up 3.1% q-o-q/19.5% y-o-y at Rs. 620.7 crore, in line with our estimates of Rs. 622.1 crore.
- EBITDA margin expanded ~30 bps q-o-q/240 bps y-o-y to 22.5%, beating our estimate of 21.8%. Converted user base grew 2.9% q-o-q/17.8% y-o-y to 10.7 crore.
- The company expects to achieve 20% organic revenue growth in FY26 and is eyeing 23% EBITDA margin in the medium term
- We maintain Buy on Affle with unchanged PT of Rs. 2,250. At CMP, the stock trades at 55.5/44.2x FY26/FY27E EPS.

Reported revenues grew 19.5% y-o-y to Rs. 620.7 crore in line with our estimates of Rs. 622.1 crore, driven by strong momentum in CPCU revenues. CPCU revenues stood at Rs. 620 crore, up 19.9% y-o-y. Converted users grew 2.9% q-o-q/17.8% y-o-y to 10.7 crore, while Average CPCU rate was stood at Rs. 58, up 0.3% q-o-q/1.8% y-o-y. EBITDA margin improved ~30 bps q-o-q/ 240 bps y-o-y to 22.5%, beating our estimates of 21.8%. Adjusted net profit stood at Rs.105.5 crore, up 1.7% q-o-q/21.8% y-o-y in line our estimates of Rs 105.7 crore. India & emerging markets grew 18.1% y-o-y while developed market grew 23.3% y-o-y. Top industry verticals continued their strong growth momentum anchored on the CPCU business model. Company expects to achieve a 20% organic revenue growth in FY26 and is eyeing 23% EBITDA margin in the medium term. The company's focus on AI-driven innovations, a strong IP portfolio, and a resilient CPCU business model positions it well to capitalize on growing digital advertising demand. The 20% organic growth target and 23% EBITDA margin goal for FY26 are achievable, given the strong Q1, intact industry tailwinds, large addressable market, and diversified operations. We maintain a Buy on Affle with an unchanged PT of Rs. 2,250. At CMP, the stock trades at 55.5/44.2x FY26/FY27E EPS.

Key positives

- Converted users grew 17.8% y-o-y to 10.7 crore.
- EBITDA margin improved by ~30 bps q-o-q/ 240 bps y-o-y to 22.5%, the fifth consecutive quarter of sequential margin expansion.

Key negatives

- Employee costs was up 4.4% q-o-q at 61 crore.

Management Commentary

- The company expects to achieve 20% organic revenue growth in FY26.
- Management targets 23% EBITDA margin in the medium term.
- Company has a 10-year goal to achieve 10x growth through a combination of 20% organic growth and selective acquisitions.
- Q3 seasonality is expected to follow historical patterns with higher revenue than Q1/Q2
- Management expects gaming vertical to become stronger in the emerging markets and sustained demand in developed markets due to a small base and large addressable market.

Revision in earnings estimates – We have fine-tuned our earnings estimates to factor in Q1FY26 performance.

Our Call

Valuation – Maintain BUY with unchanged PT of Rs. 2,250: Affle delivered a robust Q1FY26, surpassing revenue and profitability benchmarks with 19.5% Y-o-y revenue growth and 33.7% EBITDA growth. The company's focus on AI-driven innovations, a strong IP portfolio, and a resilient CPCU business model positions it well to capitalize on growing digital advertising demand. The 20% organic growth target and 23% EBITDA margin goal for FY26 are achievable, given the strong Q1, intact tailwinds, large addressable market, and diversified operations. Further, the management's disciplined acquisition strategy and conservative financial approach enhances its long-term growth potential and aligns with its 10x growth vision over the decade. We expect sales/PAT CAGR of 23%/24%, respectively, over FY25-FY27E. We maintain a Buy on Affle with an unchanged price target (PT) of Rs. 2,250. At CMP, the stock trades at 55.5/44.2x FY26/FY27E EPS.

Key Risks

- (1) Entry of a large technology player in this space;
- (2) Inability to generate relevant data for targeted advertisers; and
- (3) Government regulations related to the management of consumer data and respect for privacy.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	1,842.8	2,266.3	2,744.4	3,406.2
OPM (%)	19.5	21.3	22.0	22.3
Adjusted Net Profit	297.3	382.6	465.2	583.8
Y-o-y growth (%)	20.7	28.7	21.6	25.5
EPS (Rs.)	21.9	27.2	33.1	41.5
PER (x)	86.9	67.5	55.5	44.2
P/BV (x)	10.3	8.8	7.6	6.5
EV/EBITDA	68.7	50.6	39.5	30.5
ROE (%)	11.9	13.0	13.6	14.6
ROCE (%)	13.2	11.6	12.6	13.7

