



Affle delivered a record quarter with revenue of ₹6,207 mn (+19.5% YoY; +3.1% QoQ), EBITDA ₹1,397 mn (22.5%; +239 bps YoY) and PAT ₹1,055 mn (16.5%), marking a fifth consecutive sequential margin expansion that validates operating leverage and disciplined pricing; we see margin compounding tracking toward the ~23% medium-term algorithm, subject to macro stability. The CPCU engine recorded 107 mn conversions at ₹58, translating to ~₹6.2 bn of CPCU revenue (~20% YoY) and evidencing pricing power and improving cohort quality; we expect CPCU to remain the primary growth vector, with regional CPCU trends the key monitorable.

Geographic mix remains balanced (EM +18.1% YoY; DM +23.3% YoY), with AI-first execution (Opticks AI end-to-end), Apple-certified privacy-first capability and a new ad-fraud patent reinforcing CPCU pricing power. Cost discipline persists while management prioritizes quality over volume, aided by a ~75% direct model and the ability to channel Google/Meta budgets through its platform—positioning Affle as a conversion orchestrator vs agency-led peers. Capital deployment stays high-bar (build-bias; selective M&A screened to ≥20% EBITDA/~20% growth), and the market-wide equalization-levy change provides a modest, sustainable tailwind. Guidance is intact (~20% FY26 organic growth; ~23% medium-term EBITDA), Q3 should be the seasonal peak, and diversification continues to hedge macro shocks—though FinTech remains the most sentiment-sensitive vertical.

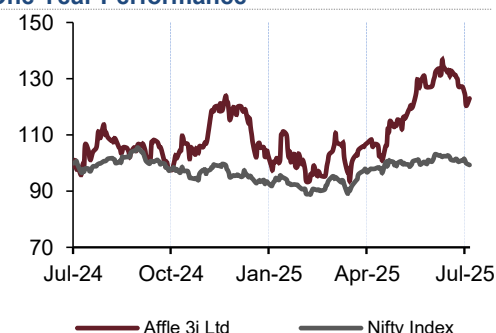
Rating	TP (Rs)	Up/Dn (%)
HOLD	1,888	3

Market data

Current price	Rs	1,840
Market Cap (Rs.Bn)	(Rs Bn)	259
Market Cap (US\$ Mn)	(US\$ Mn)	2,990
Face Value	Rs	2
52 Weeks High/Low	Rs	2080 / 1221.05
Average Daily Volume	(000)	143
BSE Code		542752
Bloomberg		AFFLE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	55.00	55.00
Public	45.00	45.00
Total	100.00	100.00

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	10,817	14,340	18,428	22,663	27,521	33,351
EBITDA	2,131	2,888	3,600	4,832	6,264	7,716
Adjusted net profit	2,157	2,472	2,973	3,819	4,814	5,892
Free cash flow	1,540	1,442	2,652	2,835	4,108	5,539
EPS (Rs)	16.1	18.4	21.7	27.2	34.3	42.0
growth (%)	59.03	14.28	17.90	25.39	25.91	22.41
Adjusted EPS (Rs)	16.2	18.4	21.7	27.2	34.3	42.0
growth (%)	109.53	13.77	17.90	25.39	25.91	22.41
P/E (x)	114.2	99.9	84.8	67.6	53.7	43.9
P/B (x)	20.8	16.7	10.3	8.8	7.5	6.4
EV/EBITDA (x)	112.9	83.0	68.6	50.5	38.4	30.6
ROCE (%)	12.9	14.9	10.9	12.9	14.9	15.5
RoE (%)	18.2	16.7	11.9	13.0	14.0	14.7

Source: Company

Neel Nadkarni
(022) 67141412neel.nadkarni@dalal-broacha.com

Conference Call Key Highlights

Market Strategy & Mix

- **Balanced geography:** Emerging Markets (India & Global EM) contributed **72.3% (+18.1% YoY)**, Developed Markets (DM) contributed **27.7% (+23.3% YoY)** diversification is reducing earnings volatility, while DM traction (new logos/deeper engagement) improves revenue durability.

