ANANDRATHI

India I Equities

Financials

Company update

Change in Estimates ☑ Target ☑ Reco ☐

28 October 2025

Kfin Technologies

Robust show, issuer & international biz underpin steady growth; Buy

Rating: **BUY**
Target price (12-mth): Rs.1,572
Share price: Rs.1,175

Aided by Issuer Solutions' strong, 13% y/y, performance and International & Other Investor Solutions' 26% y/y,KFin Tech's revenue grew 10.3% y/y to Rs3.09bn. Notably, momentum in new international deals, the AIF platform and Issuer Solutions is healthy. Considering steady revenue growth in its core businesses, with international operations and AIF being primary drivers, we maintain a Buy on the company with a 12-mth TP of Rs1,572, valuing the stock at 53x Sep'27e EPS.

Sustained momentum in non-MF deals driving growth. The company continues to ramp up its non-MF category, aided by new deals. Client count in issuer solutions grew 42% y/y; in International Solutions, 41% y/y; and in Alternates & Wealth, 22% y/y. We believe additions in the non-MF category will further help the company diversify revenue segments. We estimate revenue to clock a 21% CAGR over FY25-28e.

EBITDA and PAT margins. The EBITDA margin fell 123bps y/y, largely due to M&A-related costs (~Rs15m) and the impact of the gradual winding down of the GBS business (~Rs25m). Ahead, management expects 40-45% EBITDA margins. We estimate earnings to clock a 19% CAGR over FY25-28e.

Key monitorables: Ascent's revenue growth, margin trend. Ascent's AUM grew 27% y/y to $26.2m in FYE-Jul'25; its revenue, 32% y/y to $17.5m. Notably, Ascent Fund's adj. EBITDA (net of one-time M&A-related $2.8m cost) reached breakeven, and management expects it to be EPS-accretive in FY27. New deal momentum was strong with 643 clients till FYE-Jul'25. We believe synergies would drive the company's international business growth, and greater earnings will be a key monitorable.

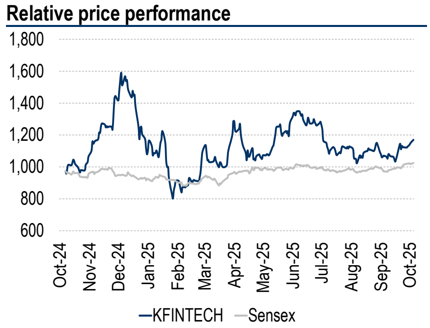
Valuation. We assign a P/E multiple of 53x to Sep'27e EPS to derive a TP of Rs1,572, reflecting the company's steady growth prospects and market position. **Risks (downside).** Macro-economic uncertainty; (2) lower fees to RTAs due to reduction in TERs.

Key data	KFINTECH IN
52-week high / low	Rs.1,640 / 784
Sensex / Nifty	84,628 / 25,936
Market cap	Rs.201bn
Shares outstanding	172m

Shareholding pattern (%)	Sep'25	Jun'25	Mar'25
Promoters	22.9	22.9	32.9
- of which, Pledged	-	-	-
Free float	77.1	77.1	67.1
- Foreign institutions	25.5	27.8	22.6
- Domestic institutions	24.8	23.7	20.4
- Public	26.8	25.6	24.2

Estimates revision (%)	FY26e	FY27e
Operating Revenue	-1.9	-2.1
EBITDA	-3.1	-2.4
PAT	-3.2	-2.8

