

# KFIN TECHNOLOGIES

## RESULT UPDATE

### KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,169
12 month price target (INR)	1,480
52 Week High/Low	1,641/784
Market cap (INR bn/USD bn)	201/2.3
Free float (%)	67.0
Avg. daily value traded (INR mn)	1,203.0

### SHAREHOLDING PATTERN

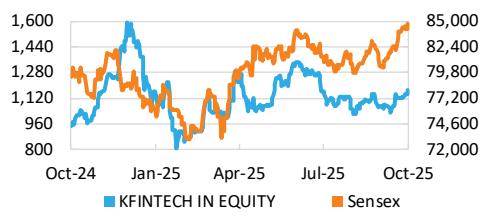
	Sep-25	Jun-25	Mar-25
Promoter	22.89%	22.90%	32.91%
FII	25.53%	27.81%	22.56%
DII	24.81%	23.71%	20.37%
Pledge	0%	0%	0%

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	10,908	13,255	16,711	19,562
EBITDA	4,790	5,670	7,189	8,873
Adjusted profit	3,326	4,024	4,932	6,125
Diluted EPS (INR)	19.2	23.2	28.4	35.3
EPS growth (%)	34.0	21.0	22.6	24.2
RoAE (%)	26.1	26.3	27.4	28.8
P/E (x)	61.3	50.7	41.3	33.3
EV/EBITDA (x)	64.0	52.9	41.1	32.4
Dividend yield (%)	63.8	79.6	97.6	121.2

### CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	13,225	16,711	1.6	1.2
EBIT	5,010	6,366	5.6	4.3
Adjusted profit	4,024	4,932	6.1	5.5
Diluted EPS (INR)	23.2	28.4	5.3	4.8

### PRICE PERFORMANCE



## Steady yields drive outperformance

KFINTECH delivered strong Q2FY26 revenue growth of 10.3% YoY supported by an impressive performance in the MF segment, up 9.9% YoY. MF yields at 3.48bp beat our estimate of 3.45bp, driving up MF RTA revenue 9.9% YoY to INR2.2bn (2.2% above estimate). Issuer Solutions expanded 15.5% YoY to INR483mn led by IPO-rebound and corporate activity. Margins improved sequentially across segments, yielding an overall EBIT margin of 37.9% (-129bp YoY/+282bp QoQ). Consolidated EBIT/APAT at 6.6%/4.5% YoY beat estimate (4.2%/2.7%).

We value KFINTECH on an SotP basis by assigning multiples to Sep-27E core segment profits, which yields a TP of INR1,480, i.e. FY27E/28E PE of 52.1x/41.9x; maintain 'BUY'.

### MF RTA (71% share): Stable yields drive revenue beat

Healthy fund flows were partially offset by weak MTM action, resulting in total QAAUM under service growth of 16.8% YoY/6.8% QoQ to INR23.5tn. Share of equity in AUM decreased 140bp YoY to 58.5%. SIP inflows came in at INR331bn (19% YoY/6.2% QoQ) during Q2FY26. Blended yields came in better at 3.48bp (-0.18bp YoY/-0.01bp QoQ) versus our estimate of 3.45bp, driving MF RTA revenue growth of 9.9% YoY/6.6% QoQ to INR2.2bn (2.2% above estimate). Management highlighted that yield compression for the whole year has played out. KFINTECH also won an RTA deal from Lakshya. Segmental margin improved 332bp QoQ to 58.7%.

### Issuer Solutions (16%): Strong IPO, corporate activity drive earnings

Domestic issuer services' revenue grew 15.5% YoY/46.1% QoQ to INR483mn led by a strong IPO rebound and corporate action activity. The company added 597 clients in Q2 while folio count increased 10.5% YoY/0.4% QoQ. KFINTECH's market share in main board IPOs by issue size surged 940bp YoY/2580bp QoQ to 43.8%, and it continues to be market leader with a share of 49.6% of NSE500. Segmental margin improved 95bp QoQ to 43.6%.

### Investor Solutions (14%): AUM rises along with margin improvement

The International segment posted revenue growth of 6.7% YoY to INR431mn. Its AUM increased 30.1% YoY/8.1% QoQ, while domestic alternatives' AUM increased 37.4% YoY/12.4% QoQ. Segmental margin improved 902bp QoQ to 23.4%. During Q2FY26, eight of 11 clients added were from GIFT City and three were added in Malaysia. With 643 funds under administration, Ascent's AuA as of Jul-25 jumped 27% YoY to USD26.2bn. Ex-one off expense of USD2.8mn (acquisition-related), Ascent's EBITDA turned positive to USD1mn. Management continues to guide for strong revenue growth given a robust deal pipeline and Ascent's global reach.

### Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	3,092	2,805	10.3	2,741	12.8
EBITDA	1,357	1,265	7.2	1,139	19.2
Adjusted Profit	934	893	4.5	775	20.4
Diluted EPS (INR)	5.4	5.2	4.3	4.5	20.9

## Financial Statements

### Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	10,908	13,255	16,711	19,562
Gross profit	0	0	0	0
Employee costs	4,033	5,077	6,591	7,441
Other expenses	2,085	2,508	2,932	3,248
EBITDA	4,790	5,670	7,189	8,873
Depreciation	645	660	823	911
Less: Interest expense	47	45	59	97
Add: Other income	377	425	505	701
Profit before tax	4,476	5,391	6,813	8,565
Prov for tax	1,150	1,359	1,717	2,157
Less: Other adj	0	9	164	283
Reported profit	3,326	4,024	4,932	6,125
Less: Excp.item (net)	0	0	0	0
Adjusted profit	3,326	4,024	4,932	6,125
Diluted shares o/s	174	174	174	174
Adjusted diluted EPS	19.2	23.2	28.4	35.3
DPS (INR)	7.4	9.3	11.4	14.1
Tax rate (%)	25.7	25.2	25.2	25.2

### Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	1,721	1,721	1,721	1,721
Reserves	12,357	14,772	17,731	21,406
Shareholders funds	14,078	16,492	19,452	23,127
Minority interest	0	425	589	873
Borrowings	0	0	0	0
Trade payables	670	726	916	1,072
Other liabs & prov	2,323	2,448	2,634	2,939
Total liabilities	17,509	20,516	24,446	29,248
Net block	1,068	1,669	2,167	2,778
Intangible assets	6,963	9,004	9,021	9,064
Capital WIP	293	293	293	293
Total fixed assets	8,324	10,967	11,481	12,134
Non current inv	11	11	11	11
Cash/cash equivalent	6,309	6,164	8,763	12,177
Sundry debtors	1,927	2,341	2,952	3,455
Loans & advances	0	0	0	0
Other assets	707	743	868	988
Total assets	17,509	20,516	24,446	29,248

### Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue as bp of AAUM	5.2	5.2	5.8	5.7
Core Op. Pro. as bp of AAUM	1.9	1.9	0	0
NOPLAT as bp of AAUM	1.4	1.5	0	0
EBITDA margin (%)	43.9	42.8	43.0	45.4
Net profit margin (%)	30.5	30.4	29.5	31.3
Revenue growth (% YoY)	30.2	21.5	26.1	17.1
EBITDA growth (% YoY)	30.7	18.4	26.8	23.4
Adj. profit growth (%)	34.9	21.0	22.6	24.2

### Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,326	4,024	4,932	6,125
Add: Depreciation	645	660	823	911
Interest (net of tax)	47	45	59	97
Others	937	933	1,212	1,456
Less: Changes in WC	(21)	(309)	(412)	(250)
Operating cash flow	4,934	5,353	6,613	8,340
Less: Capex	(857)	(3,302)	(1,337)	(1,565)
Free cash flow	4,077	2,050	5,276	6,775

### Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.4	6.4	6.4	6.4
Repo rate (%)	6.5	6.5	6.5	6.5
USD/INR (average)	81.0	81.0	81.0	81.0
Core Op. Profit (INR mn)	4,098.7	4,965.6	6,307.5	7,864.2
NOPLAT (INR mn)	3,065.8	3,714.2	4,718.0	5,882.4
NOPLAT YoY growth (%)	34.1	21.2	27.0	24.7
AAUM (INR mn)	21,178.5	25,499.0	28,978.4	34,064.7
AAUM growth (%)	38.2	20.4	13.6	17.6
Equity as a % of AAUM	59.0	58.6	58.2	59.5

### Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	26.1	26.3	27.4	28.8
RoCE (%)	26.1	26.3	27.4	28.8
Inventory days	0	0	0	0
Receivable days	64	64	64	64
Payable days	22	20	20	20
Working cap (% sales)	8.4	8.9	9.2	8.7
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.4)	(0.4)	(0.5)	(0.5)
Interest coverage (x)	88.5	111.7	108.0	81.7

### Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	61.3	50.7	41.3	33.3
Price/BV (x)	14.5	12.4	10.5	8.8
EV/EBITDA (x)	64.0	52.9	41.1	32.4
Dividend yield (%)	63.8	79.6	97.6	121.2

### Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	34.0	21.0	22.6	24.2
RoE (%)	26.1	26.3	27.4	28.8
EBITDA growth (%)	30.7	18.4	26.8	23.4
Payout ratio (%)	38.8	40.0	40.0	40.0

Source: Company and Nuvama estimates

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## Exhibit 1: Revenue/EBIT increase 10.3%/6.6% YoY

P&L (INR mn)	Q2FY26	Q2FY25	YoY (% / bp)	Q1FY26	QoQ (% / bp)	H1FY26	H1FY25	YoY(%/bp)	FY26E	FY27E	FY28E
<b>Revenue</b>	3,092	2,805	10.3	2,741	12.8	5,833	5,180	12.6	13,255	16,711	19,562
Employee expenses	1,140	1,018	12.0	1,117	2.0	2,257	1,976	14.2	5,077	6,591	7,441
Other expenses	595	522	14.1	485	22.8	1,080	943	14.6	2,508	2,932	3,248
Total Expenses	1,735	1,539	12.7	1,602	8.3	3,337	2,918	14.4	7,585	9,522	10,689
<b>EBITDA</b>	1,357	1,265	7.2	1,139	19.2	2,496	2,262	10.3	5,670	7,189	8,873
Depreciation	184	165	11.3	176	4.3	360	313	15.1	660	823	911
<b>EBIT</b>	1,173	1,100	6.6	962	21.9	2,135	1,949	9.6	5,010	6,366	7,962
Finance costs	11	11	0.7	11	-0.3	22	22	-2.9	45	59	97
Other income	108	105	2.2	100	7.4	208	186	11.7	425	505	701
<b>PBT</b>	1,270	1,195	6.3	1,052	20.8	2,321	2,113	9.9	5,391	6,813	8,565
Tax	336	301	11.6	276	21.6	613	539	13.7	1,359	1,717	2,157
<b>PAT (pre minority interest)</b>	934	893	4.5	775	20.4	1,709	1,574	8.6	4,032	5,096	6,408
Non-controlling interest	-	-	NM	-	NM	-	-	NM	9	164	283
Share of (loss)/profit of associate	-	-	NM	-	NM	-	-	NM			
<b>APAT</b>	934	893	4.5	775	20.4	1,709	1,574	8.6	4,024	4,932	6,125
Extraordinary	0	-	NM	3	-83.3	3	-	NM	-	-	-
<b>RPAT</b>	933	893	4.5	773	20.8	1,706	1,574	8.4	4,024	4,932	6,125
<b>Reported EPS</b>											
Basic	5.4	5.2	4.0	4.5	20.7	9.9	9.2	7.8	23.4	28.7	35.6
Diluted	5.4	5.2	4.3	4.5	20.9	9.8	9.1	8.0	23.2	28.4	35.3
Tax rate (%)	26.5	25.2	125bp	26.3	19bp	26.4	25.5	89.4	25.2	25.2	25.2
<b>EBIT margin (%)</b>	37.9	39.2	(129)bp	35.1	282bp	36.6	37.6	-101.4	37.8	38.1	40.7

Source: Company, Nuvama Research

# KFIN TECHNOLOGIES

Exhibit 2: MF RTA's revenue contribution decreases 25bp YoY while that of Issuer Solutions increases 71bp YoY