AI, Privacy & IP

- **Opticks AI integrated end-to-end** and rolling out to premium clients lifts conversion quality and unit economics while adding operating leverage, we see this as a durable differentiation versus commoditized media buying.
- **Apple-certified partner (one of four globally listed) + 14th Indian patent (ad-fraud/connected devices)** strengthens privacy-first, ID-less execution (notably on iOS) and underwrites CPCU/retention.

Operations & Cost

- **Cost lines disciplined: Inventory & data ~30.9% of revenue, Employee cost +4.4% QoQ / +3.8% YoY** (AI-enabled productivity), **recurring opex ~6.8%** with sequential decline, **ETR ~18.3%** multiple small levers are expanding margin while preserving reinvestment capacity.

Pricing Discipline & Competitive Positioning

- **Will walk away from low-quality/low-margin revenue** may temper top-line in softer quarters but protects ROIC and strategic pricing, we view this as the right trade-off to sustain the margin algorithm.
- **Walled-garden budgets** (Google/Meta) can be **channeled through Affle's platform**, stream is **small but growing** reduces platform concentration risk as closed ecosystems scale AI, positions Affle as a **conversion orchestrator** rather than a channel buyer.
- **Go-to-market moat: ~75% direct** with advertisers vs **agency-led** peers (e.g., TheTradeDesk) tighter outcome ownership and client intimacy; local execution/R&D remain hard to replicate, we see limited near-term share risk domestically.

Capital Allocation

- **Platform investment steady**, development expenses held, **M&A optionality** with **5–10** tracked targets, disciplined filters (**≥20% EBITDA, ~20% growth**), pace **~one deal every two years**, last deal **>2 years**. We read this as high-bar, low-pressure M&A that avoids unit-economics dilution, internal build remains the default.

Guidance, Seasonality & Macro

- **FY26 algorithm reiterated:** **~20%** organic revenue growth and **~23%** medium-term EBITDA; **July run-rate supportive** credible after the Q1 print; execution into peak season should provide further validation.
- **Seasonality: Q3 expected to be the strongest** offers 2H visibility; our focus is on inventory calibration and pacing into festivals to avoid CPCU slippage.
- **Regulatory: Equalization-levy change** is **market-wide**; creates modest, sustainable P&L tailwind — not a structural advantage, but frees resources to redeploy without margin dilution.
- **Macro:** Q1 absorbed **wars/tariffs/airline disruptions** with resilience — diversification across markets/verticals is proving to be an effective hedge; we continue to flag **FinTech** as the most sentiment-sensitive sub-vertical.
- **Long-Term Vision:** Commitment to its 10x medium-term growth aspiration, supported by AI innovation, platform strength, and disciplined scaling.

Valuation & Outlook

At the current level of INR 1840, the stock is trading at 67.6x / 53.7x / 43.9x FY25 / FY26e / FY27e EPS.

Affle's CPCU-led, ROI-first model is scaling with discipline—Q1 FY26's record result and the fifth straight sequential margin uptick reinforce a credible ~20% organic growth / ~23% EBITDA algorithm. Opticks AI, fraud-prevention IP (14 patents), and Apple-certified status deepen a privacy-first, ID-less moat, supporting CPCU pricing and operating leverage. Mix is improving as DM traction builds on new logos while India/EM remains broad-based; the ability to channel walled-garden budgets positions Affle as a conversion orchestrator, mitigating platform-concentration risk.

