

07 September 2025

India | Equity Research | Initiating Coverage

Affle 3i

Internet

A key beneficiary of ad spend digitalisation

We view Affle 3i (Affle) as a play on the structural shift of ad spend towards digital in India and other emerging markets, where digital penetration is still low versus global benchmarks. Its differentiated CPCU (cost per converted user) model directly aligns revenues with advertiser ROI, offering resilience versus impression-led peers. Over the medium term, we believe Affle could sustain ~20% revenue CAGR, supported by rising CPCU realisations, international expansion, and scaling of new verticals such as CTV. We estimate EBITDA margins to be resilient in the 22–24% range. Conversely, downside is limited by its strong operating cash flows, providing a balanced risk-reward profile. We initiate coverage on Affle with a **BUY** rating and a target price of INR 2,280. We think, at CMP, the reward-risk is skewed 2:1 in favour of BUY.

Full stack adtech platform with structural moats

Affle is a conversion-led, full-stack adtech platform that monetises digital advertising through its CPCU (cost per converted user) model, directly linking revenues to advertiser ROI. Its management has guided for 10x growth over FY25–35, underpinned by technology investments, fraud detection, and expansion into high-growth formats like CTV. The company is deeply entrenched in India and other high-growth emerging markets, but has also expanded into Latam, Middle East and developed markets through acquisitions and partnerships. Its diversification across 8–10 verticals, combined with exclusive OEM and telco partnerships, creates a structural supply-side moat in the open web ecosystem.

Risk-reward skew 2:1 to the upside

We see Affle's stock trading at INR 2,400 in our bull-case scenario and INR 1,700 in our bear case, implying a risk-reward skew of 2:1 to the upside.

Valuation

We initiate coverage on Affle with **BUY**, assigning a 40x target multiple (on FY28E EPS to arrive at our target price of INR 2,280). At present, Affle trades at ~33x FY28E EPS (refer exhibit 19), implying only a modest re-rating embedded in our estimates. We believe this premium is justified given Affle's 1) High-growth EM exposure, where digital ad penetration remains under-indexed, 2) conversion-led CPCU model that aligns revenues with advertiser ROI, and 3) consistent FCF generation.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	22,663	27,645	34,479	42,185
EBITDA	4,832	6,119	8,000	10,197
EBITDA Margin (%)	21.3	22.1	23.2	24.2
Net Profit	3,819	4,595	6,118	7,996
EPS (INR)	27.2	32.7	43.6	56.9
EPS % Chg YoY	24.3	20.3	33.1	30.7
P/E (x)	70.9	58.9	44.3	33.9
EV/EBITDA (x)	53.4	41.5	31.1	23.6
RoCE (%)	12.7	14.3	16.1	17.3
RoE (%)	14.0	14.5	16.5	18.1

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Market Data

Market Cap (INR)	272bn
Market Cap (USD)	3,076mn
Bloomberg Code	AFFLE IN
Reuters Code	AFFL BO
52-week Range (INR)	2,080 / 1,221
Free Float (%)	45.0
ADTV-3M (mn) (USD)	6.6

Price Performance (%)	3m	6m	12m
Absolute	7.9	34.7	18.6
Relative to Sensex	8.8	25.2	20.4

ESG Score	2023	2024	Change
ESG score	68.7	63.9	(4.8)
Environment	41.6	30.9	(10.7)
Social	66.7	68.8	2.1
Governance	80.7	79.9	(0.8)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

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Investment Thesis

India and other emerging markets are driving the next leg of digital ad growth, presenting multi-year growth opportunity for Affle

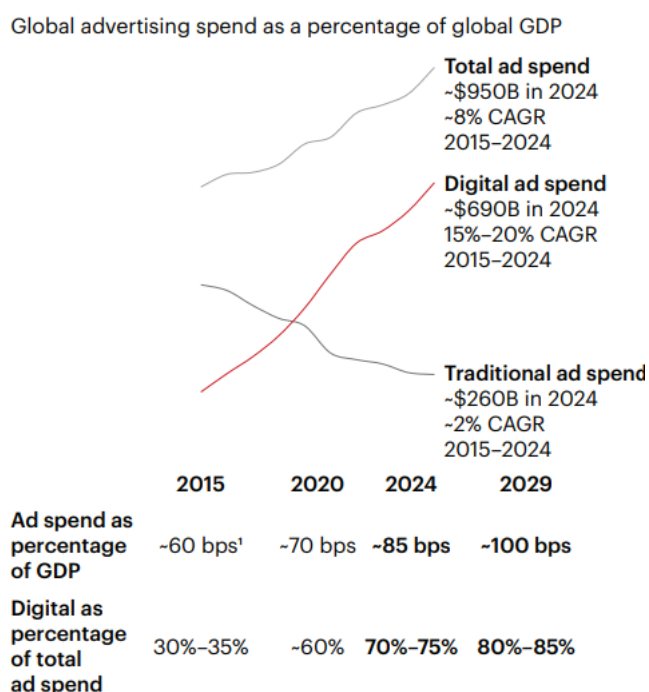
Global market dynamics

According to Bain & Company's industry report ([link](#)), the global advertising market reached USD 1trn in CY24, continuing to outpace global GDP growth, and is projected to expand to ~1% of global GDP by CY29E. Digital remains the key growth driver, accounting for ~70–75% of global ad spends in CY24, with share expected to rise further to 80–85% by CY29E. Mobile has emerged as the primary medium, attracting ~70% of global digital ad spends, with in-app formats commanding close to 90% share.

In mature markets such as the US, Europe, and China, digital ad penetration has reached ~75–80%, leading to a natural tapering of growth rates to high-single digits. For example, the US took 8–10 years (2012–22) to scale from ~40% penetration to ~75%, while China took 7–8 years (2013–20) to reach ~70%. With limited incremental headroom, these markets are expected to deliver only modest, GDP-like growth going forward.

By contrast, India and other emerging markets (EMs) remain firmly in the growth phase. We believe digital penetration across India, Southeast Asia, MENA, and Latam remains at ~50–60%, implying they are still 5–7 years behind the US/China adoption curve. We expect these markets to sustain 10–15% CAGR over the next 5-7 years, before digital penetration converges to ~70–80%.

Exhibit 1: Global ad spends as a % of global GDP



Source: Bain & company

Exhibit 2: 5G adoption in leading and EMs by 2030

Leading 5G Markets

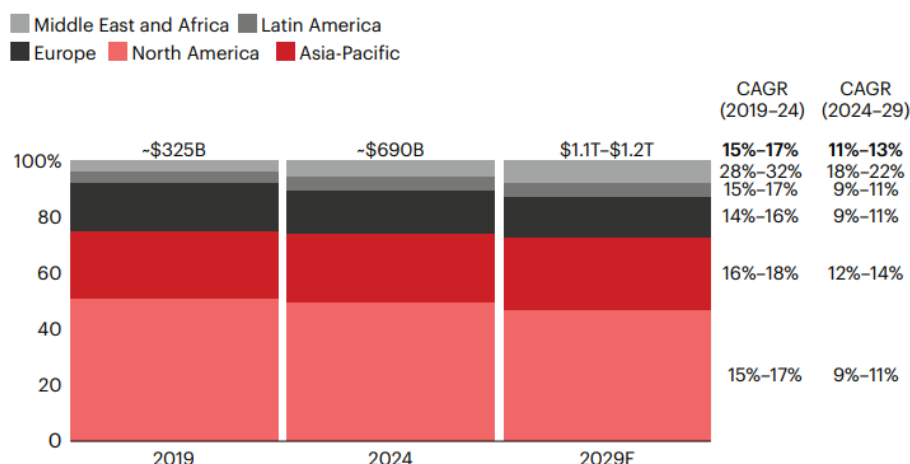
	No. of Connections (millions)	% of Total Connections
GCC States	98	95%
Developed Asia Pacific	305	93%
North America	459	89%
Greater China	1810	88%
Europe	651	81%

Emerging 5G Markets

	No. of Connections (millions)	% of Total Connections
Latin America	417	53%
Rest of Asia Pacific	1,250	45%
Rest of MENA	331	43%
Eurasia	143	41%
Sub-Saharan Africa	247	17%

Source: Company data

Exhibit 3: India and other EMs (Southeast Asia, MENA, and LAT-Am) remain in the growth phase



Source: Bain & company

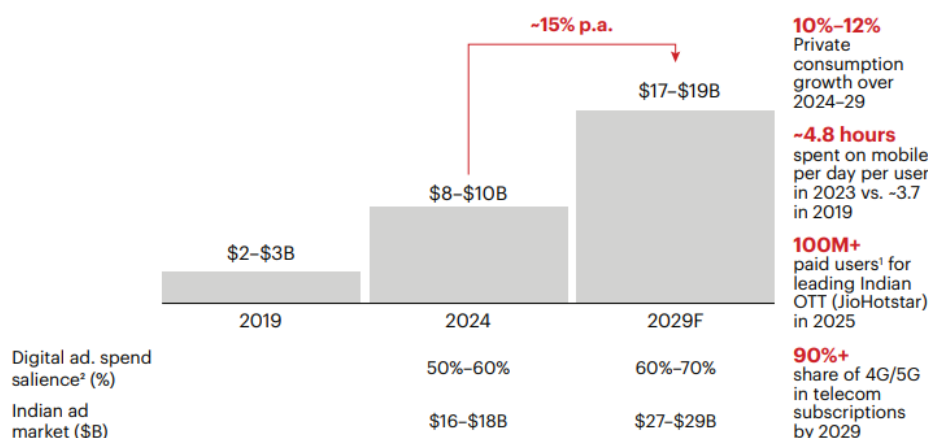
India's growth potential

India stands out as one of the fastest growing digital advertising markets globally. Our channel checks with agencies and advertisers suggest digital ad spends will grow at ~15–16% CAGR over CY24–29E, with penetration rising from ~55–60% currently to ~68–70% by CY29E. Channel checks highlight that advertisers are steadily reallocating budgets to digital, driven by rising mobile usage, demand for measurable ROI, wider 4G/5G rollout and new media formats such as connected TV.

