

CPCU model resilient amid weak macros.



Affle 3i Limited delivered another robust quarter, reporting its highest-ever Revenue, EBITDA and PAT, reflecting the strength of its AI-powered CPCU business model, deep advertiser integrations and strong execution across key verticals and geographies. The company continues to witness broad-based demand across e-commerce, fintech, gaming, entertainment and emerging healthcare verticals, while premium iOS user traction and higher quality conversions supported better monetization and CPCU realization.

Management reiterated confidence in sustaining ~20% organic growth over the medium term, supported by deeper verticalization, increasing first-party data integrations, premium advertiser positioning and continued AI-led innovation. EBITDA margins are also expected to improve gradually as ongoing investments in audience intelligence, premium inventory and developed market expansion begin yielding operating leverage over the next 1-2 years.

Despite the RMG ban headwind, which impacted topline by ~Rs.100-120 Mn, the company delivered resilient growth driven by strong execution and diversified demand trends. Management indicated that the impact could persist for another 1-2 quarters, although natural business hedges and broader customer diversification are expected to offset the drag over time.

Affle remains focused on strengthening its competitive moat through direct advertiser relationships, CPCU-led ROI delivery and deep verticalized AI integrations. The company highlighted growing differentiation in areas such as human vs non-human traffic filtration, audience intelligence and premium conversion-led advertising, which management believes will become increasingly important with the rise of GenAI and agentic AI ecosystems.

On the inorganic front, management remains actively engaged with ~4 shortlisted acquisition opportunities after evaluating more than 10 companies globally. The focus remains on acquiring advertiser relationships, sales capabilities and integrated tech stacks in developed markets, which can later be transformed into Affle's premium CPCU-driven platform model. Management expects a meaningful acquisition to potentially materialize within CY26 and has already strengthened the balance sheet through a preferential warrant issue to remain execution-ready for such opportunities.

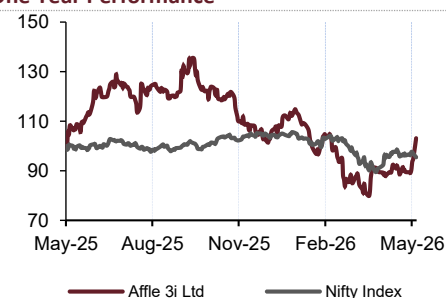
Rating	TP (Rs)	Up/Dn (%)
HOLD	2,003	22

Market data

Current price	Rs	1,638
Market Cap (Rs.Bn)	(Rs Bn)	231
Market Cap (US\$ Mn)	(US\$ Mn)	2,440
Face Value	Rs	2
52 Weeks High/Low	Rs	2186.8 / 1251.3
Average Daily Volume	('000)	501
BSE Code		542752
Bloomberg		AFFLE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-26	Dec-26
Promoters	55	55
Public	45	45
Total	100	100

Source: Bloomberg

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Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	10,817	14,340	18,428	22,663	26,887	32,155	38,476
EBITDA	2,131	2,888	3,600	4,832	5,828	7,388	9,213
Adjusted net profit	2,157	2,472	2,973	3,819	4,306	5,596	7,018
Free cash flow	1,540	1,442	2,652	2,835	3,876	5,260	6,469
EPS (Rs)	16.1	18.4	21.7	27.2	30.7	39.9	50.1
growth (%)	59.03	14.28	17.90	25.39	12.86	29.95	25.42
Adjusted EPS (Rs)	16.2	18.4	21.7	27.2	30.7	39.9	50.1
growth (%)	109.53	13.77	17.90	25.39	12.86	29.95	25.42
P/E (x)	111.7	97.8	82.9	66.1	58.6	45.1	35.9
P/B (x)	20.3	16.3	10.1	8.6	7.5	6.4	5.4
EV/EBITDA (x)	110.4	81.2	67.0	49.4	40.3	31.2	24.4
ROCE (%)	12.9	14.9	10.9	12.9	13.5	14.9	16.0
RoE (%)	18.2	16.7	11.9	13.0	12.8	14.2	15.1

