

9 December 2025

Affle 3i

Attractive valuation post recent correction; upgrading to BUY

Affle 3i's H1FY26 revenue grew ~19.3% y/y to ~Rs 12.7bn, with CPCU-revenue up ~18.2% y/y (~98.8% of topline) and rest from non-CPCU. EBITDA grew ~31.2% y/y to ~Rs2.86bn with margins expanding 205bps y/y to ~22.6%. Recent ~20-22% correction in stock price was mainly due to lower-than-estimated CPCU-revenue led by ad-budgets shifting to Q3 from Q2 in the US amid tariff-related uncertainty and partial RMG impact in India. Ahead, we expect the full ~3% RMG impact (i.e., Rs170-180m/quarter) to payout in Q3 (and continue till H1FY27), partially offset by festive season in India and revival in developed markets (from ~20.2% y/y in H1FY26), as US marketing budgets ramp-up. With company optimistic of ~18-20% y/y topline growth in near-term (20%+ y/y thereafter) and post-correction valuation comfort, we upgrade our rating to BUY with an unrevised TP of Rs2,000 (valuing at 45x Sep'27e earnings). Near-term key trigger would be good inorganic acquisitions as the company has ~Rs14.6bn net cash on its books (H1FY26).

DPDP Rules 2025 (notified Nov 13, 2025): Whilst we don't expect any meaningful impact of Digital Personal Data Protection Rules 2025 (DPDP-2025) in the short-term, a neutral-to-positive impact over longer-term is likely, as the company is already ISO (data security) and Singapore's stringent DPTM certified (data privacy). These two form the strongest compliance combination in Asia and already cover majority requirements under India's recent DPDP rules thus, enhancing trust, strengthening first party data credibility and providing strong differentiation in AdTech ecosystem.

Outlook: We expect revenue to clock ~20.4% CAGR over FY26-28, led by ~18% growth in user conversions and broad-based growth across verticals and regions. With continued AI-adoption and automation-driven operating efficiency, we expect EBITDA to clock ~23% CAGR over FY26-28, with margin of ~23.5% (from ~22.5% in FY26) resulting in ~21.5% EPS CAGR.

Risks: Adverse changes in data protection/privacy policy, lower marketing spends by customers, and inability to turn around the acquired companies.

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	18,428	22,663	26,839	32,303	38,880
Net profit (Rs m)	2,973	3,819	4,634	5,736	6,836
EPS (Rs)	21.2	27.3	33.1	40.9	48.8
P/E (x)	77.7	60.5	49.8	40.3	33.8
EV / EBITDA (x)	61.2	45.6	36.5	29.3	24.1
P / BV (x)	9.2	7.8	6.8	5.8	4.9
RoE (%)	15.0	14.0	14.6	15.5	15.8
RoCE (%)	11.9	10.9	12.1	13.4	13.9
Dividend yield (%)	-	-	-	-	-
Net debt / equity (x)	-0.4	-0.5	-0.5	-0.6	-0.6

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Rating: **BUY**

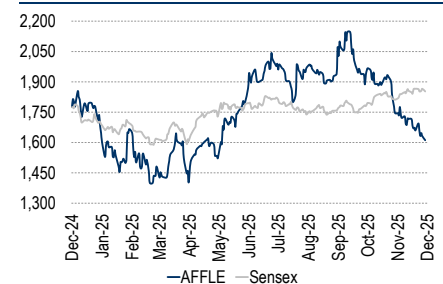
Target Price (12-mth): Rs.2,000

Share Price: Rs.1,648

Key Data	AFFLE IN / AFFL.BO
52-week high / low	Rs2187 / 1221
Sensex / Nifty	84666 / 25840
Market cap	Rs229bn
Shares outstanding	141m

Shareholding Pattern (%)	Sep'25	Jun'25	Mar'25
Promoters	55.0	55.0	55.0
- of which, Pledged	-	-	-
Free float	45.0	45.0	45.0
- Foreign institutions	19.0	18.4	16.1
- Domestic institutions	14.7	13.8	15.3
- Public	11.3	13.6	13.6