Segmental Data (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
<u>Segment revenue (Including OPE)</u>							
Domestic mutual fund investor solutions	1,983	2,082	1,991	2,044	2,179	9.9	6.6
Issuer solutions	418	439	424	330	483	15.5	46.1
International and other investors solutions	324	329	412	366	431	6.7	17.6
Global business services	80	50	0	0	0	NM	NM
<b>Total revenue</b>	<b>2,805</b>	<b>2,900</b>	<b>2,827</b>	<b>2,741</b>	<b>3,092</b>	<b>10.3</b>	<b>12.8</b>
<u>Segment revenue - YoY growth (%)</u>							
Domestic mutual fund investor solutions	38.7	37.4	23.4	17.3	9.9	NM	NM
Issuer solutions	20.9	17.1	34.6	23.6	15.5	NM	NM
International and other investors solutions	44.0	52.2	51.1	0.3	6.7	NM	NM
Global business services	(10.6)	(38.1)	(100.0)	0.0	0.0	NM	NM
<b>Total revenue</b>	<b>34.2</b>	<b>32.6</b>	<b>23.8</b>	<b>15.4</b>	<b>10.3</b>	<b>NM</b>	<b>NM</b>
<u>Segment revenue contribution (%)</u>							
Domestic mutual fund investor solutions	70.7	71.8	70.4	74.6	70.5	(25)bp	(412)bp
Issuer solutions	14.9	15.2	15.0	12.1	15.6	71bp	356bp
International and other investors solutions	11.5	11.3	14.6	13.4	13.9	(46)bp	56bp
Global business services	2.8	1.7	0.0	0.0	0.0	NM	NM
<b>Total revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company, Nuvama Research

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Exhibit 3: Margins improve 332bp/902bp QoQ for domestic mutual fund and International & other investor solutions segment

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q2FY26	YoY (% / bp)	QoQ (% / bp)
<u>Segment results</u>							
Domestic mutual fund investor solutions	1,198	1,288	1,189	1,132	1,279	6.8	13.0
Issuer solutions	219	262	218	141	211	(3.9)	49.4
International and other investors solutions	46	47	124	53	101	14.0	91.2
Global business services	<b>43</b>	<b>19</b>	<b>0</b>	0	0	NM	NM
<b>Total</b>	<b>1,506</b>	<b>1,616</b>	<b>1,532</b>	<b>1,326</b>	<b>1,591</b>	<b>5.6</b>	<b>20.0</b>
Unallocated (expenses)/income	0	0	0	0	0	-	-
a) Unallocable expenses	406	475	476	366	418	3.0	14.1
b) Finance cost	11	11	13	11	11	0.7	(0.3)
c) other income	<b>105</b>	<b>91</b>	<b>100</b>	<b>100</b>	<b>108</b>	<b>2.2</b>	<b>7.4</b>
<b>PBT</b>	<b>1,195</b>	<b>1,221</b>	<b>1,142</b>	<b>1,049</b>	<b>1,269</b>	<b>6.3</b>	<b>21.0</b>
Tax expense	<b>301</b>	<b>319</b>	<b>292</b>	<b>276</b>	<b>336</b>	<b>11.6</b>	<b>21.6</b>
<b>PAT</b>	<b>893</b>	<b>902</b>	<b>851</b>	<b>773</b>	<b>933</b>	<b>4.5</b>	<b>20.8</b>
<u>Segment operating margin (%) (calculated)</u>							
Domestic mutual fund investor solutions	60.4	61.9	59.7	55.4	58.7	(170)bp	332bp
Issuer solutions	52.5	59.7	51.5	42.7	43.6	(883)bp	95bp
International and other investors solutions	14.2	14.3	30.2	14.4	23.4	149bp	902bp
Global business services	53.6	39.0		0.0	<b>0.0</b>	NM	NM
<b>Total</b>	<b>53.7</b>	<b>55.7</b>	<b>54.2</b>	<b>48.4</b>	<b>51.4</b>	(225)bp	306bp
<u>Segment result contribution (%)</u>							
Domestic mutual fund investor solutions	79.6	79.7	77.6	85.4	80.4	85bp	(497)bp
Issuer solutions	14.6	16.2	14.3	10.6	13.2	(132)bp	261bp
International and other investors solutions	3.0	2.9	8.1	4.0	6.3	46bp	236bp
Global business services	2.8	1.2	-	-	-	NM	NM
<b>Total revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company, Nuvama Research

# KFIN TECHNOLOGIES

## Exhibit 4: MF RTA business – Operational data

Operational data – MF RTA	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
No of Operating Clients	24	24	24	24	24	-	-
AAUM Serviced (INR bn)	21,443	22,345	21,853	23,453	25,049	16.8	6.8
AAUM Market share (%)	32.4	32.6	33.3	32.5	32.5	10bp	-
Equity AAUM Serviced (INR bn)	12,834	13,255	12,676	13,598	14,643	14.1	7.7
Equity AAUM Market share (%)	33.4	33.4	33.1	33.0	33.0	(40)bp	-
Others AAUM Serviced (INR bn)	8,609	9,090	9,177	9,855	10,406	20.9	5.6
Others AAUM Market share (%)	31.0	31.5	33.6	31.8	31.8	81bp	(1)bp
Equity AAUM Mix (%)	59.9	59.3	58.0	58.0	58.5	(140)bp	50bp
SIP inflows (INR bn)	278	304	309	312	331	19.0	6.2
SIP book AAUM (INR bn)	4,299	4,328	4,122	4,691	4,920	14.4	4.9
SIP book AAUM market share (%)	32.0	32.1	31.8	32.1	32.2	20bp	10bp
SIP live folios (mn)	43	44	43	35	37	-13.6	3.7