Relative price performance



Source: Bloomberg

Key Financials (Y/E Mar) (Rs m)	FY24	FY25	FY26e	FY27e	FY28e
Operating Income	8,375.3	10,907.1	12,948.4	16,179.8	19,359.5
Employee Cost	3,196.6	4,032.9	4,960.5	6,051.8	7,141.1
Other Expenses	1,512.8	2,084.6	2,668.3	3,402.1	4,150.5
EBITDA	3,665.9	4,789.6	5,319.6	6,725.9	8,067.8
EBITDA Margin (%)	*43.8*	*43.9*	*41.1*	*41.6*	*41.7*
PAT	2,460.5	3,325.8	3,660.5	4,630.2	5,547.1
PAT Margin (%)	*29.4*	*30.5*	*28.3*	*28.6*	*28.7*
Total Equity	11,409.9	14,078.3	16,274.6	19,052.7	22,381.0
EPS	14.5	19.4	21.3	27.0	32.3
BVPS	67.0	82.1	94.9	111.1	130.5
P/E	81.3	60.6	55.1	43.5	36.3
P/B	*17.5*	*14.3*	*12.4*	*10.6*	*9.0*
RoE	*21.6*	*23.6*	*22.5*	*24.3*	*24.8*

Source: Company, Anand Rathi Research

Kaitav Shah, CFA
Research Analyst

Harsh Sheth
Research Associate

Quick Glance – Financials & Valuations

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Operating Income	8,375.3	10,907.1	12,948.4	16,179.8	19,359.5
Employee Cost	3,196.6	4,032.9	4,960.5	6,051.8	7,141.1
Other Expenses	*1,512.8*	*2,084.6*	*2,668.3*	*3,402.1*	*4,150.5*
EBITDA	3,665.9	4,789.6	5,319.6	6,725.9	8,067.8
Depreciation	530.2	644.5	715.4	820.3	961.2
Interest Expenses	84.4	46.9	51.2	56.3	61.9
Other Income	246.5	377.2	393.6	407.8	451.3
PBT	3,273.8	4,475.5	4,946.6	6,257.0	7,496.0
Tax	*813.3*	*1,149.7*	*1,286.1*	*1,626.8*	*1,949.0*
PAT	2,460.5	3,325.8	3,660.5	4,630.2	5,547.1

*Source: Company, AnandRathi Research *PAT (Excluding Extraordinary items)*

Fig 4 – Ratio Analysis (%)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin	*43.8*	*43.9*	*41.1*	*41.6*	*41.7*
PAT Margin	*29.4*	*30.5*	*28.3*	*28.6*	*28.7*
EPS	14.5	19.4	21.3	27.0	32.3
BVPS	67.0	82.1	94.9	111.1	130.5
P/E	81.3	60.6	55.1	43.5	36.3
P/B	17.5	14.3	12.4	10.6	9.0
RoE	*21.6*	*23.6*	*22.5*	*24.3*	*24.8*

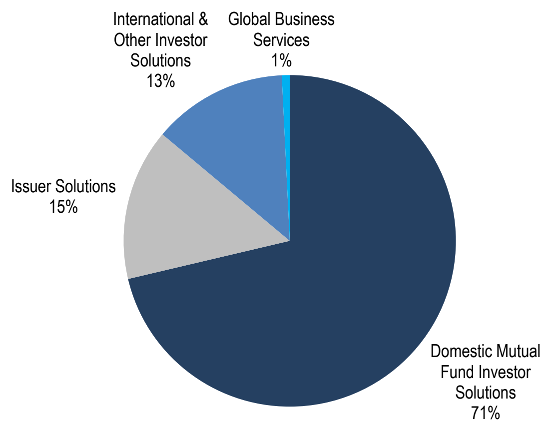
Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	11,409.9	14,078.3	16,274.6	19,052.7	22,381.0
Total Non Current Liabilities	1,627.7	1,720.2	1,754.6	1,792.4	1,834.1
Total Current Liabilities	*1,149.4*	*1,710.1*	*1,811.7*	*1,920.0*	*2,035.6*
PPE	488.6	659.8	862.4	1,119.1	1,525.7
Other non current assets	7,787.1	7,914.1	8,791.5	9,903.3	11,317.8
Cash and Cash equivalents	2,517.3	1,703.8	2,044.6	2,419.7	2,855.2
Other Current Assets	3,394.0	7,230.8	8,142.7	9,323.0	10,552.2