Exhibit 4: India's digital ad spends to grow at 15% CAGR over CY24-29E

India (within Asia-Pacific) to show high growth led by demographic tailwinds and rising media use

Indian digital advertising market



Source: Bain & company

Beyond structural drivers like rising internet penetration and digital media adoption, we believe India's fiscal and monetary measures may provide an additional boost to discretionary consumption and advertising demand. Initiatives such as tax relief, higher government salaries under the 8th Pay Commission, GST rationalisation, and RBI rate cuts are all supportive of household spending and sectoral growth in FMCG, retail, travel, and durables. While the recent ban on advertising for real-money gaming presents a short-term headwind, we expect the broader uplift in consumer demand to drive a recovery in overall advertising budgets.

Given digital channels' higher measurability and ROI, we believe they could capture a disproportionate share of this incremental spend, accelerating investment into adtech platforms and strengthening their role in the advertising value chain.

While we see strong structural drivers for digital advertising, it remains inherently cyclical and sensitive to consumption trends. Periods of weak discretionary demand, inflationary pressures, or external shocks typically result in advertisers cutting or deferring budgets, with digital channels also impacted despite their higher ROI measurability. We believe such cyclical volatility may create short-term swings in growth, but the longer-term structural trend of rising digital penetration and performance-led spending remains intact, providing a multi-year runway for adtech platforms.

For Affle, we believe this backdrop presents a significant multi-year opportunity. Its core markets (India, SEA, MENA, and Latam) remain in the expansionary stage, offering at least a 5–7-year structural runway before digital penetration matures. We expect Affle to benefit disproportionately from this growth cycle, given its performance-led, ROI-focused, mobile in-app advertising model (fastest-growing segment of digital advertising). As advertisers increasingly reallocate budgets toward mid- and bottom-funnel performance marketing, we believe Affle is structurally positioned to capture incremental advertiser spend and consolidate its presence across emerging markets.

Affle's differentiated conversion-led business model (CPCU)

The global adtech ecosystem outside of Google and Meta is competitive and highly fragmented, with a long tail of DSPs, SSPs, attribution platforms, and ad networks vying for open-internet budgets leading to commoditisation risk.

Affle differentiates itself in the highly competitive and fragmented adtech space by positioning as a conversion-led, full-stack platform. While most players compete on CPMs and CPCs, where pricing pressure and churn are high, Affle monetises primarily through its CPCU model, charging advertisers only when a defined consumer action (install, purchase, subscription, transaction) occurs.

This performance-linked approach shifts the competitive dynamics away from cheapest CPMs or CPCs and towards measurable ROI, creating accountability that resonates with advertisers, helping Affle build more durable client relationships despite the sector's short contract cycles. While Google and Meta will likely continue to dominate the overall internet advertising, we believe Affle's conversion-linked CPCU model offers a structural edge. Unlike walled gardens where measurement and attribution are controlled internally, Affle relies on third-party integrations with independent platforms such as Appsflyer and Adjust. This ensures advertisers get transparent, externally validated ROI metrics, aligning their spend with a targeted return on ad spend (RoAS).

Also, Affle's execution has reinforced this advantage as the number of conversions delivered grew at 39% CAGR between FY21–25, while CPCU pricing rose at 9% CAGR over the same period, highlighting durable growth in scale without pricing erosion.

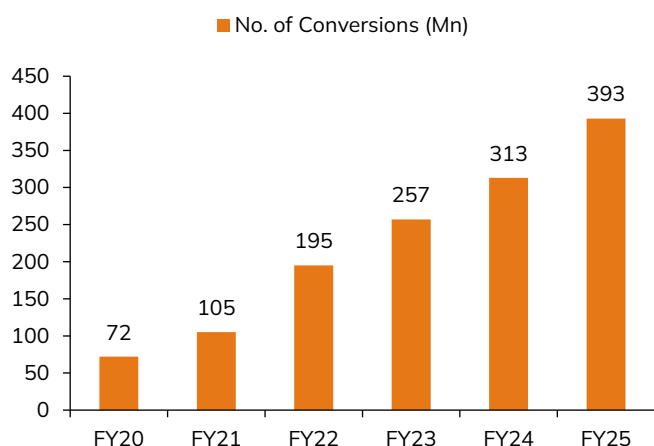
Exhibit 5: Adtech business models

Business model	Metrics	Typical Pricing Range
Media-based pricing model	Cost per media (for example, number of banners, videos)	USD 0.15 –USD 5 per thousand impressions
Performance-based pricing model	Cost per click, cost per sale, cost per view, cost per action (such as app downloads)	USD 0.1 –USD 0.3 per click
Flat fee model	A flat rate for each media / channel	Varies
Software as a service	Monthly fee based on technology stack, number of users targeted, etc.	USD 15k –USD 35k per month

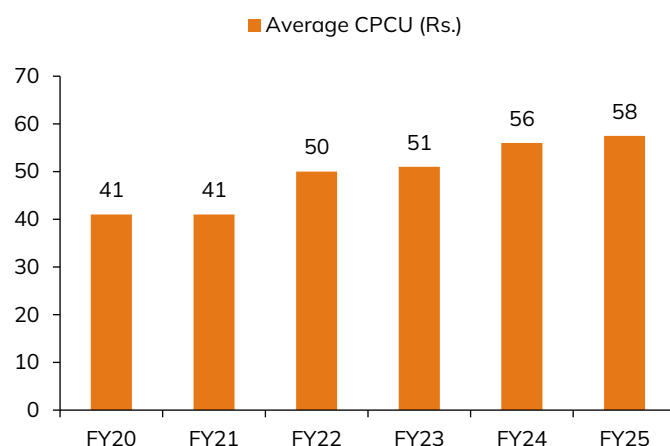
Source: I-Sec research, Company data

Exhibit 6: No. of conversions grew at 39% CAGR between FY21–25

Exhibit 7: CPCU pricing rose at 9% CAGR over FY21-25



Source: I-Sec research, Company data



Source: I-Sec research, Company data

Supply-side moat through OEM and telco partnerships

On supply side, Affle has built an exclusive OEM and telco partnerships that create a structural moat. Through integrations with device makers like Samsung, Oppo, Vivo, Xiaomi, and TCL (smart TVs), as well as acquisitions such as Appnext and Discover Tech, Affle is gaining direct access to prime on-device ad placements and app recommendations. This provides premium inventory and stronger targeting capabilities throughout the device lifecycle, which newer entrants would find difficult to replicate.

Affle sources publisher ad inventory in two primary ways:

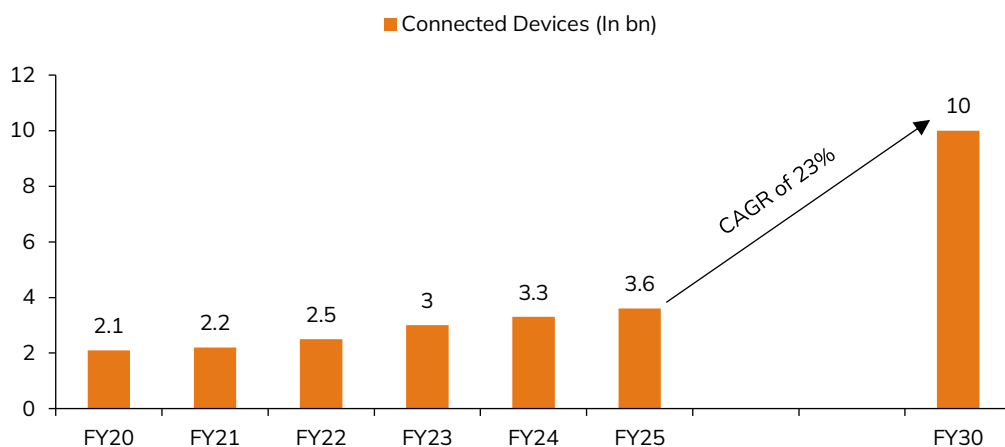
1. Ad Exchanges (via mDSP): Through its mDSP, Affle participates in real-time bidding on ad exchanges, using third-party software to ensure the inventory matches advertiser requirements.

2. Direct Inventory: Affle also secures ad space directly from publishers, often with exclusive or real-time access through special agreements. Its deep partnerships with leading phone makers (Samsung, Oppo, Vivo, Xiaomi, TCL) give it premium on-device ad placements, while Appnext and Discover Tech enhance its ability to deliver contextual app recommendations directly to users.