Source: Company; Mirae Asset Sharekhan estimates

Key result highlights

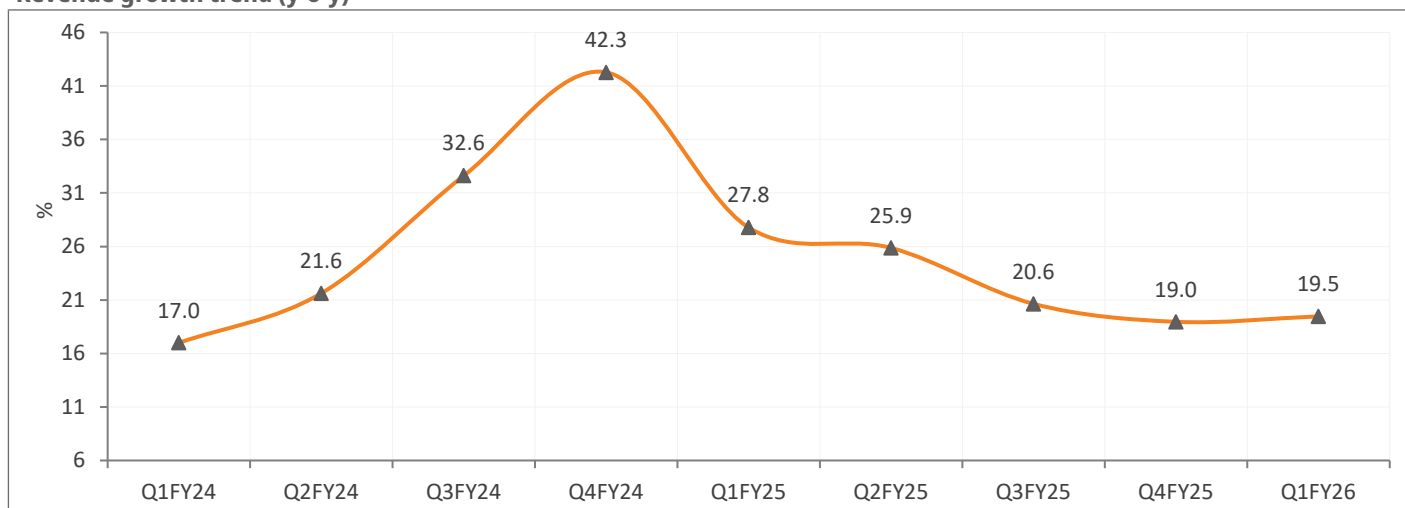
- ♦ **Revenue:** It rose 19.5% y-o-y to Rs.620.7 crore in-line with our estimates of Rs.622.1 crore driven by strong momentum in CPCU revenues that stood at Rs 620 crore, rising 19.9% y-o-y. Converted users grew 2.9% q-o-q/17.8% y-o-y to 10.7 crore, while Average CPCU rate was stood at Rs 58, up 0.3% q-o-q/1.8% y-o-y.
- ♦ **Margin:** EBITDA margin improved ~30 bps q-o-q/ 240 bps y-o-y to 22.5%, beating our estimates of 21.8%
- ♦ **Revenue mix:** India & emerging markets which contributed 72.3% of revenue mix grew 18.1% y-o-y while developed market which contributed to 27.7% grew 23.3% y-o-y. Top industry verticals continued their strong growth momentum anchored on the CPCU business mode.
- ♦ **Cash Flow:** Operating cash flow stood at Rs 132 crore while cash & liquid investments stood at Rs 1503.3 crore as of Q1FY26-end.

Results (Consolidated)

Particulars	Q1FY26	Q1FY25	Y-o-Y (%)	Q4FY25	Rs cr Q-o-Q (%)
Net sales	620.7	519.5	19.5	602.3	3.1
Inventory and data costs	378.0	320.0	18.1	364.8	3.6
Employee expenses	60.9	58.6	3.8	58.3	4.4
Other expenses	42.1	36.4	15.6	45.2	-6.8
EBITDA	139.7	104.5	33.7	134.0	4.3
Depreciation	25.9	19.3	34.2	25.9	-0.1
EBIT	113.8	85.2	33.5	108.1	5.3
Other income	17.2	25.1	-31.6	18.9	-9.2
Finance cost	1.8	3.8	-51.7	2.4	-25.2
PBT	129.2	106.6	21.2	124.5	3.7
Total tax	23.7	20.0	18.7	20.8	14.0
Minority interest	1.8	1.9	-2.1	1.7	9.9
Net profit	105.5	86.6	21.8	103.7	1.7
Adjusted net profit	105.5	86.6	21.8	103.7	1.7
EPS (Rs)	7.5	6.2	21.4	7.3	2.2
Margin (%)				BPS	BPS
EBITDA	22.5	20.1	239	22.2	26
EBIT	18.3	16.4	193	17.9	39
NPM	17.0	16.7	32	17.2	-24
Tax rate	18.3	18.7	-39	16.7	166