Source: Company, AnandRathi Research

Fig 5 – Revenue-mix



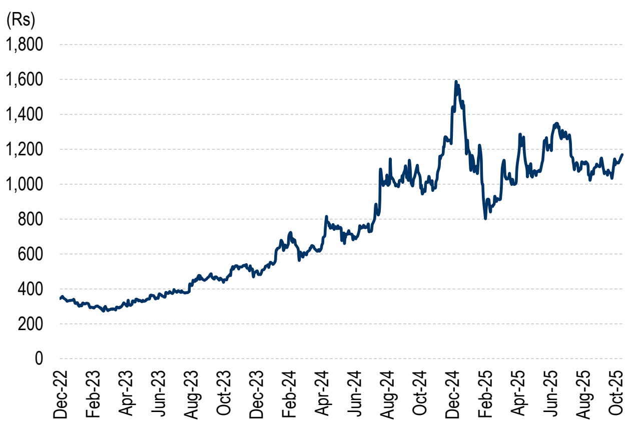
Source: Bloomberg

Fig 3 – Cash flow Statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,274	4,475	4,947	6,257	7,496.0
+ Non-cash items	516	695	407	503	605.5
Operating profit before WC changes	3,790	5,171	5,353	6,760	8,101.6
- Incr./(decr.) in WC	-84	-137	40	-257	-378.0
Others including taxes	-813	-1,150	-1,286	-1,627	-1,949.0
Operating cash-flow	2,892	3,884	4,107	4,875	5,774.7
- Capex (tangible + Intangible)	-2,020	-3,008	-2,599	-2,957	-3,500.7
Others	241	-	364	378	421.3
Investing Cashflow	-1,779	-3,008	-2,235	-2,579	-3,079.4
Repayment of borrowings and Others	-1,267	-1,057	-1,796	-2,210	-2,597.0
Financing Cash-flow	-1,267	-1,057	-1,796	-2,210	-2,597.0
Net inc/(dec) in cash	-154	-182	76	86	98.3
Opening Cash	718	564	382	458	542.5
Closing Cash	564	382	457	543	640.8

Source: Company, AnandRathi Research

Fig 6 – Price movement



Source: Bloomberg

Key Highlights

Quarterly Snapshot

Fig 7 – Income Statement

(Rs m)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Operating Revenue	2,375.6	2,804.7	2,900.2	2,827.0	2,740.6	3,092.3
Operating Expenses	1,379.0	1,539.4	1,594.7	1,604.5	1,602.0	1,735.3
EBITDA	996.6	1,265.4	1,305.5	1,222.5	1,138.6	1,357.1
EBITDA Margin (%)	*42.0*	*45.1*	*45.0*	*43.2*	*41.5*	*43.9*
Non-operating Expenses	159.4	176.1	175.5	180.3	187.3	194.9
Non-operating Income	80.9	105.5	90.9	100.0	100.3	107.7
PAT	680.7	893.2	901.8	850.5	772.6	933.1
PAT Margin (%)	28.7	31.8	31.1	30.1	28.2	30.2
EPS (not annualised)	3.97	5.21	5.25	4.95	4.45	5.38

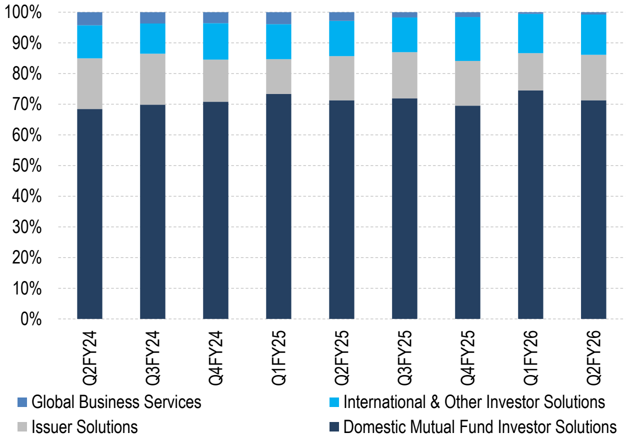
Source: Company, Anand Rathi Research **Including extraordinary items*

