



Mixed Performance; Strong Momentum to Continue

Est. Vs. Actual for Q2FY26: Revenue – **MISS**; EBIT margin – **INLINE**; PAT – **INLINE**

Change in Estimates YoY post Q2FY26:

FY26E/FY27E: Revenue: -1.2%/-1.1%; **EBIT:** 0%/0.6%, **PAT:** 0%/-1.5%

Recommendation Rationale

- **Growth across Markets:** In Q2FY26, India and Global Emerging Markets collectively contributed 73.9% to revenue, growing by 20% YoY, indicating strong regional demand. Developed markets registered a 16.8% YoY growth, contributing 26.1%, driven by deeper customer engagements.
- **Patent Grant:** The company received two new patents in the US, bringing its total IP portfolio to 16 patents. The new patents relate to a Method and System to Encode User Visibility Count to optimise ad exposure, and a Method and System for Hardware and Software-Based User Identification for Ad Fraud Detection.
- **Acquisition plans:** Affle is actively evaluating acquisition prospects and waiting for the right time, pricing, and fit, focusing on selective acquisitions that deliver long-term growth.

Sector Outlook: **Positive**

Company Outlook & Guidance: The management guided for a 20% sustainable growth given the small base relative to the large addressable market, as well as new dimensions of this market. The company is aiming to achieve 10x organic growth over the decade, with selective inorganic additions.

Current Valuation: 41x FY28E P/E (Earlier Valuation: 47x FY27E P/E)

Current TP: Rs 2,200/share (Earlier TP: Rs 2,020/share)

Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance

Revenue reported at Rs 647 Cr, up 19.1% YoY and 4.2% QoQ, led by growth in the number of conversions across key categories. EBIT stood at Rs 114 Cr, up 29.6% YoY and QoQ despite higher inventory and data cost during the quarter. EBIT margin stood at 17.7% (+142bps YoY, -66bps QoQ). Net Income grew by 20% YoY and 4.8% QoQ to Rs 111 Cr, driven by higher other income. The number of user conversions stood at 109 Mn at a CPCU rate of Rs 58, leading to CPCU revenue growth of 15% YoY.

Valuation & Recommendation

The management remains optimistic for sustainable growth in FY26, led by the CPCU model and deeper penetration across markets. We are constructive on the long-term outlook of the company. Hence, we continue to maintain our **BUY** rating on the stock and assign a 41x P/E multiple to its FY28E earnings to arrive at a TP of Rs 2,200/share, implying an upside of 16% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net sales	647	4.2	19.1	674	(4.1)
EBIT	114	0.4	29.6	117	(2.3)
EBIT margin	17.7	-66bps	142bps	17.4	32bps
Reported PAT	111	4.8	20.2	110	0.4
Reported EPS	7.9	4.8	20.2	7.8	0.4

Source: Company, Axis Research

(CMP as of 03rd November, 2025)

CMP (Rs)	1,897
Upside /Downside (%)	16%
High/Low (Rs)	2,187/1,221
Market cap (Cr)	26,602
Avg. daily vol. (6m) Shrs.	2,98,090
No. of shares (Cr)	14

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	55.0	55.0	55.0
FII	16.1	18.4	19.0
MFs/UTI	12.8	11.2	11.8
Banks/FIs	0	0	0
Others	16.1	15.4	14.2

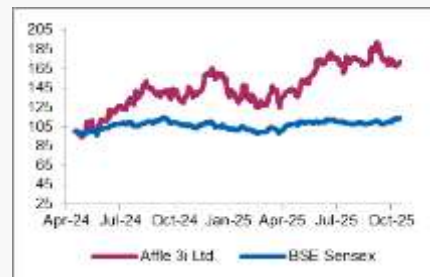
Financial & Valuations

Y/E Mar (Rs Cr)	FY26E	FY27E	FY28E
Net Sales	2,715	3,398	4,250
EBIT	491	630	795
Net Profit	460	595	753
EPS (Rs)	33	42	54
PER (x)	61	44	34
P/BV (x)	9	7	6
EV/EBITDA (x)	44	34	25
ROE (%)	15	17	17

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-1.2%	-1.1%
EBIT	0.0%	0.6%
PAT	0.0%	-1.5%

Relative Performance



Source: AceEquity, Axis Securities

Results Gallery

[Q1FY26](#)

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Outlook

From a long-term perspective, we believe Affle has strong device and client additions. The company also demonstrates superior penetration in the international business and holds significant revenue growth potential moving forward.