Source: Company, Nuvama Research

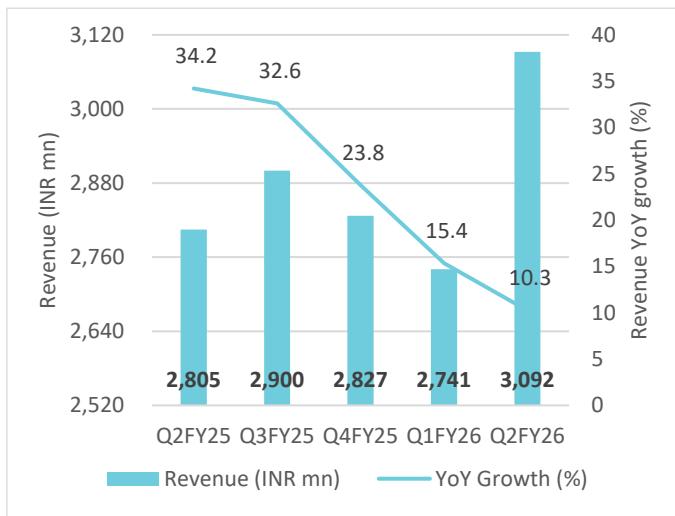
## Exhibit 5: Other business – operational data

Operational data – Other business	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
<u>Issuer Services</u>							
No of Clients	6,677	7,043	7,987	8,867	9,464	41.7	6.7
Clients added	358	366	944	880	597	NA	NA
No of folios (mn) (closing)	148	156	164	163	164	10.5	0.4
No of Transactions (mn)	0.8	0.7	0.6	0.7	0.8	0.0	14.3
No of IPOs Handled (Main board)	5.0	14.0	4.0	6.0	18.0	260.0	200.0
Main Board IPOs – market share (basis no of clients) (%)	19.2	46.7	40.0	40.0	34.6	1,540bp	(540)bp
Main Board IPOs – market share (basis the issue size) (%)	34.4	66.4	72.9	18.0	43.8	940bp	2,580bp
NSE 500 companies – market share (basis the market capitalisation) (%)	48.2	48.1	49.6	50.8	49.6	140bp	(120)bp
<u>International Investor Solutions</u>							
No of clients	66	70	76	82	93	40.9	13.4
AAUM Serviced (INR bn)	718	823	813	865	934	30.1	8.1
AAUM Serviced QoQ growth (%)	11.0	14.7	-1.2	7.0	8.1	(284)bp	188bp
<u>Alternates and Wealth</u>							
No of funds being handled (cumulative)	526	535	569	592	644	22.4	8.8
Closing market share – based on no of funds (%)	37.5	36.7	36.8	37.0	38.6	110bp	160bp
AAUM (INR bn)	1,310	1,407	1,453	1,600	1,799	37.4	12.4
<u>National Pension Scheme- CRA</u>							
No of Subscribers ('000)	1,374	1,486	1,618	1,670	1,789	30.2	7.1
Closing market share - on subscribers' base (%)	8.9	9.4	9.8	9.9	10.3	140.0	40.0
Closing number of Corporates clients	2,695	2,939	3,337	3,820	4,360	61.8	14.1
AAUM (INR bn)	481	501	542	582	602	25.2	3.5