Source: Company

Concall and Result Highlights

Strong Moats Along with Industry Tailwinds Driving Growth:

Affle 3i Limited continues to strengthen its positioning through its outcome-based CPCU model, reflected in robust conversion growth of 120.3Mn conversions during the quarter along with an improving CPCU realization of Rs.60. The company's deep first-party data integrations, premium advertiser positioning and verticalized AI capabilities continue to drive strong customer retention, new logo additions and improving unit economics. Affle's differentiated focus on high lifetime-value users, premium inventory and conversion-led advertising enables stronger monetization and richer user engagement versus peers focused largely on impressions and clicks. Supported by structural industry tailwinds including rising connected device penetration, increasing AI-led advertising adoption and growing demand for ROI-driven ad spends, Affle remains well positioned to capture disproportionate market share across mobile, CTV and connected consumer ecosystems.

Acquisition and Operational Efficiencies to Uplift Growth and Margins:

Management continues to prioritize sustainable and profitable growth while maintaining disciplined capital allocation. The company is actively evaluating ~4 acquisition opportunities globally after screening more than 10 targets, with the focus on expanding advertiser relationships, sales capabilities and developed market presence. Affle intends to pursue acquisitions selectively where meaningful synergies, strong strategic fit and prudent valuations exist, while gradually transforming acquired entities toward its CPCU-led premium platform model. Margin expansion continues to be supported by operating leverage, AI-led productivity enhancements and deeper platform integrations. While the company is currently investing in premium audience intelligence, developed market expansion and verticalization capabilities, management expects these investments to begin yielding stronger margin benefits over the next 1-2 years.

Future Growth Outlook:

Affle remains confident of sustaining ~20% organic growth over the medium term, supported by its differentiated CPCU model, deep advertiser integrations and expanding AI-powered consumer platform stack. The company continues to deepen engagement with direct advertisers, which now contribute a significant majority of revenues, enabling stronger wallet share gains, repeat business and long-term customer stickiness. Management highlighted that the ROI-led CPCU model becomes increasingly relevant during periods of macro uncertainty, as advertisers prioritize measurable conversion outcomes and efficient ad spending. With expanding use cases across mobile, CTV, GenAI applications and connected consumer ecosystems, along with improving operational efficiencies and selective inorganic growth opportunities, Affle remains well positioned to deliver sustainable growth with gradual margin expansion going forward.

Valuation & Outlook

Affle's CPCU-led, ROI-first model is scaling with discipline—Q2 FY26's record result and the sixth straight sequential margin uptick reinforce a credible ~20% organic growth / ~23% EBITDA algorithm. Opticks AI, fraud-prevention IP (16 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.

We retain a HOLD rating, valuing the stock at 40× FY28E EPS, lower than our earlier assigned multiple. The revision reflects growth expectations of 20–22%, implying a P/E derating to ~2× PEG, which reduces our TP to Rs.2,003.

Quarterly Result Analysis

Particular	4QFY26	4QFY25	YoY Growth	3QFY26	QoQ Growth
Revenue	7,244	6,023	20%	7,175	1%
Other Income	213	189	12%	175	21%
Total Income	7,457	6,212	20%	7,350	1%
Employee Cost	635	583	9%	637	0%
Other Expenses	415	4,100	-90%	433	-4%
Total Opex	1,049	4,683	-78%	1,070	-2%
Total Expenses	5,632	4,683	20%	5,544	2%
EBITDA (ex OI)	1,612	1,340	20%	1,630	-1%
Depreciation	334	266	26%	331	1%
EBIT	1,277	1,074	19%	1,299	-2%
Finance Cost	10	24	-59%	13	-20%
PBT (In Ex Item)	1,480	1,239	20%	1,462	1%
Tax Expenses	285	208	37%	268	6%
Reported PAT	1,195	1,031	16%	1,194	0%
Reported EPS	8.5	7.3	16%	8.5	0%
Margins			Changes in bps		Changes in bps
EBITDA (ex OI)	22.3%	22.2%	1	22.7%	-47
PAT Margins	16.5%	17.1%	-61	16.6%	-14
Tax Rate	19.3%	16.8%	247	18.3%	92
Other Operational Matrix			Changes in bps		Changes in bps
EE as a % of sales	9%	10%	-92	9%	-12
OE as a % of sales	6%	68%	-6235	6%	-31