This direct access, combined with rich data inputs, strengthens Affle's targeting capabilities. The company leverages first-party data (from its platforms), second-party data (via OEM and publisher partnerships), and third-party data (from exchanges and SSPs). These datasets are processed through its mDMP, where AI and ML models enable superior user profiling and real-time decisioning. This allows Affle to display ads at the most opportune moment, increasing the likelihood of conversion for advertisers.

At scale, Affle's consumer platform now operates across 3.7bn connected devices globally. By FY30E, the company aims to expand this footprint to 10bn devices, including connected TVs, wearables, and smart appliances. This expansion could significantly enhance its predictive algorithms and personalisation capabilities, reinforcing Affle's positioning as a full-stack, conversion-led adtech platform.

Exhibit 8: Affle aims to expand footprint to 10bn devices by FY30E



Source: I-Sec research, Company data

Vertical diversification across consumer categories and EM focus

Affle is vertically diversified across 8–10 consumer categories including e-commerce, fintech, foodtech, entertainment, and travel. This reduces its dependence on any single vertical, broadening its advertiser base, and supporting steadier growth with lower revenue volatility.

We believe the recent regulatory ban on real-money gaming (RMG) advertising may have limited impact on Affle. Following the GST hike on RMG, the company had already reduced its exposure, and the segment accounted for only ~2.5% of consolidated revenue and ~1.5–1.8% of EPS in FY25. While RMG is structurally a high-growth vertical, the impact of regulatory restrictions should be offset by broader consumption uplift, supported by the ongoing fiscal and monetary stimulus, driving discretionary spending in India and other emerging markets.

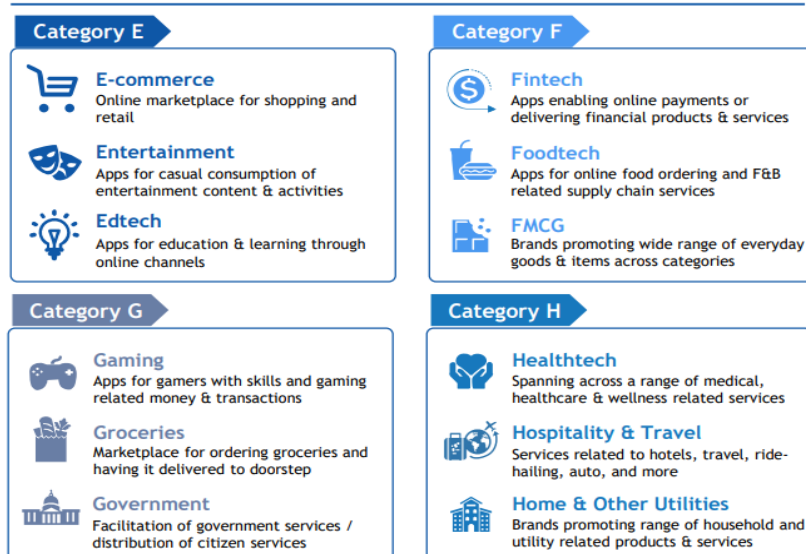
Affle's geographic skew also provides a competitive edge. Roughly, 72% of revenue is derived from India and other emerging markets (Southeast Asia, Latin America, Middle East & Africa) where digital ad penetration remains low, competition is less intense vs. developed markets, and advertisers are more receptive to outcome-based models. The remaining 28% comes from developed markets such as North America, Europe, Japan, South Korea, and Russia, where growth rates are slower but CPCU pricing is more favourable and the addressable market remains vast.

To strengthen its emerging-market positioning, Affle is focusing on local-language campaigns and hyper-personalised recommendations tailored to users from tier-2/3 cities, while replicating its India playbook across markets with similar economic dynamics.

In developed markets, acquisitions such as Jampp and YouAppi have helped it penetrate premium verticals, leverage Connected TV (CTV), and up-sell/cross-sell across multiple touchpoints. Despite the mature state of the digital advertising industry in developed markets, where growth is relatively low, the addressable market remains extensive, and the company's current market share is relatively small. The CPCU rates in these markets are more favourable compared to emerging markets, presenting an opportunity for Affle to achieve significant growth. To capitalise on this potential, it has invested heavily in sales and marketing.

Exhibit 9: Vertical diversification and emerging market focus

Verticalized approach within fast-growing resilient industry segments across E, F, G, H Categories driving 100% of our revenue



Global business anchored in Emerging Markets (INDIA, SEA, LATAM & MEA)



● **Primary markets:**
Asia, South America,
North America and Africa

● **Other key markets:**
Europe



3.6bn+ Connected Devices Reached Globally

Source: I-Sec research, Company data

Sustained R&D focus

Affle has invested consistently in R&D for over 20 years, with a dedicated in-house tech team forming a significant part of its workforce. This ongoing innovation underpins its ability to stay ahead of industry shifts (cookie deprecation, privacy-first regulations, AI-driven personalisation).

As of FY25, Affle has filed 36 patents, with 13 already granted across key jurisdictions (USA, India, and Singapore). These cover high-value areas like digital advertising optimisation, AI/ML, ad fraud prevention, data protection, and voice intelligence. Securing patents in the USA is a high bar, yet Affle has successfully done so, validating the novelty and defensibility of its tech.

Proprietary platforms like mDMP (data management), ConvergeAI Supply Cloud, and mFaaS (ad fraud detection, with multiple patents) create real-time prediction, targeting, and fraud prevention capabilities.

The combination of 3.6bn connected devices, AI/ML-driven algorithms, and a patent-backed IP moat creates strong barriers to entry for smaller networks.

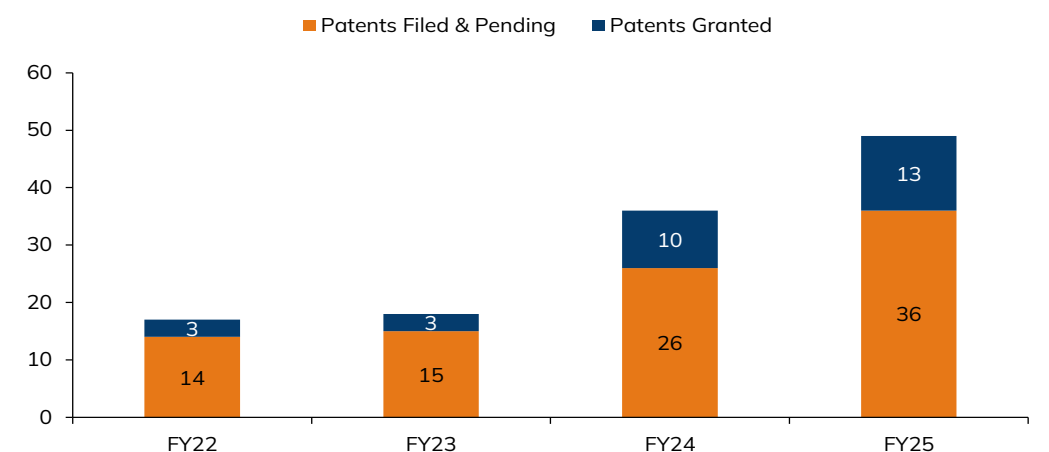
The IP portfolio not only provides regulatory alignment (privacy, data protection) but also positions Affle as a credible partner in global developed markets where compliance standards are high.

Exhibit 10: R&D (tech) team account for ~30% of total headcount as on FY25

Total Employees	FY22	FY23	FY24	FY25
Management	17	16	11	9
General Administration	69	74	91	88
Data & Platform Ops	131	168	179	187
Sales & Marketing	154	126	164	151
Technology	186	178	199	183
Total	557	562	644	618

Source: I-Sec research, Company data

Exhibit 11: Affle's patents



Source: I-Sec research, Company data

Risks to Affle's investment thesis

Ad-cycle sensitivity

Advertising is a discretionary expense and highly correlated with overall consumption and business confidence. During periods of economic expansion, brands tend to increase marketing budgets, which directly benefit performance-led models like Affle's, as advertisers allocate higher spends toward ROI-driven digital campaigns. However, in downturns or periods of demand softness, advertising is often among the first areas where corporates cut costs, especially in discretionary categories such as retail, travel, and consumer durables.

This cyclical nature creates volatility in Affle's revenue visibility, as its CPCU-led model is transaction-dependent and directly tied to the volume of ad conversions delivered. The risk is amplified by Affle's rising exposure to SMEs and emerging market advertisers, which are structurally more price-sensitive and quicker to adjust budgets in response to economic shocks.

While Affle's diversification across geographies (India, SEA, MENA, LAT-Am) and verticals (e-commerce, fintech, foodtech, etc.) provides a degree of insulation, the company remains exposed to the inherent cyclicity of ad budgets. In prolonged downcycles, this could delay its 10x growth roadmap, even if underlying digital penetration trends remain intact.

Regulatory and privacy risks

The global tightening of data privacy regimes (GDPR in Europe, CCPA in the US, and India's DPDP Act) combined with platform-level changes such as Apple's App Tracking Transparency (ATT) and Google's evolving Privacy Sandbox, is reshaping how advertisers can target consumers. For an adtech company like Affle, whose CPCU model depends on precise attribution and conversion tracking, these restrictions pose a structural risk to effectiveness. If Affle fails to rapidly scale first-party data partnerships, contextual targeting solutions, or privacy-compliant universal ID frameworks, it risks being disadvantaged vs. larger peers who already control the vast proprietary user datasets.