Source: Company, Nuvama Research

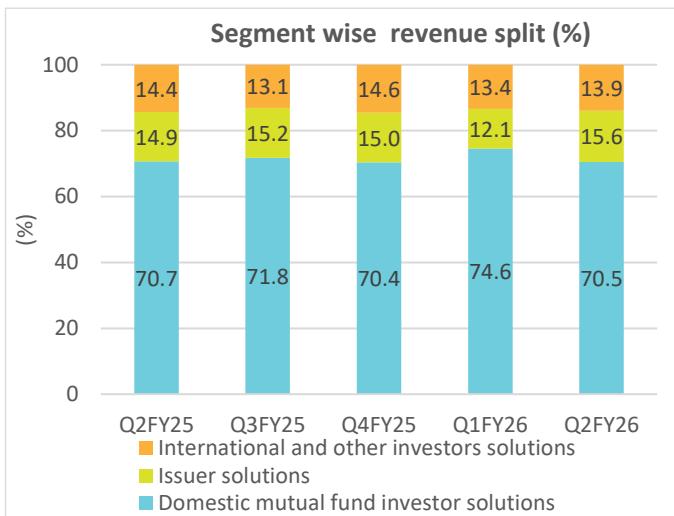
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**Exhibit 6: Overall revenue up 10.3% YoY**