Source: Dalal & Broacha Research, Com pany

Financials

Profit & Loss Statement							
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue from Operations	10,817	14,340	18,428	22,663	26,887	32,155	38,476
% Growth	109.3	32.6	28.5	23.0	18.6	19.6	19.7
Operating Expenses							
Inventory and Data Costs	6,789	8,843	11,254	13,793	16,835	19,765	23,470
Employee Benefit Expense	1,296	1,872	2,352	2,313	2,527	2,902	3,535
Other Expenses	600	736	1,223	1,726	1,697	2,100	2,258
Total Operating Expenses	8,685	11,452	14,828	17,831	21,059	24,767	29,263
EBITDA	2,131	2,888	3,600	4,832	5,828	7,388	9,213
<i>Growth (%)</i>	<i>64.4</i>	<i>35.5</i>	<i>24.7</i>	<i>34.2</i>	<i>20.6</i>	<i>26.8</i>	<i>24.7</i>
<i>EBITDA Margin (%)</i>	<i>19.7</i>	<i>20.1</i>	<i>19.5</i>	<i>21.3</i>	<i>21.7</i>	<i>23.0</i>	<i>23.9</i>
Less: Depreciation	324	494	715	967	1,224	1,446	1,732
EBIT	1,807	2,393	2,885	3,865	4,604	5,942	7,480
<i>Growth (%)</i>	<i>64.3</i>	<i>32.5</i>	<i>20.5</i>	<i>34.0</i>	<i>19.1</i>	<i>29.1</i>	<i>25.9</i>
<i>EBIT Margin (%)</i>	<i>16.7</i>	<i>16.7</i>	<i>15.7</i>	<i>17.1</i>	<i>17.1</i>	<i>18.5</i>	<i>19.4</i>
Interest Paid	71	114	189	126	68	55	40
Other Income	716	544	572	938	785	965	1,154
PBT	2,452	2,823	3,268	4,676	5,320	6,852	8,594
Tax Expenses	300	361	295	858	1,014	1,257	1,576
Net Profit	2,147	2,452	2,973	3,819	4,306	5,596	7,018
Adjust PAT	2,157	2,472	2,973	3,819	4,306	5,596	7,018
<i>Growth (%)</i>	<i>109.5</i>	<i>14.6</i>	<i>20.2</i>	<i>28.5</i>	<i>12.8</i>	<i>30.0</i>	<i>25.4</i>
<i>APAT Margin (%)</i>	<i>19.8</i>	<i>17.1</i>	<i>16.1</i>	<i>16.8</i>	<i>16.0</i>	<i>17.4</i>	<i>18.2</i>
EPS	16.1	18.4	21.7	27.2	30.7	39.9	50.1
<i>Growth (%)</i>	<i>59.0</i>	<i>14.3</i>	<i>17.9</i>	<i>25.4</i>	<i>12.9</i>	<i>30.0</i>	<i>25.4</i>
Adj. EPS	16.2	18.4	21.7	27.2	30.7	39.9	50.1
<i>Growth (%)</i>	<i>109.5</i>	<i>13.8</i>	<i>17.9</i>	<i>25.4</i>	<i>12.9</i>	<i>30.0</i>	<i>25.4</i>