Fig 8 – Segment Revenue

(Rs m)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Domestic Mutual Fund Investor Solutions	1,743	2,000	2,086	1,998	2,042	2,205
Issuer Solutions	268	404	436	418	333	458
International & Other Investor Solutions	272	322	328	412	352	406
Global Business Services	92	80	50	45	15	24

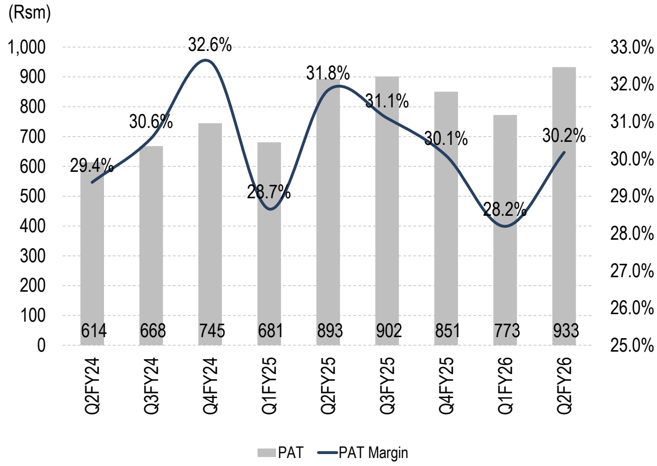
Source: Company, Anand Rathi Research

Fig 9 – Revenue-Mix



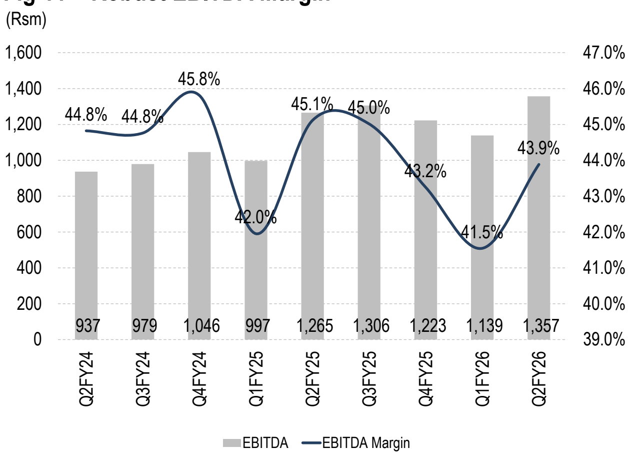
Source: Company, Anand Rathi Research

Fig 10 – PAT & PAT Margin



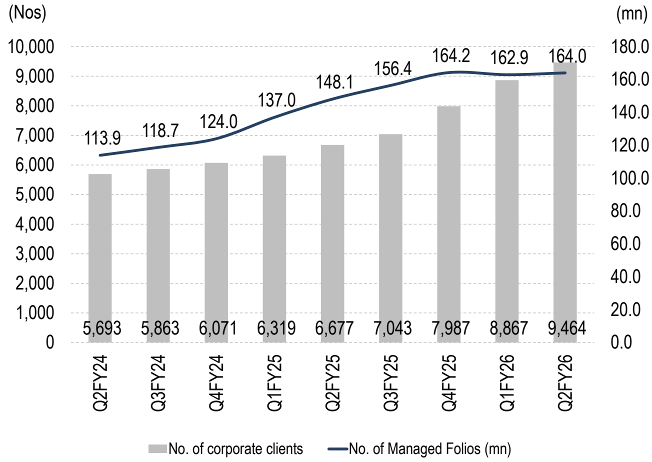
Source: Company, Anand Rathi Research

Fig 11 – Robust EBITDA Margin



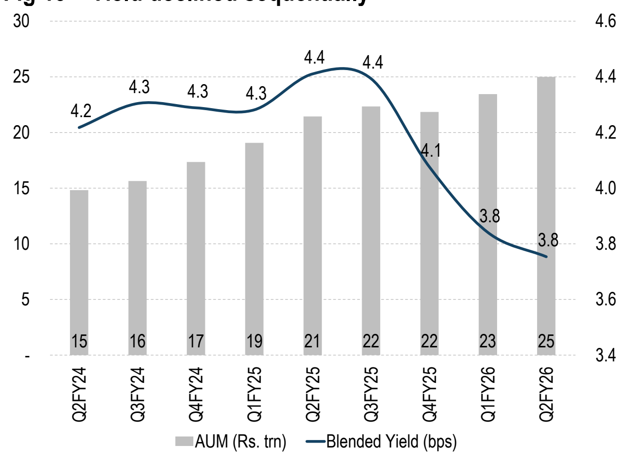
Source: Company, Anand Rathi Research

Fig 12 – Trend in Corporate Clients and Managed Folios



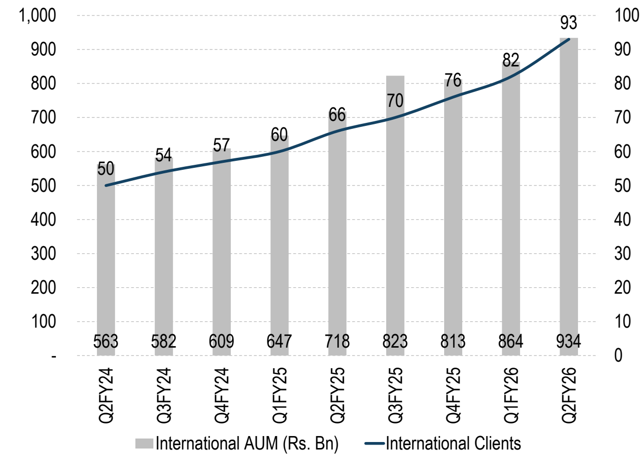
Source: Company, Anand Rathi Research

Fig 13 – Yield declined sequentially



Source: Company, Anand Rathi Research

Fig 14 – International AUM and Clients



Source: Company, Anand Rathi Research

Concall Highlights

Domestic MF solution

- The mutual fund RTA business grew 10.2% y/y; yield held stable with no sequential pressure.
- Four MF mandates incl. Lakshya MF; revenue accretion likely after 2-3 years of on-boarding.
- Client AUM growth slightly ahead of the industry; SIP book ~40% of AUM.
- Yield expected to move linearly with AUM growth; minor impact likely from telescopic pricing of 3.5-4% annually.

Issuer solution

- On adding 597 clients, maintained leadership in corporate RTA.
- Margin compression due to temporary rise in manpower cost to handle IPOs and one-time professional charges related to unclaimed funds.