AI-led disruption risk

The rapid adoption of AI-powered assistants, chatbots, and generative search is fundamentally reshaping consumer discovery and content consumption. As users increasingly rely on AI tools for information and commerce, traditional search traffic — which underpins large portions of the digital ad ecosystem — could decline over time. This shift poses a second-order risk to the broader advertising value chain, as fewer search-driven impressions translate into lower ad inventory and engagement opportunities across the open internet.

At the same time, Google and other walled gardens are experimenting with AI summary ads and shifting toward price-led bidding models, which may alter the economics of digital advertising. If AI-led discovery reduces traffic flows to third-party apps and publishers, independent adtech platforms like Affle may face fewer opportunities to monetise impressions outside closed ecosystems. Moreover, a pivot by Google towards pricing power in auctions could compress ROI for advertisers, making them more cautious with performance-led budgets. For Affle, which positions itself as an ROI-driven partner in the open ecosystem, the key risk is that AI-driven structural changes in consumer behaviour and ad auction mechanics could reduce the available inventory and weaken advertiser economics in ways outside its control. To mitigate this, Affle will need to continuously adapt its platform capabilities towards

newer AI-led formats, contextual advertising, and first-party data partnerships to remain relevant in a world where traffic patterns are no longer search-centric.

Structural risks: Walled gardens vs. open ecosystem

Affle operates in the 'open internet' ecosystem, which represents only about 25% of global ad spends, while nearly 75% of the market is dominated by closed systems such as Google, Meta, and Amazon. These walled gardens enjoy unmatched scale, exclusive access to first-party data, and entrenched advertiser relationships. While Affle has built a differentiated ROI-led proposition, the structural disadvantage against walled gardens limits its ability to capture a disproportionate share of budgets. The open ecosystem is also undergoing consolidation, with only 10–15 dominant scaled global players (AppLovin, InMobi, Moloco). This raises competitive intensity and creates high-entry barriers for mid-sized players like Affle.

Execution and technology risks

The pace of technological change in digital advertising is accelerating. Formats are rapidly shifting towards video, connected TV (CTV), shoppable ads, AR/VR, and generative AI-powered creatives. Advertisers increasingly demand cross-channel attribution, real-time bidding intelligence, and hyper-personalised ad delivery. If Affle fails to continuously upgrade its stack to support these new formats and AI-driven capabilities, it risks losing relevance and wallet share. Execution risk also arises from the need to process millions of bid requests per second at low latency — requiring sustained investments in infrastructure and machine learning models. Any delay or misstep in execution could undermine advertiser ROI and weaken Affle's competitive positioning.

Financial Analysis

Affle has delivered a strong performance over the last four years, with revenue growing at 44.7% CAGR over FY21–25, driven by high exposure to emerging markets and fast-digitising verticals where digital adoption was the strongest during this period. Profitability has scaled in tandem, with EBITDA CAGR of 38.8% and PAT CAGR of 29.7% over FY21–25.

At unit level, CPCU rates increased at 9% CAGR between FY21–25, rising from INR 41 to INR 58, aided by a higher mix of international markets where CPCU realisations are structurally higher. On volume side, connected devices grew at 13.1% CAGR, while converted users rose at a much faster 39% CAGR.

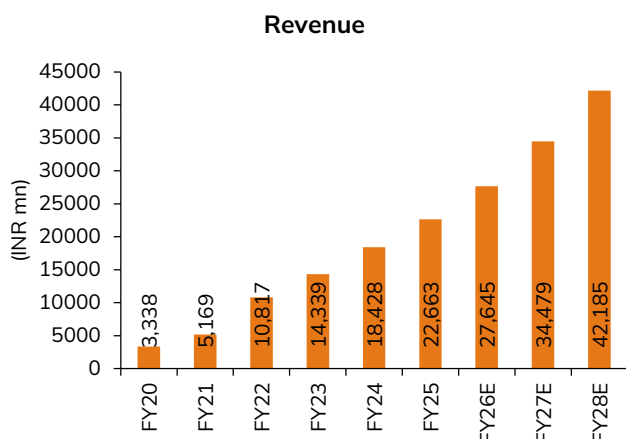
Management has articulated an ambitious 10x growth target from FY25 to FY35E, which implies a 25–26% CAGR over the decade. Historically, India has been a growth engine, with Affle's revenue growing at 40% CAGR between FY20–23. However, India's revenue contribution declined from 51% in FY20 to 33% in FY23, as the company inorganically expanded into international markets. Growth momentum moderated in FY24, primarily due to a rollback in ad spends from real-money gaming (RMG) apps, following adverse GST council decisions, and reduced advertising by startups amidst the funding slowdown.

Looking ahead, we expect India growth to reaccelerate from H2FY26, supported by increased brand spending to capture incremental consumption demand, aided by fiscal and monetary stimulus. Between FY25–28E, we forecast India revenue and other emerging markets to grow at 24.1% CAGR and developed markets to grow at 20% CAGR, resulting in a consolidated revenue CAGR of ~23%.

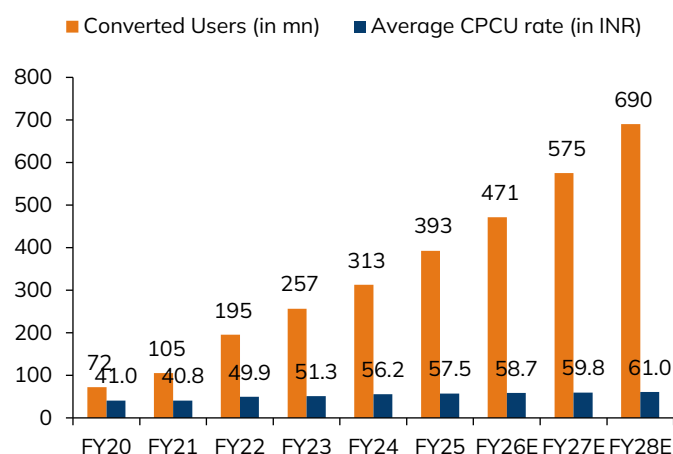
We believe near to medium-term growth may be primarily volume driven, led by converted users growing at 20.7% CAGR over FY25–28E, while CPCU rates could rise modestly at ~2.0% CAGR.

On profitability, we expect EBITDA margin to expand to 23% in FY27E and 24% in FY28E, driven by cost efficiencies in technology infrastructure (e.g., datacentres) and tighter control on corporate overheads.

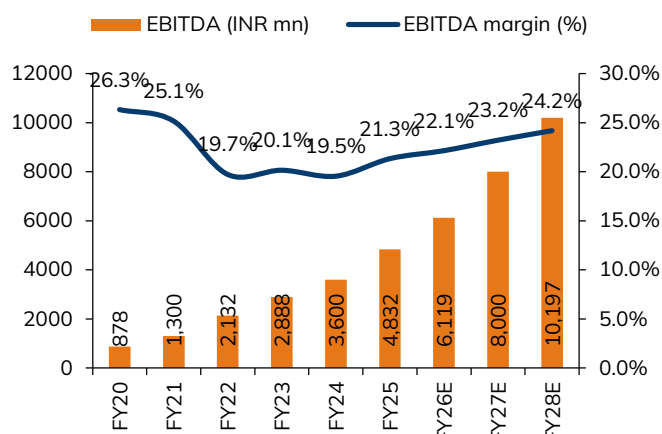
On cost side, inventory and data costs account for >60% of revenue and have risen from 54% in FY19 to 61% in FY25, reflecting higher contribution from international markets and increased spending to access premium inventory. We expect these costs to remain in 60–62% range over FY25–28E, implying further margin gains may need to come from operating leverage and efficiency initiatives rather than gross margin expansion.