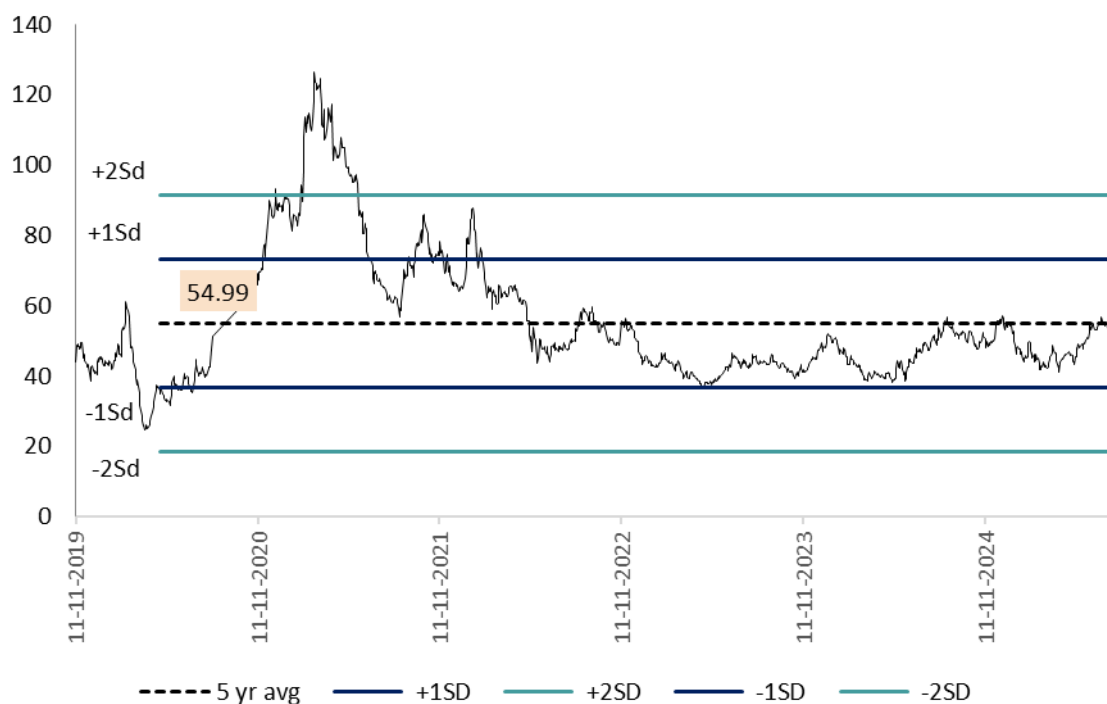
Capital deployment stays disciplined (build-bias; selective M&A with high return thresholds), underpinning healthy FCF and reinvestment capacity. On balance, Affle merits a premium multiple vs domestic ad-tech, underpinned by: (1) outcome pricing with visible unit economics, (2) structural margin expansion from AI productivity and pricing discipline, (3) defensible IP/attribution capabilities, and (4) improving DM mix.

Catalysts: sustained CPCU uplift, DM wallet-share gains, demonstrable iOS wins post-certification, and continued sequential margin expansion.

Key watch-items/risks: regional CPCU trajectory, redeployment of levy-related opex savings, working-capital discipline, and vertical sensitivity (notably FinTech). Overall stance: constructive—Affle is positioned to compound earnings/FCF and sustain premium valuation over the medium term.

We assign a *HOLD* rating to the stock, applying a target multiple of 45x FY27e, arriving at a target price of INR 1,888.

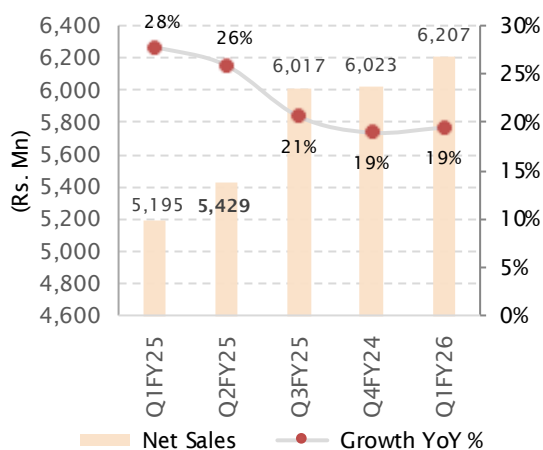
Exhibit 1: 12 Month Forward PE Multiple Chart