Relative Price Performance



Source: Bloomberg

Shobit Singhal
Research Analyst

Sagarika Chetty
Research Associate

Quick Glance – Financials and Valuations

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenues	18,428	22,663	26,839	32,303	38,880
Growth (%)	28.5	23.0	18.4	20.4	20.4
User conversions (m)	313	393	458	540	637
Direct costs	11,254	13,793	16,372	19,705	23,523
Gross profit	7,174	8,870	10,467	12,598	15,358
Gross margins (%)	38.9	39.1	39.0	39.0	39.5
SG&A	3,575	4,038	4,428	5,072	6,221
EBITDA	3,600	4,832	6,039	7,527	9,137
EBITDA margins (%)	19.5	21.3	22.5	23.3	23.5
Depreciation	-715	-967	-1,154	-1,292	-1,555
Other income	572	938	850	850	850
Interest expenses	-189	-126	-60	-60	-60
PBT	3,268	4,676	5,675	7,025	8,372
Effective tax rates (%)	9.0	18.3	18.3	18.3	18.3
+Associates / (Minorities)	-	-	-	-	-
Net income	2,973	3,819	4,634	5,736	6,836
WANS	140	140	140	140	140
FDEPS (Rs)	21.9	27.2	33.1	40.9	48.8

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,268	4,676	5,675	7,025	8,372
+ Non-cash items	420	220	364	502	765
Oper. prof. before WC	3,688	4,897	6,039	7,527	9,137
- Incr. / (decr.) in WC	721	-106	-201	-263	-316
Others incl. taxes	-345	-743	-1,041	-1,288	-1,535
Operating cash-flow	2,623	4,260	5,199	6,501	7,918
- Capex (tangible + intangible)	1,156	1,599	1,894	2,279	2,743
Free cash-flow	1,467	2,661	3,305	4,222	5,175
- Acquisitions	-3,535	-815	-	-	-
- Div. (incl. buyback & taxes)	-	-	-	-	-
+ Equity raised	7,412	258	-	-	-
+ Debt raised	590	-1,066	-	-	-
- Fin investments	-70	-598	-848	-847	-847
- Misc. (CFI + CFF)	95	84	60	60	60
Net cash-flow	5,909	1,552	4,093	5,009	5,962

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

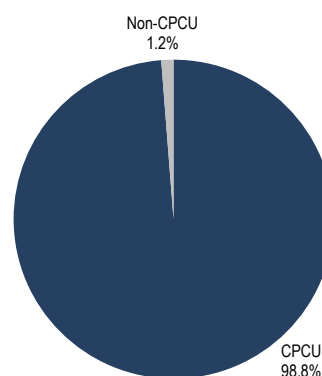
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	280	281	281	281	281
Net worth	24,980	29,465	34,098	39,835	46,671
Debt	1,777	772	772	772	772
Deferred tax liability	103	102	102	102	102
Lease & long-term liabilities	592	258	258	258	258
Capital employed	27,453	30,597	35,231	40,967	47,803
Net tangible assets	38	34	30	27	22
Net intangible assets	2,496	3,158	3,904	4,897	6,093
Goodwill	9,829	10,083	10,083	10,083	10,083
Right of use assets	62	49	49	49	49
CWIP (tang. & intang.)	-	-	-	-	-
Investments (strategic)	373	629	629	629	629
Investments (financial)	174	174	174	174	174
Current assets (excl. cash)	7,493	8,174	8,724	9,443	10,310
Cash	12,365	13,917	18,010	23,019	28,981
Current liabilities	5,377	5,621	6,372	7,355	8,537
Working capital	2,116	2,553	2,352	2,089	1,772
Capital deployed	27,453	30,597	35,231	40,967	47,803