Exhibit 12: Expect revenue to grow 23% CAGR over FY25-28E

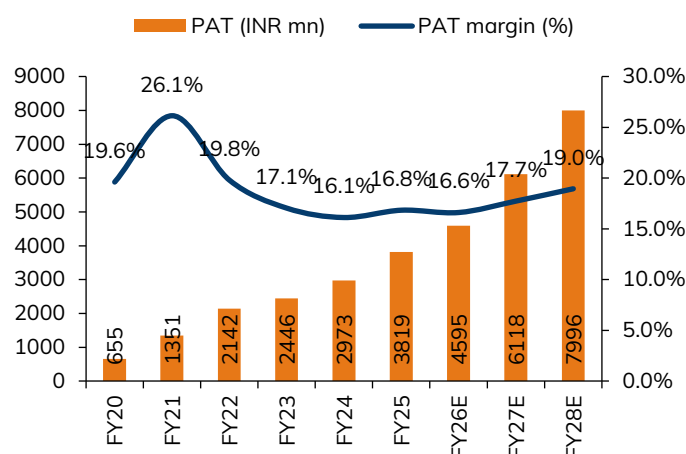
Source: Company data, I-Sec research

Exhibit 13: .. driven by converted users and CPCU rate

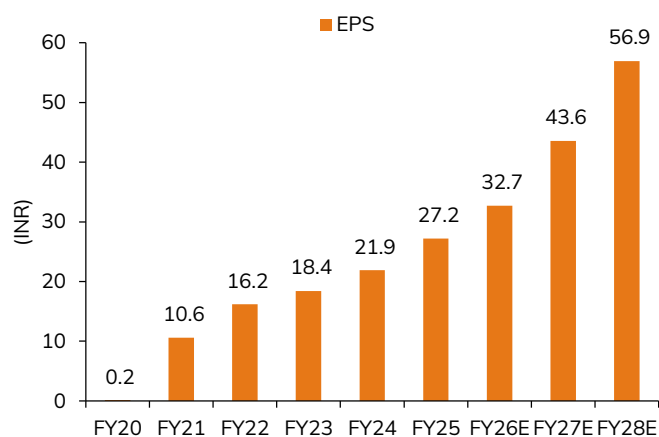
Source: Company data, I-Sec research

Exhibit 14: We forecast EBITDA CAGR of 28.3% over FY25-28E

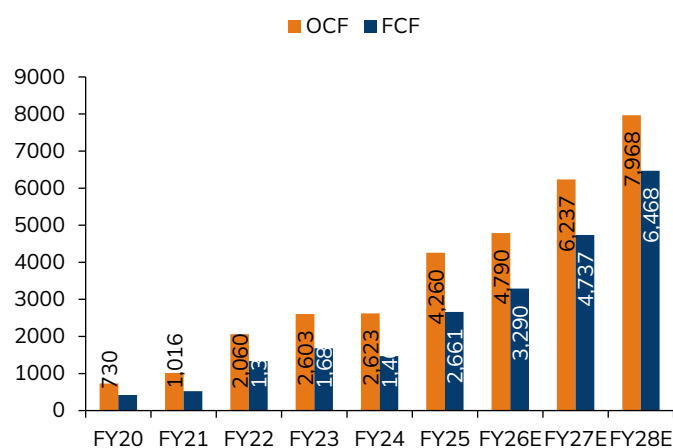
Source: I-Sec research, Company data

Exhibit 15: We forecast PAT CAGR of 27.9% over FY25-28E

Source: I-Sec research, Company data

Exhibit 16: EPS trends

Source: I-Sec research, Company data

Exhibit 17: Cashflows

Source: I-Sec research, Company data

Valuation

We initiate coverage on Affle with **BUY**, assigning a 40x target multiple (on FY28E EPS to arrive at our target price of INR 2,280). At present, Affle trades at ~33x FY28E EPS (refer exhibit 19), implying only a modest re-rating embedded in our estimates. We believe this premium is justified given Affle's 1) conversion-led CPCU model that aligns revenues with advertiser ROI, 2) EM exposure with higher ad spend growth, and 3) consistent FCF generation.

Exhibit 18: Affle is currently trading at 58x (one-year forward PE), broadly in line with its historical average



Source: I-Sec research, Bloomberg

Exhibit 19: Global peers

Company	Mcap (USD bn)	EV (INR mn)	EV/Revenue (x)			Rev CAGR (%)	EV/EBITDA			EBITDA CAGR (%)	PE (x)			EPS CAGR (%)
			FY26E	FY27E	FY28E		FY26E	FY27E	FY28E		FY26E	FY27E	FY28E	
AFFLE IN	3.4	3.2	9.2	7.4	6.1	23.5%	41.7	31.9	25.1	29.1%	58	44	33	32%
TTD US*	26.3	24.7	8.6	7.5	6.3	17.3%	22.0	18.3	15.2	20.2%	32	26	23	17%
APP US *	164.8	167.7	30.3	23.4	18.8	27.0%	39.0	28.5	23.2	29.7%	54	37	30	34%

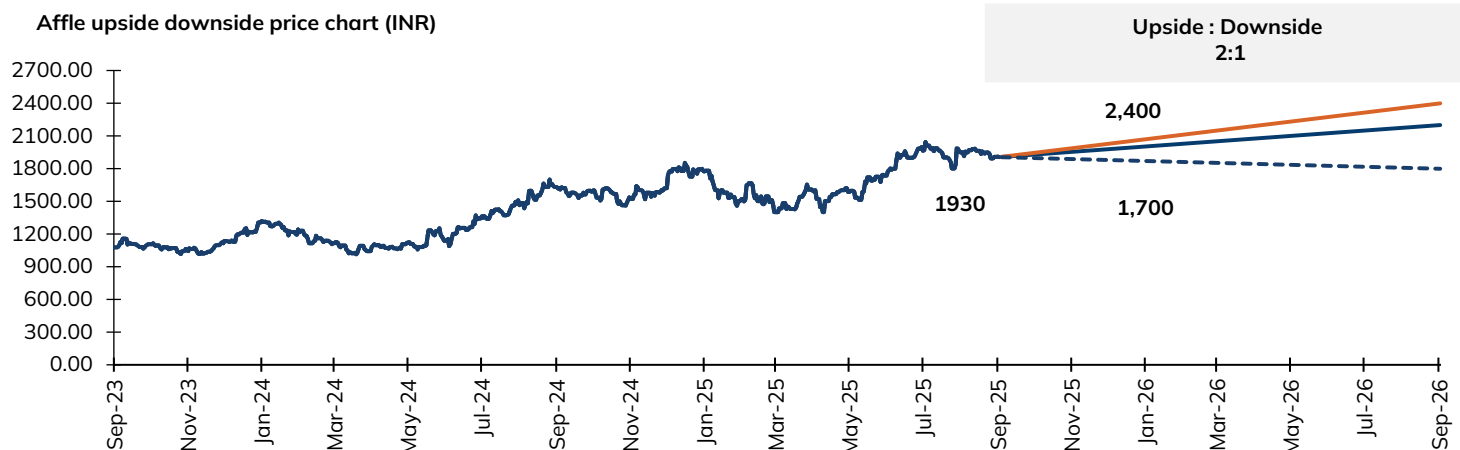
Source: I-Sec research, *Bloomberg, Market cap and P/E and EV/EBITDA is as per CMP as on 5th Sep 2025 closing.

Exhibit 20: Indian digital peers

Company	Mcap (INR bn)	EV (INR bn)	EV/Revenue (x)			Rev CAGR (%)	EV/EBITDA (x)			EBITDA CAGR (%)	PE (x)			EPS CAGR (%)
			FY26E	FY27E	FY28E		FY26E	FY27E	FY28E		FY26E	FY27E	FY28E	
AFFLE IN	268	255	9.2	7.4	6.0	23.5%	41.7	31.9	25.0	29.1%	58	44	33	32%
ETERNAL IN	3,126	2,979	9.7	7.3	5.9	28.1%	102.1	61.0	46.5	48.2%	126	88	63	42%
SWIGGY IN	1,065	1,035	4.8	3.4	2.7	35.0%	NA	108.9	35.1	NA	NA	305	58	NA
NYKAA IN	673	684	6.5	5.2	4.2	24.3%	87.3	64.9	47.6	35.4%	238	156	99	55%
BLACKBUC IN	106	99	18.1	14.4	11.9	23.6%	53.6	34.4	23.8	50.0%	65	41	28	51%
INMART IN	152	123	7.8	6.8	5.9	15.4%	22.0	19.3	17.0	13.8%	26	24	21	10%
JUST IN	70	18	1.5	1.3	1.2	11.3%	4.9	4.3	3.8	13.7%	11	11	10	6%
CARTRADE IN*	121	116	15.0	12.6	11.0	16.4%	52.9	40.5	33.5	25.7%	66	51	42	26%
MMYT US*	774	729	7.8	6.4	5.3	20.5%	42.1	30.9	23.5	33.9%	51	44	37	17%
IXIGO IN*	111	107	8.2	6.6	5.5	22.6%	91.8	60.4	45.8	41.6%	129	84	62	45%
YATRA IN*	25	25	2.6	2.3	2.0	15.2%	28.1	22.6	18.7	22.7%	38	28	23	29%
TBOTEK IN*	172	160	7.6	6.3	5.3	20.1%	46.6	34.6	26.7	32.1%	66	48	37	34%
RATEGAIN IN*	69	64	5.5	4.8	4.1	15.9%	30.7	25.0	20.0	24.1%	36	30	23	25%
MAPMYIND IN*	90	87	14.7	11.4	8.8	29.6%	37.3	29.1	21.7	31.1%	45	36	27	30%
Mean			8.1	6.5	5.4	21%	49.7	40.4	27.6	32%	78.3	71.7	40.9	34%

Source: I-Sec research, *Bloomberg, Market cap and P/E and EV/EBITDA is as per CMP as on 5th Sep 2025 closing.

Exhibit 21: Risk-reward skew 2:1 to the upside



Source: Company data, I-Sec research, Bloomberg

Bull case (INR 2,400): We forecast a 24.2% revenue CAGR over FY25–28E, driven by accelerating digital ad spend in India and Southeast Asia, faster scaling of newer verticals such as CTV, and meaningful international expansion into Latam, the Middle East, and the US. We expect operating leverage and deeper OEM/agency partnerships expand EBITDA margin to ~25% by FY28E, with EPS compounding at ~30% over FY25–28E. At 40x PE, we derive a target price of INR 2,400.