- Folio growth was sequentially muted due to lower retail participation amid market volatility. Retail participation likely to pick up with improved market sentiment. Margin expected to normalize from Q3.

International & Other Investor solutions

- Growth primarily driven by clients added; AUM growth slower than domestic due to global market structure.
- International pricing at ~6-7bps vs. 2-2.5bps in GIFT City.
- AIF, Wealth and NPS businesses continue to scale up well; AIF market share, which crossed 40%, expected at 50% in 12-18 months.
- CRA (NPS) business expected to drive revenue.

Ascent Fund services

- Operations in 18 regions, regulated by seven jurisdictions. EBITDA margin in single digits in FY26 and double digits from FY27.
- Integration synergy likely from consolidation of technology, real estate, and human assets.
- Acquisition marks a strategic step towards building a global fund administration platform from India.

Outlook and Guidance

- Management retained EBITDA margin guidance of 40-45%.
- It expects Ascent integration to impact Q3 top- and bottom-line, with likely margin normalization from FY27.
- Yield across MF and issuer solutions likely to be stable with no sequential pressure.
- Strong pipeline of international and domestic clients added expected to boost revenue assurance.
- Long-term goal to achieve a 50:50 revenue mix (domestic-international).

Valuation

The company delivered strong, 10.3%, revenue growth, driven by its Issuer Solutions and International & Other Investors Solutions categories. A one-time M&A cost and the winding down of GBS led to the lower EBITDA margin, likely to continue at 40-45%.