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	77.7	60.5	49.8	40.3	33.8
EV / EBITDA (x)	61.2	45.6	36.5	29.3	24.1
EV / Sales (x)	12.0	9.7	8.2	6.8	5.7
P/B (x)	9.2	7.8	6.8	5.8	4.9
RoE (%)	15.0	14.0	14.6	15.5	15.8
RoCE (%) - after tax	11.9	10.9	12.1	13.4	13.9
DPS (Rs)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%) - incl. DDT	-	-	-	-	-
Net debt / equity (x)	-0.4	-0.5	-0.5	-0.6	-0.6
Receivables (days)	63	48	48	48	48
Inventory (days)	-	-	-	-	-
Payables (days)	76	66	66	66	66
CFO: PAT (%)	88.2	111.6	112.2	113.3	115.8

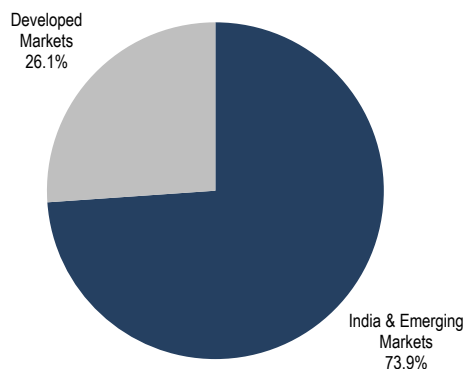
Source: Company, Anand Rathi Research

Fig 6 – Revenue Bifurcation (H1FY26)



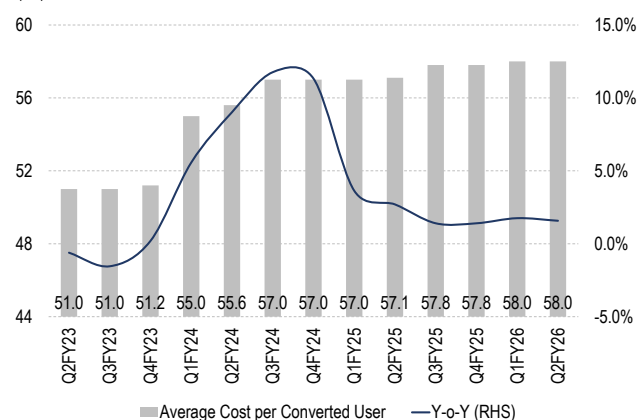
Source: Company

Fig 7 – India & emerging markets grew ~19% y/y, while developed markets grew ~20.2% y/y (H1FY26)



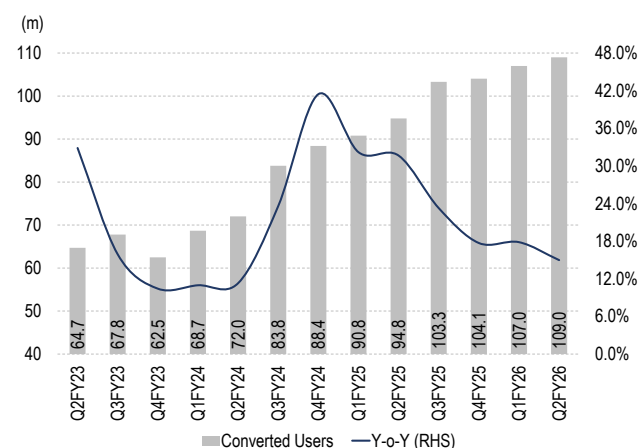
Source: Company

Fig 9 – Average CPCU rate expanded ~1.7% y/y (H1FY26)
(Rs)



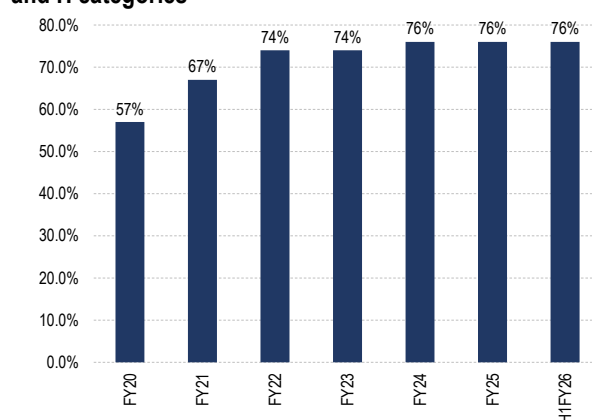
Source: Company

Fig 8 – Volumes grew ~16.4% y/y (H1FY26), led by strong momentum across top verticals