Base case (INR 2,280): We expect Affle to sustain a 23% revenue CAGR through FY25–28E, anchored by India and other emerging markets. The near-term impact of the RMG ban (~2% of revenue) should be gradually offset by broad-based consumption-led ad spend. EBITDA margin is projected to reach 24% by FY28E as efficiency gains are reinvested into R&D and sales expansion, driving ~28% EPS CAGR. At 40x PE, this implies a target price of INR 2,280.

Bear case (INR 1,700): We model a slowdown to 19.5% revenue CAGR over FY25–28E amid muted discretionary consumption in India and a global ad spend slowdown. Intensifying competition from scaled players such as InMobi, AppLovin, and Moloco could erode pricing power, while privacy regulations (DPDP, GDPR, Apple ATT) restrict targeting effectiveness. With rising client acquisition costs, EBITDA margin may remain capped at ~22% in FY28E, limiting EPS growth to ~21% CAGR. In this scenario, valuation could de-rate to 35x PE, implying a target price of INR 1,700.

Understanding the world of adtech

The early days of digital advertising

In the mid to late 1990s, advertisers began experimenting with the internet as a new medium for advertising. These early ad buys were negotiated directly—one-off, one-to-one deals between advertisers and publishers (such as websites, portals like Yahoo, and news outlets). At that time, each transaction was bespoke, manually agreed, and relatively small in scale.

However, as internet usage exploded, this model became difficult to scale. Managing hundreds of direct deals across hundreds of publishers created administrative inefficiencies. Advertisers struggled with fragmented reach, while publishers left significant revenue opportunities untapped. Meanwhile, the rise of search engines (Google, Yahoo, MSN) and later social media platforms (Facebook, MySpace, LinkedIn, Twitter) introduced new, high-traffic avenues for advertising that made the old direct-bargaining model obsolete.

Emergence of ad networks and ad exchanges

Ad networks emerged to solve the inefficiency problem. These platforms aggregated ad inventory from multiple publishers (websites, app developers, gaming portals, etc.) and sold it to advertisers in one consolidated package. Ad networks simplified the buying process for advertisers by offering wider reach and gave publishers an opportunity to monetise the unsold inventory. Pricing was usually fixed or negotiable.

Soon after, ad exchanges evolved as a more open, market-based solution. An ad exchange is a digital marketplace where advertisers and publishers buy and sell ad space in real time through real-time bidding (RTB). Here, advertisers bid for impressions, and publishers sell to the highest bidder, all within milliseconds. Unlike ad networks, which act as intermediaries, ad exchanges function as transparent marketplaces where pricing is determined algorithmically.

The adtech technology stack

To enable this high-speed, data-driven market, several layers of technology were developed:

- **DSP (Demand-side Platforms):** Used by advertisers to automate and optimise the purchase of ad inventory across multiple publishers.
- **SSP (Supply-side Platforms):** Used by publishers to manage and sell their ad inventory to maximise yield.
- **Ad Servers:** Software that manages the delivery of ads, measures impressions/clicks, and tracks performance.
- **Data Management Platforms (DMPs) & Customer Data Platforms (CDPs):** Collect, unify, and analyse data (cookies, mobile advertising IDs / MAIDs, first-party behavioural data) to create detailed audience profiles. These allow advertisers to run targeted campaigns across devices and measure performance.

Over time, the clear distinctions between pure ad networks and pure DSP/SSP players have blurred. Earlier, ad networks simply aggregated inventory, while DSPs and SSPs were pipes connecting advertisers and publishers in real time. Today, most leading adtech platforms have evolved into **end-to-end, full-stack solutions** that integrate demand, supply, data, and measurement. Advertisers increasingly prefer a single platform that can provide audience insights, campaign execution, real-time bidding, fraud detection, attribution, and outcome-based pricing in one place. This convergence reflects the industry's shift from siloed tools to **integrated marketing platforms**.

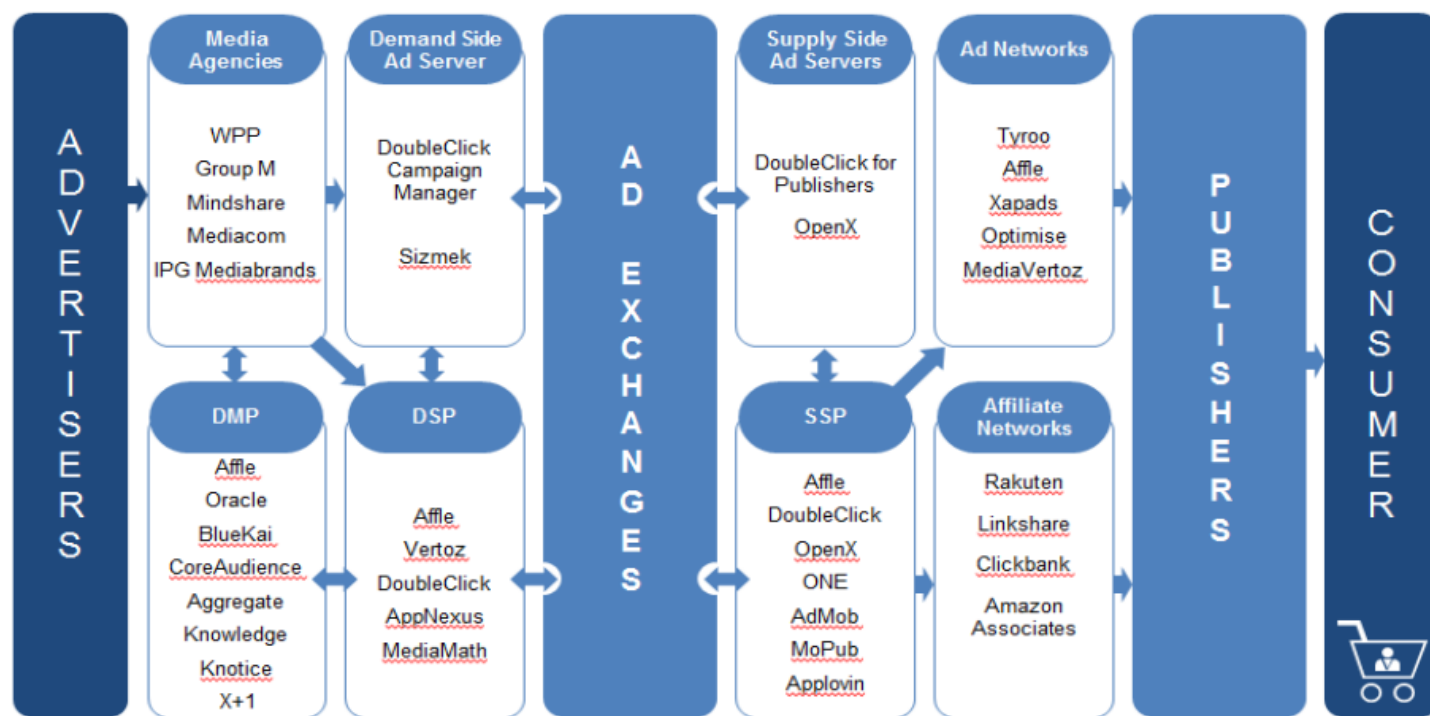
Affle's positioning in adtech

Affle sits across multiple layers of the adtech value chain, positioning itself not just as an ad network but as a full-stack platform. Through its Consumer Platform Stack, Affle integrates the roles of DSPs, SSPs, and data platforms into a unified system. Advertisers (brands and agencies) plug into Affle's platform to access the fragmented open web inventory (apps, OEMs, telcos, and regional publishers). It is built for mobile-first ecosystem. By combining demand-side functions (audience targeting, campaign bidding, retargeting) with supply-side partnerships (OEMs, app developers, operators), and layering on its proprietary mDMP-driven consumer intelligence, Affle connects advertisers directly to high-intent users. The stack uses real-time analytics, AI-driven audience segmentation, fraud detection, and supply optimisation to ensure advertisers only pay for measurable outcomes like installs, registrations, or purchases.

Affle consolidates what is traditionally fragmented across ad networks, DSPs, SSPs, and DMPs into one integrated ecosystem. This allows it to capture value at multiple points in the chain while delivering performance-led campaigns at scale.

With the impending death of third-party cookies and rising privacy regulations, Affle's partnerships with OEMs and telcos give it strategic access to first-party data, providing resilience against ecosystem shifts.

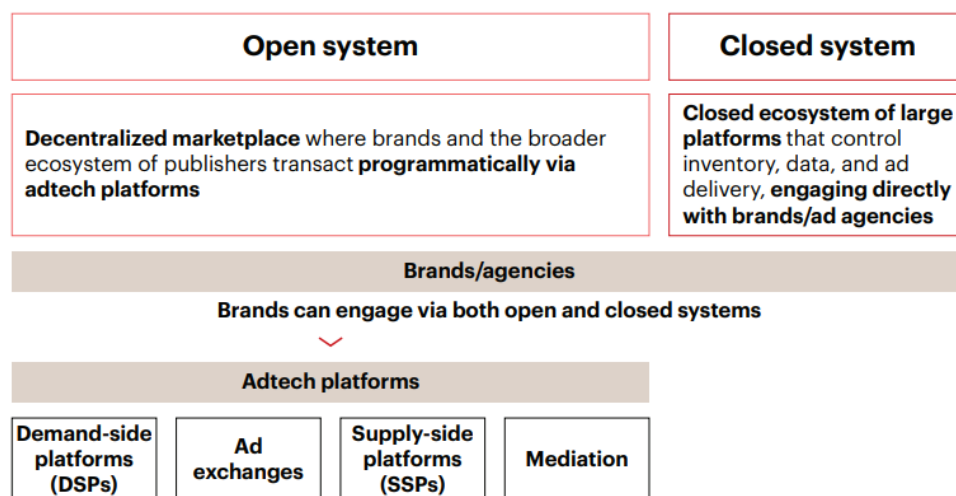
Exhibit 22: Digital advertising value chain



Source: I-Sec research, Company DRHP

The adtech ecosystem: Open web vs. walled gardens

Exhibit 23: The Adtech ecosystem



Source: Bain & company

The adtech ecosystem can be broadly divided into two parts:

1. Walled gardens

These are closed ecosystems owned by tech giants, historically, the Google-Facebook duopoly, but increasingly including Amazon, Apple, and TikTok.