Key highlights

- **Strong Regional Demand Drives Revenue Growth:** India and Global Emerging Markets together accounted for 73.9% of the revenue, up 20% YoY, indicating strong regional demand. Early festive spending in India boosted Q2 performance. Developed markets registered a 16.8% YoY growth, contributing 26.1%. Management noted some budget rollover from Q2 to Q3 in the US, but the pipeline for Q3 is robust.
- **RMG Impact; Festive Recovery Ahead:** During the quarter, RMG (Real Money Gaming) issue impacted ~2.5% of topline as an increase in provisions for trade receivables for RMG clients was taken in the quarter, and it is expected to get impacted in Q3 as well, but management is confident that the strong festive quarter and growth in other verticals.
- **New Patents:** Affle was granted two new patents in the US, which expand its IP portfolio to a total of 16 patents to date.
- **Selective Approach to Acquisitions:** On the acquisition front, the company is actively evaluating businesses and waiting for the right time, pricing, and fit, emphasizing more on selective acquisitions that will deliver long-term growth.
- **AI Powers Advertising:** The company is deepening the role of AI, with the launch of "Niko," an internal AI agentic capability to automate and enhance ROI for advertising in the iOS ecosystem.
- **Strong Conversions, Tech Edge:** Affle recorded 109 Mn conversions at an average CPCU of Rs 58, reflecting steady pricing growth. Non-CPCU revenue of Rs 15 Mn remains a small onboarding channel. The company strengthened its tech moat with two new US patents (total 16) and deepened AI integration (Niko, Opticks AI), with automation now powering 80%+ of operations.
- **Strong Domestic Appeal:** Indian markets continue to look attractive compared to international markets due to strong presence across vertical categories, direct customers' contribution, i.e., 76% of revenue, and deeper integration of CPCU model with customers.
- **Mobile Drives Growth:** Affle continues to be a consumer platform, with mobile being a dominant part due to increasing consumer time spent on devices and rising digital transactions. The company is integrated with platforms like Google and Meta to optimise campaigns across various channels.
- **Sustaining Strong Momentum:** The company remains confident in sustaining the strong business momentum, supported by intact market tailwinds. The management guided for 20% sustainable revenue growth with 23% EBITDA margin, led by CPCU model, strong strategic moat, and deeper penetration in emerging markets through vertical categories. Aiming to achieve 10x decadal growth backed by organic growth and selective inorganic additions.

Key Risks to our Estimates and TP

- Inability to generate relevant data for targeted advertisers.
- Intense competition from global and other ad-tech startups.

Change in Estimates
(Rs Cr)

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	2,715	3,398	2,749	3,437	-1.2%	-1.1%
EBIT	491	630	491	626	0%	0.6%
PAT	460	595	460	604	0%	-1.5%

Source: Company, Axis Securities

Results Review
(Rs Cr)

Y/E March	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)
Net sales	647	621	4.2	543	19.1
Total Expenditure	501	481	4.1	430	16.5
EBITDA	146	140	4.6	113	29.0
<i>EBITDA margin (%)</i>	22.6	22.5	10bps	20.9	173bps
Depreciation	32	26	23.3	25	27.1
EBIT	114	114	0.4	88	29.6
<i>EBIT margin (%)</i>	17.7	18.3	-66bps	16.3	142bps
Interest cost	1	2	(36.2)	4	(67.3)
Other income	22	17	29.7	29	(22.7)
Exceptional item	0	0	NA	0	NA
PBT	135	129	4.8	113	19.3
Tax	25	24	4.7	22	15.4
Profit after tax	111	105	4.8	92	20.2
Reported EPS	7.9	7.5	4.8	6.5	20.2
Adj. PAT	111	105	4.8	92	20.2
Adj. EPS	7.9	7.5	4.8	6.5	20.2