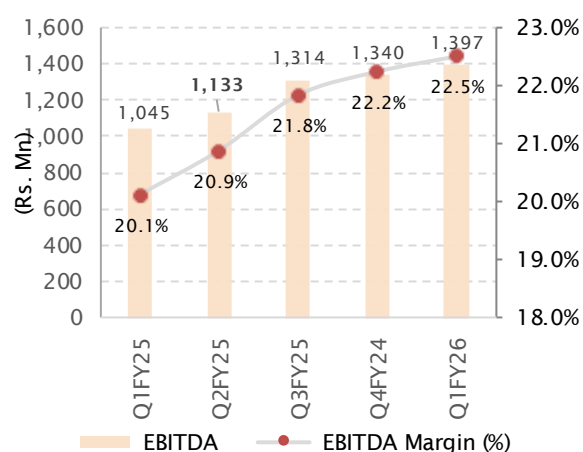
Source: Dalal & Broacha Research, Bloomberg

Quarterly Performance Analysis

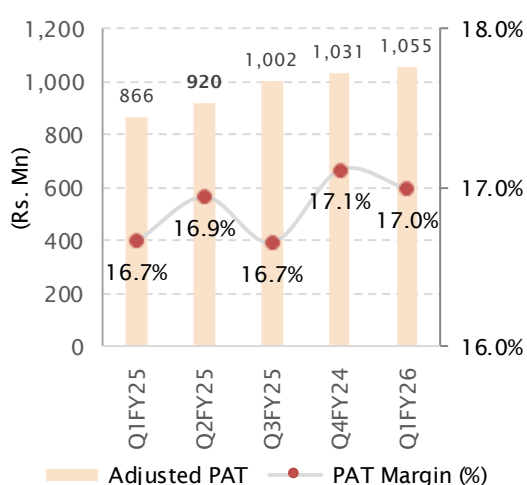
Net Sales Trajectory



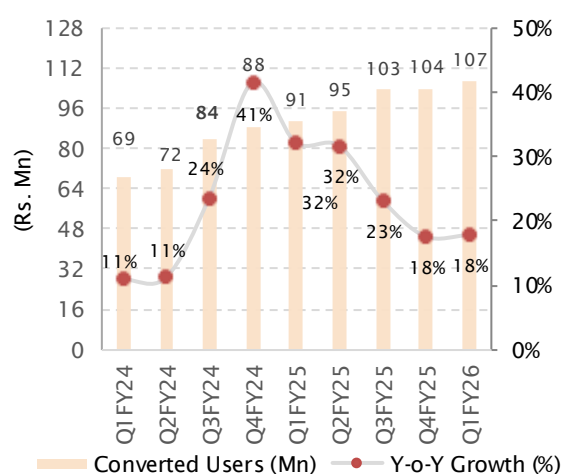
EBITDA & EBITDA Margin Trajectory



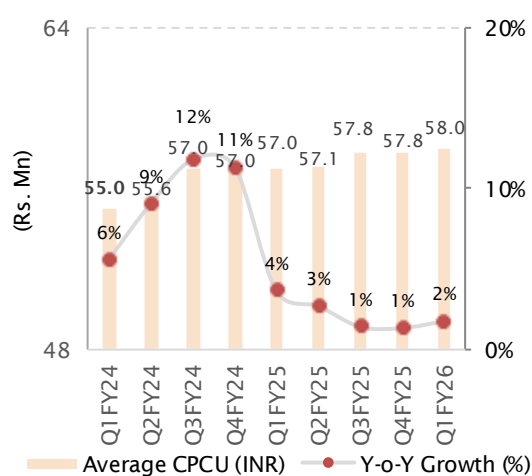
Adj. PAT (Exc. Exceptional) Trajectory



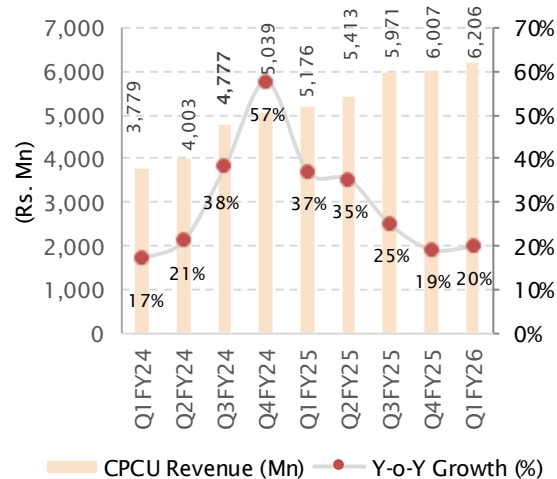
Converted Users (Mn)



Avg CPCU Rate (INR)



CPCU Revenue (Mn)



Source: Dalal & Broacha Research, Company

Quarterly Deviation

YE March (Rs. mn)	Q1 FY26	Q4 FY25	Q-o-Q change %	Q1 FY25	Y-o-Y change %	Q1 FY26 Estimates	Deviation %
Net Sales (INR Mn)	6,207	6,023	3.1%	5,195	19.5%	6,279	(1.1%)
Less:							
Inventory and Data Costs	3,780	3,648	3.6%	3,200	18.1%	3,862	(2.1%)
Employees Remuneration & B	609	583	4.4%	586	3.8%	594	2.5%
Administrative & Other Expenses	421	452	(6.8%)	364	15.6%	440	(4.2%)
Total Operating Expenditure	4,810	4,683	2.7%	4,150	15.9%	4,895	(1.7%)
EBITDA	1,397	1,340	4.3%	1,045	33.7%	1,384	1.0%
Less: Depreciation	259	266	(2.7%)	193	34.2%	262	(1.2%)
EBIT	1,139	1,074	6.0%	852	33.6%	1,122	1.5%