These platforms restrict access to their data and audiences. Advertisers must use the platform's own ad-buying tools (Google Ads, Facebook Ads Manager, Amazon Advertising, Apple Search Ads) to reach users within their ecosystems.

Strength: They offer unmatched scale, deterministic user data (logged-in users), and closed-loop attribution.

Limitation: Advertisers cannot port campaign-level data outside the platform; transparency is limited.

Accessing walled gardens: Advertisers cannot go around them—brands must work directly through their self-serve platforms or via certified marketing partners. For example, campaigns on Google's Search and YouTube inventory must be purchased through Google Ads, not an independent DSP.

2. Open web

The open web refers to the fragmented, long-tail universe outside the walled gardens. This includes: Regional publishers, news sites, blogs, app developers and gaming platforms, OEM app stores (Xiaomi, Oppo, Vivo), telecom operators' content apps, OTT streaming platforms (non-YouTube), etc.

Here, advertisers typically buy inventory via ad exchanges, DSPs, or ad networks, with significant use of cookies, MAIDs, and probabilistic data.

Exhibit 24: Digital ad budget allocation

Characteristic	Google	Meta	Other Walled Gardens	Open Web / Ad-Tech Platforms
Spend Allocation	30–40%	25–35%	10–15%	15–25%
Ad Types	Search, YouTube, Display	Feed, Story, WhatsApp	Category-specific	Fragmented long-tail apps
Strengths	High intent, scale, data	Discovery, engagement	Specific audience targeting	Incremental reach, conversion guarantees
Examples	Google Display Network	Facebook, Instagram	Amazon, TikTok, Apple	Affle, InMobi, The Trade Desk

Source: I-Sec research

Competition

Within the open web adtech space, Affle's direct peers include The Trade Desk, AppLovin, InMobi, and Moloco. These competitors are either category leaders (AppLovin in gaming) or scaled programmatic demand aggregators (The Trade Desk). Affle differentiates itself by running an outcome-based CPCU model, unlike most peers who rely on CPM/CPC pricing, and by focusing on emerging markets, where vernacular and local execution remain barriers for global rivals.

Regionally, competition in India and other emerging markets comes from InMobi, Vertoz, and smaller app-marketing agencies. Affle's moat lies in its scale across multiple verticals and exclusive partnerships with OEMs and telecom operators, which provide privileged distribution access. The risk, however, is that local players are often nimble and price-aggressive, requiring Affle to consistently deliver ROI to defend margins.

In developed markets such as North America, Europe, Japan, and Korea, Affle is a relatively small-share player competing against heavily capitalised platforms like Criteo, The Trade Desk, Adobe, and AppNexus. These regions are consolidated, compliance-heavy (GDPR, ATT), and data-rich, making Affle's CPCU differentiation less pronounced. Its growth strategy here is largely inorganic, through acquisitions like Jampp and Mediasmart, aimed at niche footholds rather than broad-based scale.

About Affle

Affle 3i Limited (formerly Affle (India) Limited), founded in 2006 and headquartered in Gurugram, India, is a global consumer intelligence and adtech platform focused on delivering consumer conversions through its proprietary CPCU model. The company enables advertisers to acquire, engage, and retain consumers by driving measurable outcomes such as app installs, transactions, and subscriptions. Its business is entirely digital-first, with 100% of FY25 revenue generated from mobile advertising via its consumer platform.

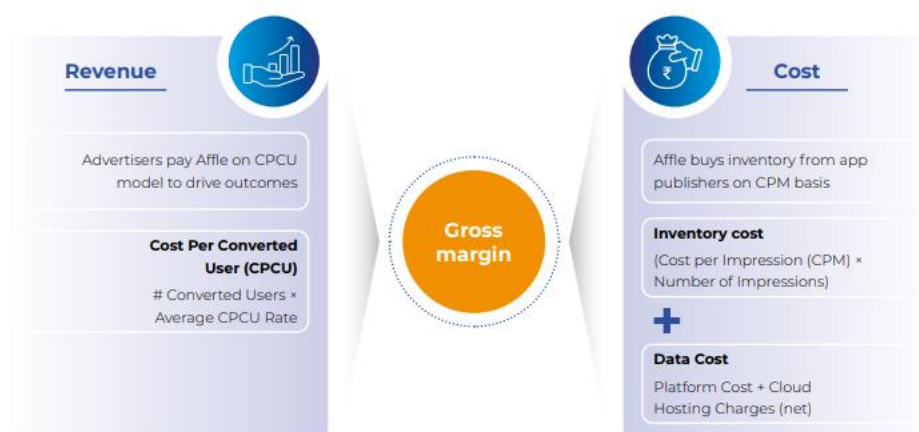
Affle has built a global footprint, operating across 130+ countries, with four offices in India and 13 internationally. Exports contributed 43% of standalone revenue in FY25, underscoring its growing global relevance. Its customer base primarily comprises B2C companies, either directly or through agencies, spanning verticals such as e-commerce, fintech, FMCG, foodtech, gaming, healthtech, hospitality, travel, edtech, entertainment, and government services. The company differentiates itself through scale (3.6bn connected devices, 393mn conversions delivered in FY25) and intellectual property (36 patents, of which 15 are granted), reinforced by ISO/IEC 27001 certification that strengthens its credentials in data privacy and security.

In Apr'25, the company rebranded itself as Affle 3i – Innovation, Impact, Intelligence, marking its entry into the third decade of operations. This evolution reflects its sharpened focus on embedding AI-driven intelligence into its platforms to enhance personalisation, predictive targeting, and efficiency at scale. The rebranding aligns with its vision of powering 10x decadal growth, leveraging its global presence, diversified vertical exposure, and capital-light, cash-generative model to drive long-term shareholder value.

Revenue model

Affle primarily earns revenue by delivering the desired outcome from the ads, which can either be 1) user downloading an app, or 2) user making a transaction. This business model is popularly termed as cost per converted user (CPCU) and the company earns ~91% of its consumer platform revenue through it. Advertisers looking to actively track and improve their RoI are more likely to prefer this business model. The competition, on the other hand, primarily earns revenue through cost per click (CPC), cost per view (CPV) and cost per impression (CPM) business models. Revenue contribution from these models to Affle is relatively small.

Exhibit 25: Affle's revenue model



Source: I-Sec research, Company data

Exhibit 26: In-house platforms

Product	Functionality	Value Addition
MAAS (Mobile Audience-as-a-Service)	Programmatic platform integrating DSP + SSP	Optimises mobile ad spend through targeted procurement
mFaaS (mTraction Fraud Analytics as a Service)	Real-time ad fraud detection using AI/ML and blockchain	Prevents click spamming, bot installs; protects advertiser ROI
mDSP (Mobile Demand-Side Platform)	Data-driven programmatic advertising with ML optimisation	Improves targeting, user acquisition, and conversions
mSSP (Mobile Supply-Side Platform)	Publisher-side monetisation platform	Maximises yield on ad inventory with programmatic tools
ConvergeAI	Unified AI platform for performance measurement and spend optimisation	Boosts ROAS, reduces acquisition costs
mKr8	Mobile ad authoring tool for interactive rich media/video ads	Leverages device sensors to increase engagement

Source: I-Sec research, Company data

M&A

Affle started taking the inorganic route to growth with the acquisition of Vizury in Sep'18. Over the last five years, the company has routinely acquired businesses to expand into untapped verticals such as re-engagement, Connected TV (CTV), and gaming advertisements. Management has maintained a disciplined M&A track record, with most deals done at reasonable valuations (<2x EV/sales). Post-acquisition, Affle integrated technology, teams, and clients into its consumer platform, targeting margin expansion and cross-sell synergies.