Balance Sheet							
Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EQUITY							
Equity Share Capital	267	266	280	281	281	281	281
Other Equity	11,527	14,405	24,700	29,184	33,490	39,085	46,103
Total Equity	11,794	14,672	24,980	29,465	33,770	39,366	46,384
LIABILITIES							
Non-Current Liabilities							
<i>Financial Liabilities</i>							
Borrowings	891	521	726	107	57	32	0
Other Non-Current Financial Liabilities	1,218	789	528	197	197	197	197
Long-Term Provisions	18	19	25	40	40	40	40
Deferred Tax Liabilities (net)	61	55	103	102	102	102	102
Lease Liabilities	-	18	39	21	21	21	21
Total Non-Current Liabilities	2,188	1,402	1,421	467	417	392	360
Current Liabilities							
<i>Financial Liabilities</i>							
Borrowings	593	510	1052	666	566	466	366
<i>Trade Payables</i>							
Dues of small enterprises	42	30	28	5			
Others	2,517	2,491	3,803	4,071	6,058	7,125	8,418
Lease Liabilities	2	7	10	28	28	28	28
Other Financial Liabilities	788	698	1,047	577	632	870	1,061
Short-Term Provisions	31	32	29	57	57	57	57
Liabilities for Current Tax	69	67	166	510	122	151	189
Other Current Liabilities	204	174	198	215	207	211	209
Total Current Liabilities	4,288	4,033	6,429	6,286	7,826	9,065	10,485
Total Equity and Liabilities	18,269	20,107	32,830	36,218	42,013	48,823	57,229
Non-Current Assets							
Property Plant & Equipment							
Gross Block	54	79	104	129	164	199	234
Less: Depreciation	30	49	67	95	126	158	189
Net Block	24	31	38	34	38	42	45
Right of Use Assets	2	25	62	49	49	49	49
Goodwill	6,163	6,640	9,829	10,083	10,083	10,083	10,083
Other Intangible Assets	804	1,163	1,515	2,044	2,453	2,943	3,532
Intangible Assets Under Development	422	485	981	1,115	1,344	1,608	1,924
Financial Assets							
Investments	0	0	373	629	879	1,129	1,379
Loans, Other financial & income tax assets	50	110	168	359	359	359	359
Deferred Tax Assets (Net)	29	28	121	144	-	-	-
Total Non-Current Assets	8,840	8,482	13,087	14,456	15,205	16,212	17,371
Current Assets							
Contract Asset	758	1036	2053	2531	1613	1929	2309
Investment held for sale		1338	1338	1346	1346	1346	1346
Financial Assets							
Trade Receivables	2,347	2,452	3,174	2,986	5,819	6,959	8,328
Cash and Cash Equivalents	3,163	3,320	8,051	10,475	13,582	17,896	23,291
Other Bank Balances	2,883	3,137	4,314	3,442	3,442	3,442	3,442
Loans	12	5	18	22	26	31	38
Other Financial Assets	47	94	174	174	195	221	320
Other Current Assets	220	243	622	784	784	784	784
Total Current Assets	9,429	11,625	19,743	21,761	26,808	32,610	39,858
Total Assets	18,269	20,107	32,830	36,218	42,013	48,823	57,229

Source: Dalal & Broacha Research, Company

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	2,452	2,823	3,268	4,676	5,320	6,852	8,594
Depreciation	324	494	715	967	1,224	1,446	1,732
Net Chg in WC	843	(701)	186	(601)	(400)	(249)	(433)
Taxes	(278)	(403)	(345)	(664)	(893)	(1,014)	(1,257)
Others	(1,352)	275	(1,390)	-	-	-	-
CFO	2,060	2,603	2,623	4,504	5,319	7,089	8,678
Capex	(3,747)	(1,400)	(4,759)	(1,880)	(1,867)	(2,203)	(2,641)
Net Investments made	1,013	(23)	(410)	(242)	(250)	(250)	(250)
Others	(2,825)	(552)	(604)	-	-	-	-
CFI	(5,559)	(1,974)	(5,773)	(2,122)	(2,117)	(2,453)	(2,891)
Change in Share capital	6,055	426	7,336	665	0	0	(0)
Change in Debts	149	(799)	(56)	(950)	(50)	(25)	(32)
Others	34	(127)	717	452	23	(242)	(319)
CFF	6,150	(590)	7,832	41	(96)	(322)	(392)
Total Cash Generated	2,650	38	4,682	2,424	3,107	4,314	5,395
Cash Opening Balance	491	3,163	3,320	8,051	10,475	13,582	17,896
Cash Closing Balance	3,163	3,320	8,051	10,475	13,582	17,896	23,291

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