Less: Interest	18	24	(25.2%)	38	(51.7%)	17	6.8%
Add: Other income	172	189	(9.2%)	251	(31.6%)	188	(8.8%)
Profit Before Tax	1,292	1,239	4.3%	1,066	21.2%	1,293	(0.1%)
Adjusted Profit Before Tax	1,292	1,239	4.3%	1,066	21.2%	1,293	(0.1%)
Less: Total Tax	237	208		200		233	
Minority Interest	0	0		0		0	
Reported PAT	1,055	1,031	2.4%	866	21.8%	1,061	
Adjusted PAT	1,055	1,031	2%	866	21.8%	1,061	(0.5%)
Reported Diluted EPS (Rs.)	7.51	7.34		6.18		7.6	
Adjusted Diluted EPS (Rs.)	7.51	7.34	2.3%	6.18	21.6%	7.6	(0.6%)
No of Shares Diluted (mn)	140.4	140.4		140.1		140.4	
Margin Analysis %			Change in bps		Change in bps		Change in bps
EBIT Margin	18.3%	17.8%	51	16.4%	194	17.9%	47
EBIDTA Margin	22.5%	22.2%	26	20.1%	239	22.0%	47
NPM	17.0%	17.1%	(12)	16.7%	33	16.9%	11
Adjusted NPM	17.0%	17.1%	(12)	16.7%	33	16.9%	11
Effective Tax Rate %	18.3%	16.8%	156	18.7%	(39)	18.0%	34
Cost Analysis %			Change in bps		Change in bps		Change in bps
Inventory & Data Costs/Net Sales	60.9%	60.6%	33	61.6%	(69)	61.5%	(60)
Employee Cost/Net Sales	9.8%	9.7%	12	11.3%	(148)	9.5%	35
SG&A/Net sales	6.8%	7.5%	(72)	7.0%	(23)	7.0%	(22)