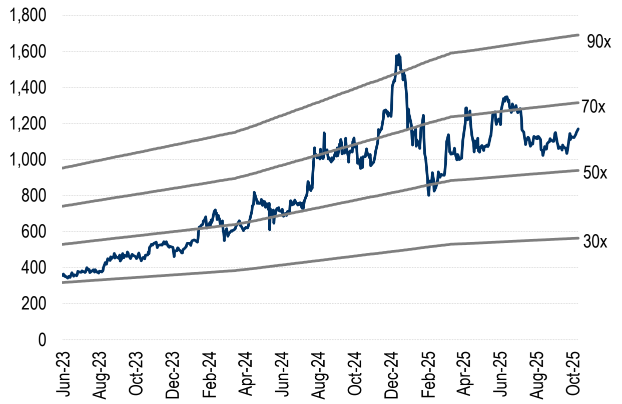
We expect revenue/EBITDA/earnings to clock 21/19/19% CAGRs over FY25-27. **Considering steady revenue growth in its core businesses with international operations and AIF being the primary drivers, and valuing the stock at 53x Sep'27e EPS, we maintain a Buy on Kfin with a 12-mth TP of Rs.1,572.**

Fig 15 – Change in Estimates

	FY26e			FY27e			FY28e
(Rs m)	New	Old	Chg %	New	Old	Chg %	Chg %
Operating Income	12,948	13,197	-1.9	16,180	16,525	-2.1	19,359
EBITDA	5,320	5,488	-3.1	6,726	6,888	-2.4	8,068
PAT	3,660	3,783	-3.2	4,630	4,766	-2.8	5,547

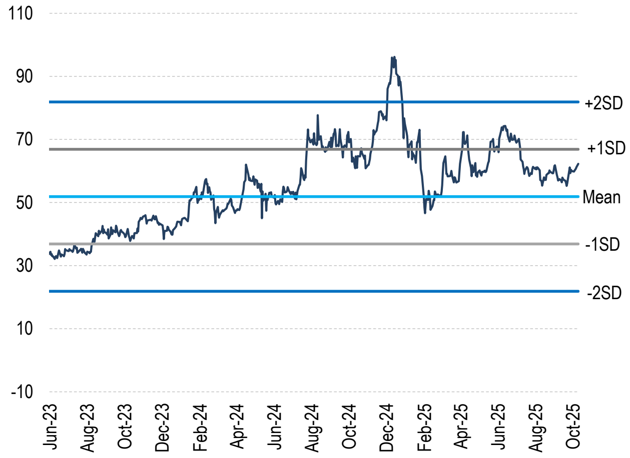
Source: Anand Rathi Research

Fig 16 – PE Chart- 1-year Fwd



Source: Company, Anand Rathi Research

Fig 17 – PE Standard Deviation- 1-year fwd



Source: Company, Anand Rathi Research

Risks

- Macro-economic uncertainty may impact inflows into MF, mainly equity.
- Further reduction in TERs may result in lower fees to RTAs.

Appendix

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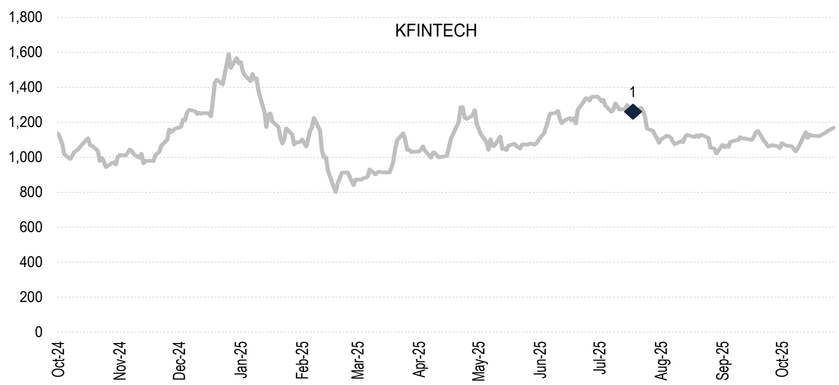

	Date	Rating	TP (Rs)	Share Price (Rs)
1	18-Jul-25	Buy	1,596	1,260

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Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000
Grievance officer: Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.