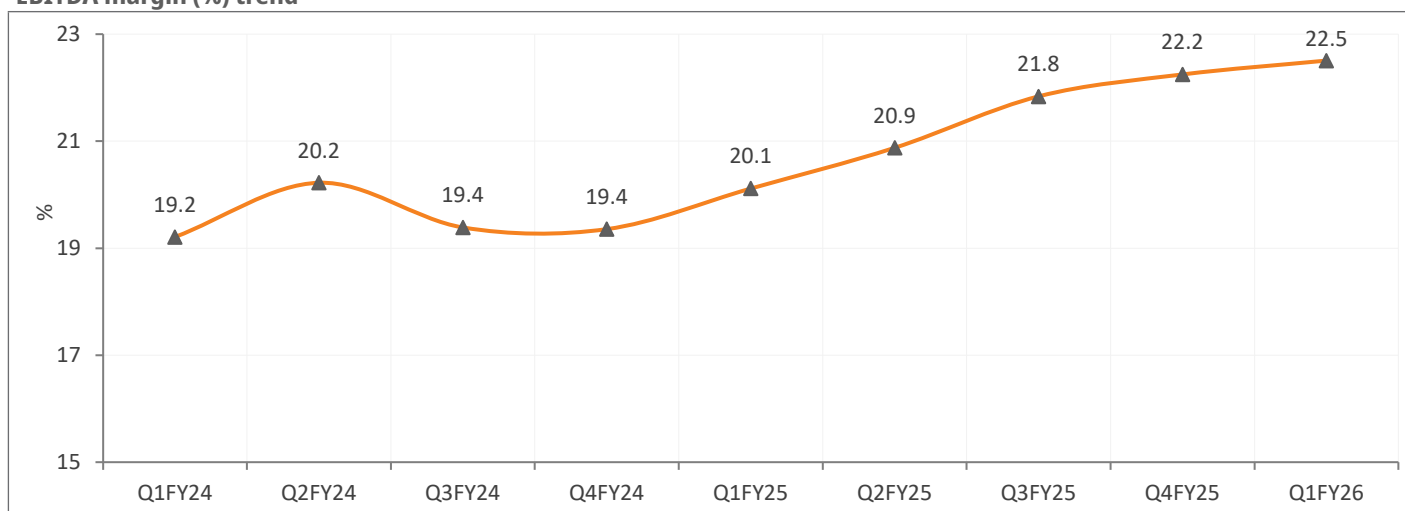
Source: Company; Mirae Asset Sharekhan Research

Revenue growth trend (y-o-y)



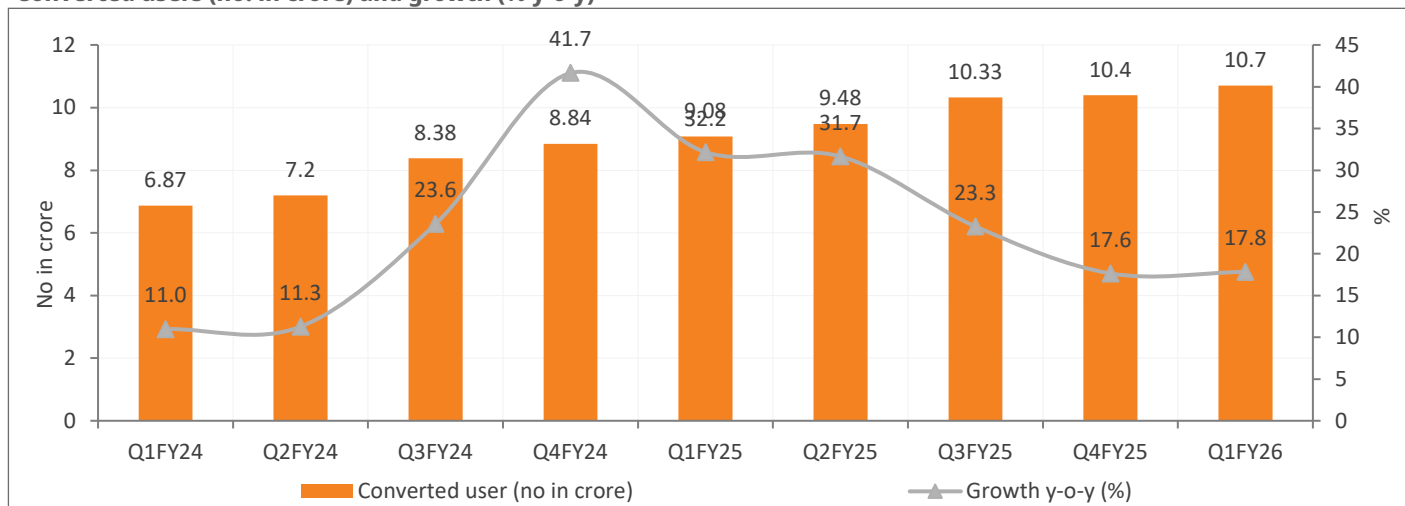
Source: Company; Mirae Asset Sharekhan Research