Source: Dalal & Broacha Research, Company

Financials

Profit & Loss Statement						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue from Operations	10,817	14,340	18,428	22,663	27,521	33,351
% Growth	109.3	32.6	28.5	23.0	21.4	21.2
Operating Expenses						
Inventory and Data Costs	6,789	8,843	11,254	13,793	16,782	20,499
Employee Benefit Expense	1,296	1,872	2,352	2,313	2,562	2,957
Other Expenses	600	736	1,223	1,726	1,913	2,180
Total Operating Expenses	8,685	11,452	14,828	17,831	21,257	25,636
EBITDA	2,131	2,888	3,600	4,832	6,264	7,716
Growth (%)	64.4	35.5	24.7	34.2	29.6	23.2
EBITDA Margin (%)	19.7	20.1	19.5	21.3	22.8	23.1
Less: Depreciation	324	494	715	967	1,096	1,446
EBIT	1,807	2,393	2,885	3,865	5,168	6,270
Growth (%)	64.3	32.5	20.5	34.0	33.7	21.3
EBIT Margin (%)	16.7	16.7	15.7	17.1	18.8	18.8
Interest Paid	71	114	189	126	68	55
Other Income	716	544	572	938	796	1,001
PBT	2,452	2,823	3,268	4,676	5,895	7,216
Tax Expenses	300	361	295	858	1,082	1,323
Net Profit	2,147	2,452	2,973	3,819	4,814	5,892
Adjust PAT	2,157	2,472	2,973	3,819	4,814	5,892
Growth (%)	109.5	14.6	20.2	28.5	26.1	22.4
APAT Margin (%)	19.8	17.1	16.1	16.8	17.5	17.7
EPS	16.1	18.4	21.7	27.2	34.3	42.0
Growth (%)	59.0	14.3	17.9	25.4	25.9	22.4
Adj. EPS	16.2	18.4	21.7	27.2	34.3	42.0
Growth (%)	109.5	13.8	17.9	25.4	25.9	22.4

Balance Sheet						
Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E
EQUITY						
Equity Share Capital	267	266	280	281	281	281
Other Equity	11,527	14,405	24,700	29,184	33,998	39,890
Total Equity	11,794	14,672	24,980	29,465	34,278	40,171
LIABILITIES						
Non-Current Liabilities						
<i>Financial Liabilities</i>						
Borrowings	891	521	726	107	57	32
Other Non-Current Financial Liabilities	1,218	789	528	197	197	197
Long-Term Provisions	18	19	25	40	40	40
Deferred Tax Liabilities (net)	61	55	103	102	102	102
Lease Liabilities	-	18	39	21	21	21
Total Non-Current Liabilities	2,188	1,402	1,421	467	417	392
Current Liabilities						
Contract Liabilities	41	23	96	158	158	158
<i>Financial Liabilities</i>						
Borrowings	593	510	1052	666	566	466
<i>Trade Payables</i>						
Dues of small enterprises	42	30	28	5		
Others	2,517	2,491	3,803	4,071	6,115	7,375
Lease Liabilities	2	7	10	28	28	28
Other Financial Liabilities	788	698	1,047	577	641	887
Short-Term Provisions	31	32	29	57	57	57
Liabilities for Current Tax	69	67	166	510	130	159
Other Current Liabilities	204	174	198	215	207	211
Total Current Liabilities	4,288	4,033	6,429	6,286	7,900	9,339
Total Equity and Liabilities	18,269	20,107	32,830	36,218	42,595	49,902
Non-Current Assets						
Property Plant & Equipment						
Gross Block	54	79	104	129	164	199
Less: Depreciation	30	49	67	95	126	158
Net Block	24	31	38	34	38	42
Right of Use Assets	2	25	62	49	49	49
Goodwill	6,163	6,640	9,829	10,083	10,083	10,083
Other Intangible Assets	804	1,163	1,515	2,044	2,453	2,943
Intangible Assets Under Development	422	485	981	1,115	1,376	1,668
Financial Assets						
Investments	0	0	373	629	879	1,129
Loans, Other financial & income tax asse	50	110	168	359	359	359
Deffered Tax Assets (Net)	29	28	121	144	-	-
Total Non-Current Assets	8,840	8,482	13,087	14,456	15,237	16,272
Current Assets						
Contract Asset	758	1036	2053	2531	1651	2001
Investment held for sale		1338	1338	1346	1346	1346
Financial Assets						
Trade Receivables	2,347	2,452	3,174	2,986	5,957	7,218
Cash and Cash Equivalents	3,163	3,320	8,051	10,475	13,956	18,578
Other Bank Balances	2,883	3,137	4,314	3,442	3,442	3,442
Loans	12	5	18	22	27	33
Other Financial Assets	47	94	174	174	195	226
Other Current Assets	220	243	622	784	784	784
Total Current Assets	9,429	11,625	19,743	21,761	27,358	33,630
Total Assets	18,269	20,107	32,830	36,218	42,595	49,902