Source: Company

Fig 10 – Direct customer growth powered primarily by E, F, G and H categories

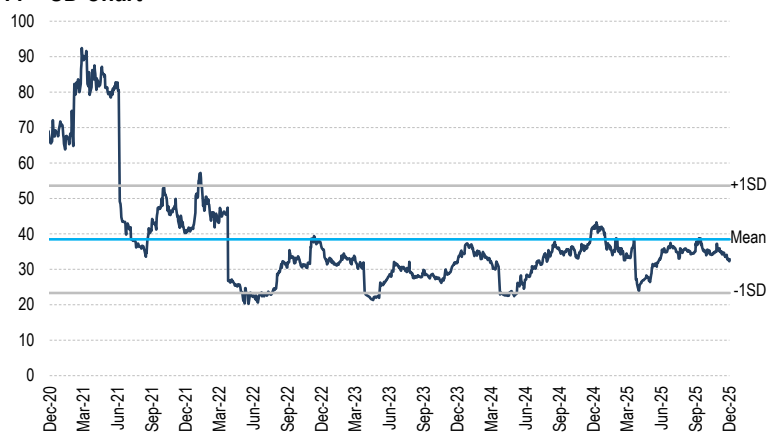


Source: Company

Valuation

Ahead, we expect the full ~3% RMG impact (i.e., Rs170-180m/quarter) to payout in Q3 (and continue till H1FY27), partially offset by festive season in India and revival in developed markets (from ~20.2% y/y in H1FY26), as US marketing budgets ramp-up. With company optimistic of ~18-20% y/y topline growth in near-term (20%+ y/y thereafter) and post-correction valuation comfort, we upgrade our rating to BUY with an unrevised TP of Rs2,000 (valuing at 45x Sep'27e earnings). Near-term key trigger would be good inorganic acquisitions as the company has ~Rs14.6bn net cash on its books (H1FY26).

Fig 11 – SD Chart



Source: Bloomberg, Anand Rath Research

Key Risks

- Adverse changes in data protection and data privacy policy.
- Lower marketing spends by customers.
- Inability to turn around the acquired companies.

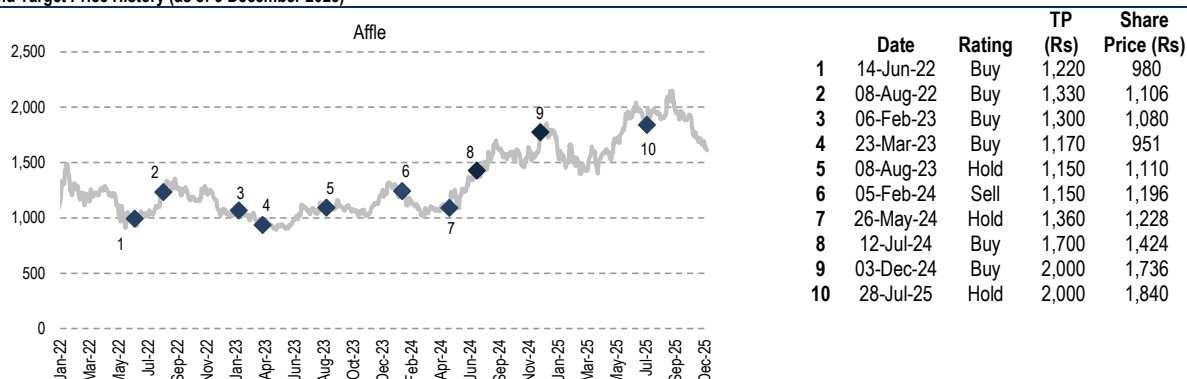
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 9 December 2025)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, 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 or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2025. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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.