Exhibit 27: Acquisitions (integrated into consumer platform)

Year	Acquisition	Deal Size	Stake	Capabilities Added	Strategic Value
Sep-18	Vizury Commerce	USD 4.2mn	100%	Retargeting, push notification CRM	Strengthened e-commerce re-engagement
May-19	Shoffr	USD 0.5–0.6mn	100%	Online-to-offline (O2O) conversion	Enabled digital-to-store campaigns
Jun-19	RevX	USD 4.5mn	100%	Self-serve programmatic DSP (acquisition & re-engagement)	Improved targeting with ML algorithms
Mar-20	Mediasmart (Spain)	EUR 5.1mn (~USD 5.1mn)	100%	Proximity marketing, CTV, offline attribution, mDMP	Entry into CTV + geo-targeting
Jun-20	Appnext	USD 27mn	67%	On-device app discovery & OEM partnerships	Exclusive OEM inventory; app recommendations
Feb-21	DiscoverTech	USD 4.5mn	Business Transfer	Dynamic app discovery at device boot/reset	Strengthened OEM/telco integrations
Jul-21	Jampp (LatAm/US)	USD 41.3mn	100%	Full-funnel programmatic DSP	Expanded Lat-Am & North America; gaming vertical
May-23	YouAppi (US)	USD 45mn	100%	AI/ML-powered mobile marketing (gaming focus)	Exposure to North American gaming
Minority Stakes	Bobble AI (2020–22); Explurger (2024)	INR 318mn (Bobble), INR 373mn (Explurger)	8–26%	Vernacular keyboard (Bobble); AI-powered travel social app (Explurger)	Adjacent engagement touchpoints

Source: I-Sec research, Company data

Affle's acquisitions have been both capability-enhancing and scale-accretive. These deals have enabled the company to enter new verticals such as retargeting, O2O, gaming and Connected TV (CTV), secure supply-side access through OEM partnerships, and expand into new geographies including Lat-Am, US and Europe.

Most acquisitions have delivered positive outcomes, either by strengthening Affle's platform capabilities or by accelerating scale in newer markets. While some transactions (e.g., Jampp) faced initial integration challenges, the broader track record highlights Affle's ability to extract synergies and restore profitability. Overall, this demonstrates prudent capital allocation

Exhibit 28: Brief biographies of key managerial personnel

Name	Designation	Brief Role
Anuj Khanna Sohum	Chairperson, MD & CEO (Founder)	He is the Founder, Chairman and CEO of Affle since 2005. He is an alumnus of Harvard Business school (OPM), Stanford Graduate School of Business (SEP) and NUS (ECE SIA-NOL Scholarship).
Anuj Kumar	Chief Revenue & Operating Officer (Co-founder)	He is Co-founder and has over 20 years of experience. He has helped the company drive its growth journey since 2006. Previously, he has worked with leading media companies like ESPN STAR sports, Ground M Mindshare and JWT. He holds a bachelor's degree in Economics from St. Stephen's college and a masters in advertising and communication from MICA in India.
Kapil Mohan Bhutani	Executive Director, Chief Financial & Operations Officer	He oversees finance, compliance, IT, HR, legal & operational efficiency across geographies. He is a CA and was earlier with KMG Infotech for 6 years as VP in finance and has an overall experience in the industry for more than 17 years.
Martje Abeldt	Chief Executive Officer (CEO) – RevX	He heads RevX platform; scales programmatic adoption, manages cross-channels. RevX is a managed performance DSP used by several top mobile app driven companies. He is a graduate in global executive MBA from IE Business School. He has a BA (Hons) in Economics and International Business from London Metropolitan University.
Vipul Kedia	Chief Operating Officer (COO) (India & Emerging Markets)	He leads MAAS India & EM business; manages first-party data products (mDMP, mFaaS) and vertical execution. He has a post graduate diploma in management from IIM Ahmedabad and is holds a B.Tech (Hons) in Computer Science and Engineering degree from International Institute of Information Technology Hyderabad (IIIT-H).
Viraj Sinh	Chief Strategic Initiatives Officer	He drives international partnerships, publisher growth, product innovation and M&A integrations. He is an alumnus of Asia Institute of Management.
Charles Yong Jien Foong	Chief Architect & Technology Officer	He heads R&D, big data and AI/ML innovation; oversees fraud detection and recommendation systems. He is an alumnus of Monash University.
Eran Kariti	Chief Technology Investment Officer	He manages tech-linked investments, incubations and innovation-driven acquisitions for Appnext which was acquired by Affle in Jun'20. He has an overall experience of more than 10 years in technology.
Guillermo Fernandez Sanz	CTO – Mediasmart Mobile	He leads Mediasmart unit; focuses on Connected TV, retail media and proximity-marketing solutions. He has an overall experience of more than 13 years. He holds a degree in computer software engineering from UAM, Madrid.

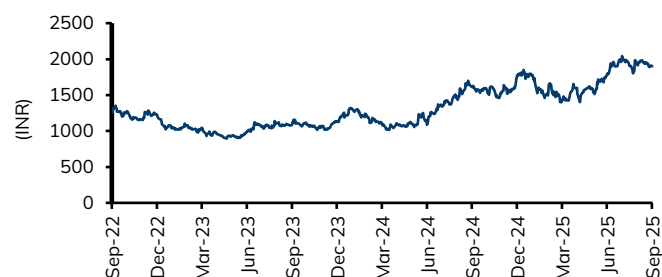
Source: I-Sec research, Company data

Exhibit 29: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	55.0	55.0	55.0
Institutional investors	31.0	31.4	32.2
MFs and others	12.1	12.8	11.2
FIs/Banks	0.0	0.0	0.0
Insurance	2.1	2.2	2.3
FIIIs	16.8	16.4	18.7
Others	14.0	13.6	12.8

Source: Bloomberg, I-Sec research

Exhibit 30: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 31: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	22,663	27,645	34,479	42,185
Operating Expenses	4,038	4,701	5,495	6,314
EBITDA	4,832	6,119	8,000	10,197
EBITDA Margin (%)	21.3	22.1	23.2	24.2
Depreciation & Amortization	967	1,238	1,492	1,738
EBIT	3,865	4,881	6,508	8,459
Interest expenditure	126	112	81	81
Other Non-operating Income	938	835	1,034	1,374
Recurring PBT	4,676	5,604	7,461	9,751
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	858	1,009	1,343	1,755
PAT	3,819	4,595	6,118	7,996
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	3,819	4,595	6,118	7,996
Net Income (Adjusted)	3,819	4,595	6,118	7,996

Source Company data, I-Sec research

Exhibit 32: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	20,415	25,183	32,815	42,768
of which cash & cash eqv.	13,917	17,234	22,894	30,624
Total Current Liabilities & Provisions	4,926	6,037	7,567	9,294
Net Current Assets	15,489	19,147	25,247	33,474
Investments	629	629	629	629
Net Fixed Assets	34	59	77	95
ROU Assets	49	49	49	49
Capital Work-in-Progress	1,115	1,115	1,115	1,115
Total Intangible Assets	12,127	12,394	12,414	12,188
Other assets	1,706	1,710	1,715	1,720
Deferred Tax Assets	144	144	144	144
Total Assets	31,292	35,246	41,389	49,414
Liabilities				
Borrowings	772	107	107	107
Deferred Tax Liability	770	770	770	770
provisions	40	44	48	53
other Liabilities	197	216	238	262
Equity Share Capital	281	281	281	281
Reserves & Surplus	29,184	33,779	39,897	47,893
Total Net Worth	29,465	34,060	40,178	48,173
Minority Interest	-	-	-	-
Total Liabilities	31,292	35,246	41,389	49,414

Source Company data, I-Sec research

Exhibit 33: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	4,260	4,790	6,237	7,968
Working Capital Changes	106	(321)	(420)	(474)
Capital Commitments	(990)	(1,500)	(1,500)	(1,500)
Free Cashflow	3,270	3,290	4,737	6,468
Other investing cashflow	668	835	1,034	1,374
Cashflow from Investing Activities	(1,137)	(665)	(466)	(126)
Issue of Share Capital	258	-	-	-
Interest Cost	(93)	(112)	(81)	(81)
Inc (Dec) in Borrowings	(1,066)	(666)	-	-
Dividend paid	-	-	-	-
Others	(13)	-	-	-
Cash flow from Financing Activities	(918)	(807)	(111)	(111)
Chg. in Cash & Bank balance	2,205	3,317	5,659	7,730
Closing cash & balance	10,256	17,234	22,894	30,624

Source Company data, I-Sec research

Exhibit 34: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	27.2	32.8	43.6	57.0
Adjusted EPS (Diluted)	27.2	32.7	43.6	56.9
Cash EPS	19.0	23.5	33.8	46.1
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	210.1	242.9	286.5	343.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	23.0	22.0	24.7	22.3
EBITDA	34.2	26.6	30.7	27.5
EPS (INR)	24.3	20.3	33.1	30.7
Valuation Ratios (x)				
P/E	70.9	58.9	44.3	33.9
P/CEPS	101.8	82.3	57.2	41.9
P/BV	9.2	8.0	6.7	5.6
EV / EBITDA	53.4	41.5	31.1	23.6
P / Sales	12.0	9.8	7.9	6.4
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	21.3	22.1	23.2	24.2
Effective Tax Rate (%)	18.3	18.0	18.0	18.0
Net Profit Margins (%)	16.8	16.6	17.7	19.0
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	-	-	-	-
Net Debt / EBITDA (x)	-	-	-	-
Profitability Ratios				
RoCE (%)	12.7	14.3	16.1	17.3
RoE (%)	14.0	14.5	16.5	18.1
RoC (%)	25.2	29.4	37.9	48.3
Fixed Asset Turnover (x)	10.9	11.7	14.3	19.2
Inventory Turnover Days	-	-	-	-
Receivables Days	53	53	53	53
Payables Days	119	119	120	119

Source Company data, I-Sec research

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