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Net sales	1,843	2,266	2,715	3,398	4,250
Change (YoY, %)	29	23	20	25	25
Operating expenses	1,483	1,783	2,151	2,641	3,308
EBITDA	360	483	598	757	942
Change (YoY, %)	24	34	24	26	24
Margin (%)	20	21	22	22	22
Depreciation	72	97	106	128	147
EBIT	288	386	491	630	795
Interest paid	19	13	8	9	8
Other income	57	94	83	105	132
Pre-tax profit	327	467	561	726	919
Tax	29	86	102	131	165
Effective tax rate (%)	9	18	18	18	18
Net profit	297	381	460	595	753
Exceptional items	0	0	0	0	0
Adjusted net profit	297	381	460	595	753
Change (YoY,%)	21	28	21	31	27
Adj. EPS	22	27	33	42	54
Dividend per share	5	7	8	11	13
Dividend Payout (%)	25	25	25	25	25

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Share capital	28	28	28	28	28
Reserves & surplus	2,470	2,918	3,263	3,716	4,281
Shareholders funds	2,498	2,946	3,291	3,744	4,309
Total Debt	109	69	51	34	42
Other liabilities	138	45	42	39	41
Current Liabilities & prov	643	629	693	800	962
Current liabilities	535	556	639	762	916
Provisions	3	6	6	6	6
Total liabilities	785	675	738	841	1,005
Total equity & liabilities	3,283	3,622	4,035	4,592	5,258
Net fixed assets	4	3	5	8	13
Investments	37	63	63	63	63
Other non-curr assets	1,268	1,379	1,379	1,379	1,379
Current assets	1,974	2,176	2,588	3,142	3,802
Inventories	0	0	0	0	0
Sundry Debtors	317	299	362	453	567
Cash & Liquid	1,237	1,392	1,735	2,198	2,750
Other Curr Assets	420	486	486	486	486
Total assets	3,283	3,622	4,035	4,592	5,258

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Pre tax	297	381	460	595	753
Depreciation	(57)	(94)	(83)	(105)	(132)
Change in working capital	19	(61)	1	15	40
Other operating activities	(38)	(81)	(75)	(96)	(123)
Cash flow from operations (a)	349	336	499	642	817
Capital expenditure	(3)	(96)	(108)	(130)	(152)
Chg in investments	(318)	(25)	-	-	-
Other investing activities	(86)	(18)	83	105	132
Cash flow from investing (b)	(407)	(140)	(26)	(25)	(20)
Equity raised/(repaid)	1	0	-	-	-
Debt raised/(repaid)	2	(95)	(2)	(3)	2
Dividend (incl. tax)	(74)	(95)	(115)	(149)	(188)
Chg in minorities	(2)	-	-	-	-
Other financing activities	720	150	(11)	(9)	(9)
Cash flow from financing (c)	647	(41)	(128)	(163)	(245)
Net change in cash (a+b+c)	590	155	343	463	552
Opening cash balance	646	1,237	1,392	1,735	2,198
Closing cash balance	1,235	1,392	1,735	2,198	2,750