EBITDA margin (%) trend



Source: Company; Mirae Asset Sharekhan Research

Converted users (no. in crore) and growth (% y-o-y)



Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector View – Strong growth in mobile ad revenue to continue

Digital advertising spends are expected to report a 32.5% and 18% CAGR, respectively, in India and Southeast Asia (SEA) in the next five years because of rising active internet users, rapid adoption of smartphones and connected devices, and a young population. Mobile advertisement spends are projected to reach 50% of total advertising spends from 25% currently in India over the next three years.

■ Company Outlook – Long runway for growth

Affle's exposure in fast-growing markets such as India and SEA and emerging verticals in developed markets and segments such as e-commerce provide a platform for sustainable growth momentum in the long term. With a scalable end-to-end offering across the ad-tech value chain and the CPCU model, we believe Affle would continue to derive high RoI for advertisers. Management expects to deliver at least a 20% revenue CAGR in the next five years because of its CPCU model, focus on 2V and 2O strategies to strengthen its market position, expand its reach to connected devices, and enter into new geographies.

■ Valuation – Maintain BUY with an unchanged PT of Rs. 2,250

Affle delivered a robust Q1FY26, surpassing revenue and profitability benchmarks with 19.5% Y-o-y revenue growth and 33.7% EBITDA growth. The company's focus on AI-driven innovations, a strong IP portfolio, and a resilient CPCU business model positions it well to capitalize on growing digital advertising demand. The 20% organic growth target and 23% EBITDA margin goal for FY26 are achievable, given the strong Q1, intact tailwinds, large addressable market, and diversified operations. Further, the management's disciplined acquisition strategy and conservative financial approach enhances its long-term growth potential and aligns with its 10x growth vision over the decade. We expect sales/PAT CAGR of 23%/24%, respectively, over FY25-FY27E. We maintain a Buy on Affle with an unchanged price target (PT) of Rs. 2,250. At CMP, the stock trades at 55.5/44.2x FY26/FY27E EPS.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Affle is a global technology company with a leading market position in India. The company has two business segments, i.e. (1) consumer platform and (2) enterprise platform. The consumer intelligence platform delivers consumer engagement, acquisitions, and transactions for leading brands and B2C companies through relevant mobile advertising. The company owns an in-house data management platform with a reach of over 2.4 billion connected devices. The company's enterprise platform helps offline companies to go online through platform-based app development, enabling O2O (online to offline) commerce, and data analytics.

Investment theme

Affle, a leading ad tech company in India, provides end-to-end offerings to advertisers through mobile advertising using its proprietary mobile audience as a service (MAAS) platform for customers. Given its deep learning algorithm capabilities and ability to deliver more targeted and personalised advertisements, more advertisers have been using the consumer platform for running their digital ad campaigns on its platform. With an increased share of digital ad spending and shifting of advertisers towards programmatic advertising, ad-tech vendors such as Affle are well placed to deliver higher growth going ahead.

Key Risks

(1) High client concentration; (2) entry of a large tech player in this space; and (3) inability to generate actionable outcomes for targeted advertisers.

Additional Data

Key management personnel

Name	Designation
Anuj Khanna Sohum	Founder, Chairman and CEO
Anuj Kumar	Co-Founder, Chief Revenue, and Operating Officer
Kapil Bhutani	Chief Financial and Operations Officer
Vipul Kedia	Chief Data and Platforms Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Gamnath Pte Ltd	4.91
2	ICICI Prudential Asset Management	2.68
3	MALABAR INDIA FUND LTD	2.32
4	Franklin Resources Inc	2.23
5	Nippon Life India Trustee Ltd	2.09
6	Nippon Life India Asset Management	2.07
7	ICICI Prudential Life Insurance Co	1.70
8	Sundaram Asset Management Co Ltd	1.60
9	Vanguard Group Inc/The	1.59
10	Monetary Authority Of Singapore/Ne	1.15

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/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 Mirae Asset Sharekhan 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 a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.