Cash Flow Statement (Rs. Mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cash flow from operating activities						
Profit before tax	2,452	2,823	3,268	4,676	5,895	7,216
Depreciation & Amortization	324	494	715	967	1,096	1,446
Interest expenses	71	114	189	126	68	55
Operating profit before working capital change	2,847	3,431	4,172	5,769	7,060	8,716
Net changes in WC	843	-701	186	-601	-502	-209
(Inc)/Dec in Current Assets	-1,509	-447	-2,210	-458	-2,116	-1,649
Inc/(Dec) in Current Liabilities	2,352	-255	2,396	-142	1,614	1,439
Gross cash generated from operations	3,690	2,730	4,358	5,169	6,557	8,507
Direct taxes paid	-278	-403	-345	-664	-893	-1,082
Others	-1,352	275	-1,390	-	-	-
Cash generated from operating activities	2,060	2,603	2,623	4,504	5,665	7,425
Cash flow from investing activities						
Capex	-3,747	-1,400	-4,759	-1,880	-1,771	-2,231
Investments	1,013	-23	-410	-242	-250	-250
Others	-2,825	-552	-604	-	-	-
Cash generated from investment activities	(5,559)	(1,974)	(5,773)	(2,122)	(2,021)	(2,481)
Cash flow from financing activities						
Inc / Dec in Share capital	6,055	426	7,336	665	0	-
Borrowings/ (Repayments)	149	-799	-56	-950	-50	-25
Interest paid	-71	-114	-189	-126	-68	-55
Others	34	-127	717	452	-45	-242
Cash generated from financing activities	6,150	(590)	7,832	41	(163)	(322)
Net cash increase/ (decrease)	2,650.36	38	4,682	2,424	3,481	4,623

Financial Ratio Analysis

YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Profitability Ratios						
ROE (%)	18.20	16.71	11.90	12.96	14.04	14.67
ROCE (%)	12.92	14.89	10.93	12.91	14.90	15.46
ROA (%)	8.36	8.62	6.57	7.71	8.51	9.11

Financial Leverage Ratios

Debt / Equity (x)	0.1x	0.1x	0.1x	0.0x	0.0x	0.0x
Interest Coverage (x)	30x	25x	19x	38x	92x	141x
Interest / Debt (%)	5	11	11	16	11	11

Asset Turnover Ratios

Debtors (Days)	106	79	94	83	105	105
Creditors (Days)	79	62	63	48	79	79

Valuation Ratios

Book Value (Rs.)	89	110	178	210	244	286
P/E (x)	114.2	99.9	84.8	67.6	53.7	43.9
P/BV (x)	20.8	16.7	10.3	8.8	7.5	6.4
EV/EBITDA (x)	113	83	69	51	38	31
Market Cap. / Sales (x)	23	17	14	11	9	8
Net Cash / Mkt Cap (%)	2	2	4	5	7	9
Net Cash	4,562	5,426	10,961	13,773	17,655	22,652

Source: Dalal & Broacha Research, Company

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092

E-mail: equity.research@dalal-broacha.com