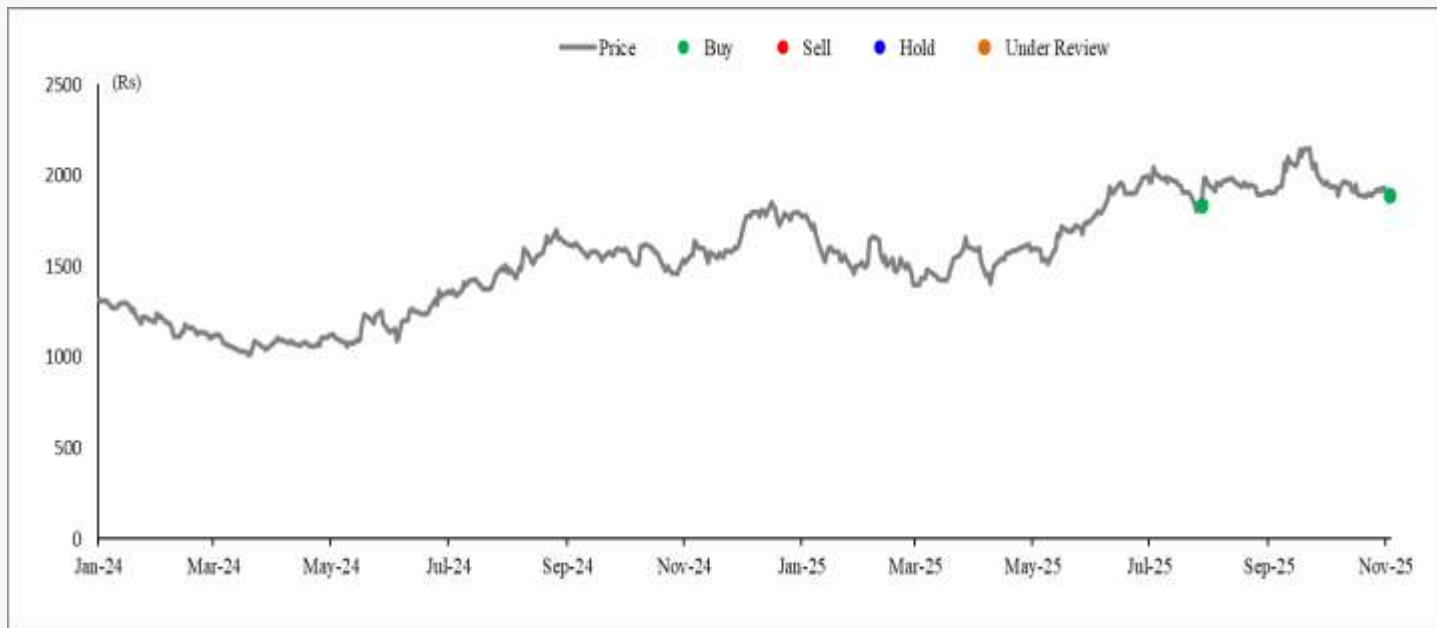
Source: Company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Book Value (Rs)	184	210	235	267	308
Adj EPS (Rs)	22	27	33	42	54
Adj EPS growth (%)	17	24	21	31	27
EBITDA margin (%)	20	21	22	22	22
Pre-tax margin (%)	18	21	20	21	22
Debt/Equity (x)	0	0	0	0	0
ROCE (%)	15	14	15	17	17
ROE (%)	15	14	15	17	17
Financial leverage ratios					
Debt / Equity (x)	0	0	0	0	0
Interest Coverage (x)	19	38	56	80	112
Interest / Debt (%)	7	4	4	4	4
Working Capital & Liquidity Ratio					
Inventory days	0	0	0	0	0
Receivable days	62	48	48	48	48
Payable days	75	65	65	65	65
Valuation ratio					
PER (x)	84	68	61	44	34
Adjusted PER (x)	84	68	61	44	34
P/BV (x)	10	9	9	7	6
EV/EBITDA (x)	66	51	44	34	25
Market Cap. / Sales (x)	14	11	10	8	6

Source: Company, Axis Securities

Affle 3i Price Chart and Recommendation History



Date	Reco	TP	Research
29-Jul-25	BUY	2,020	Result Update
04-Nov-25	BUY	2,200	Result Update

Source: Axis Securities Research

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