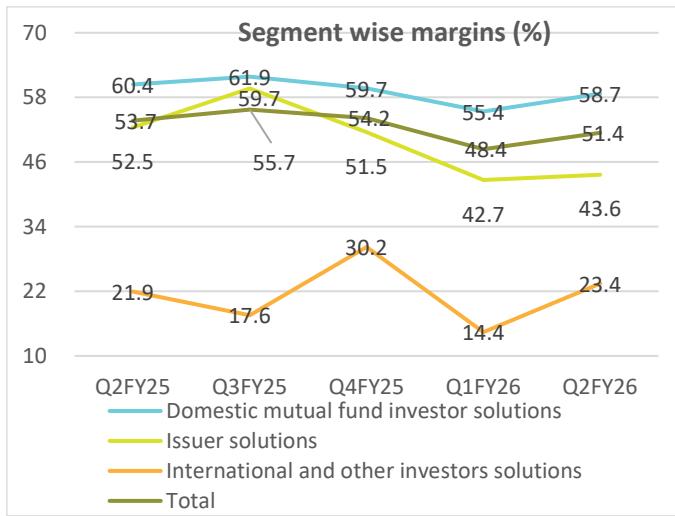
Source: Company, Nuvama Research

**Exhibit 7: MF RTA share decreases to 70.5% (-25bp YoY)**



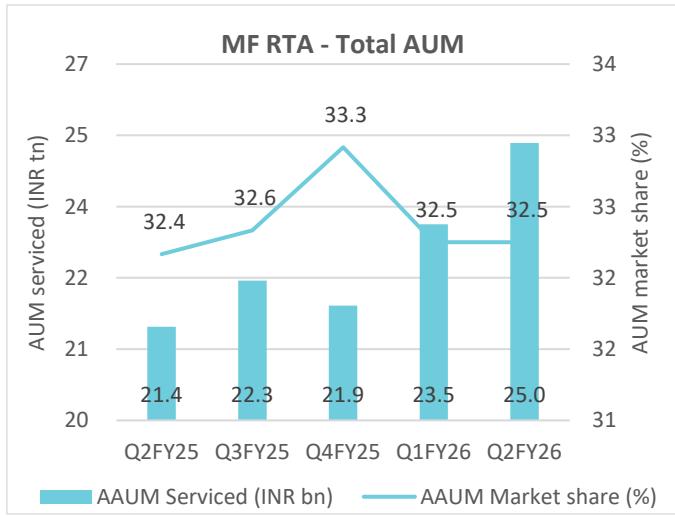
Source: Company, Nuvama Research

**Exhibit 8: Domestic MF business margin down 170bp YoY**



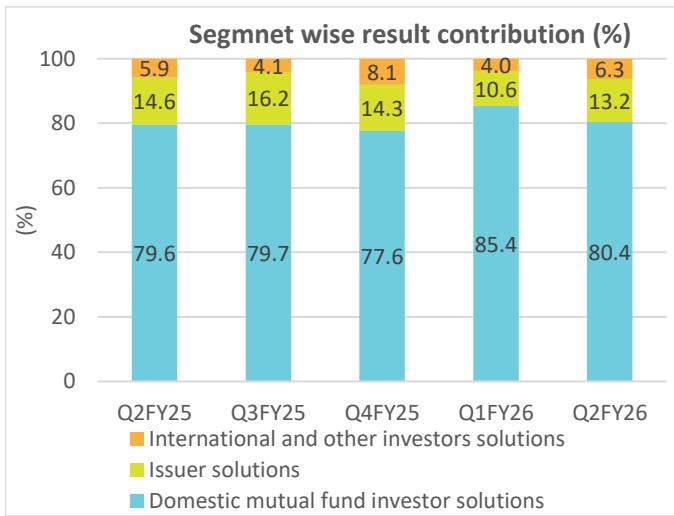
Source: Company, Nuvama Research

**Exhibit 10: AUM market share at 32.5% (+20bp YoY)**



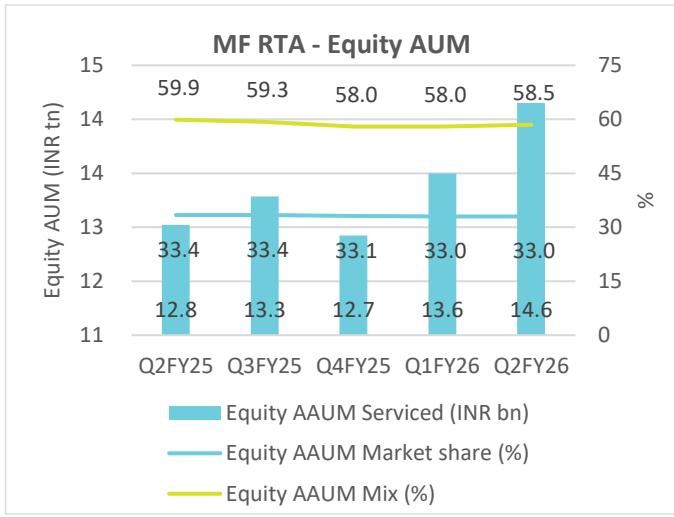
Source: Nuvama Research, Company

**Exhibit 9: MF RTA profit contribution at 80.4% (+85.5bp YoY)**



Source: Company, Nuvama Research

**Exhibit 11: Equity share in AUM at 58.5% (-140bp YoY)**



Source: Nuvama Research, Company

# KFIN TECHNOLOGIES

Exhibit 12: SIP book MS increases to 32.2% (+20bp YoY)

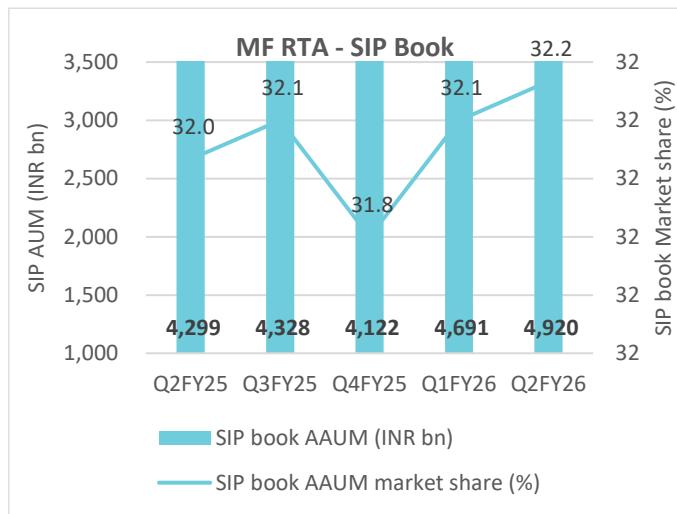
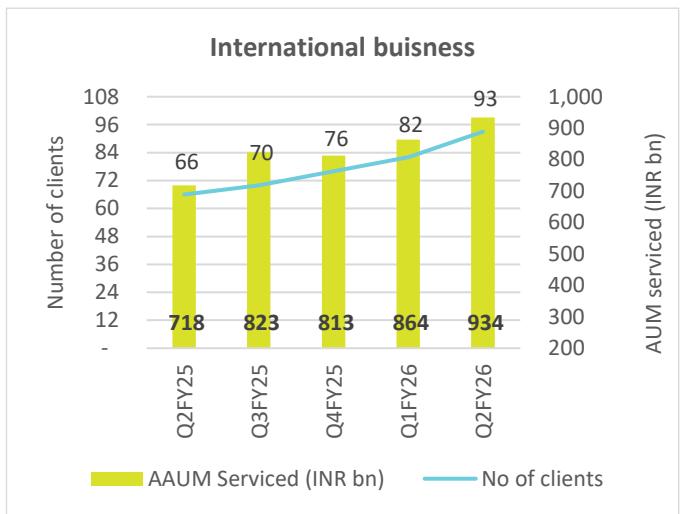


Exhibit 13: International business AUM jumps 30.1% YoY



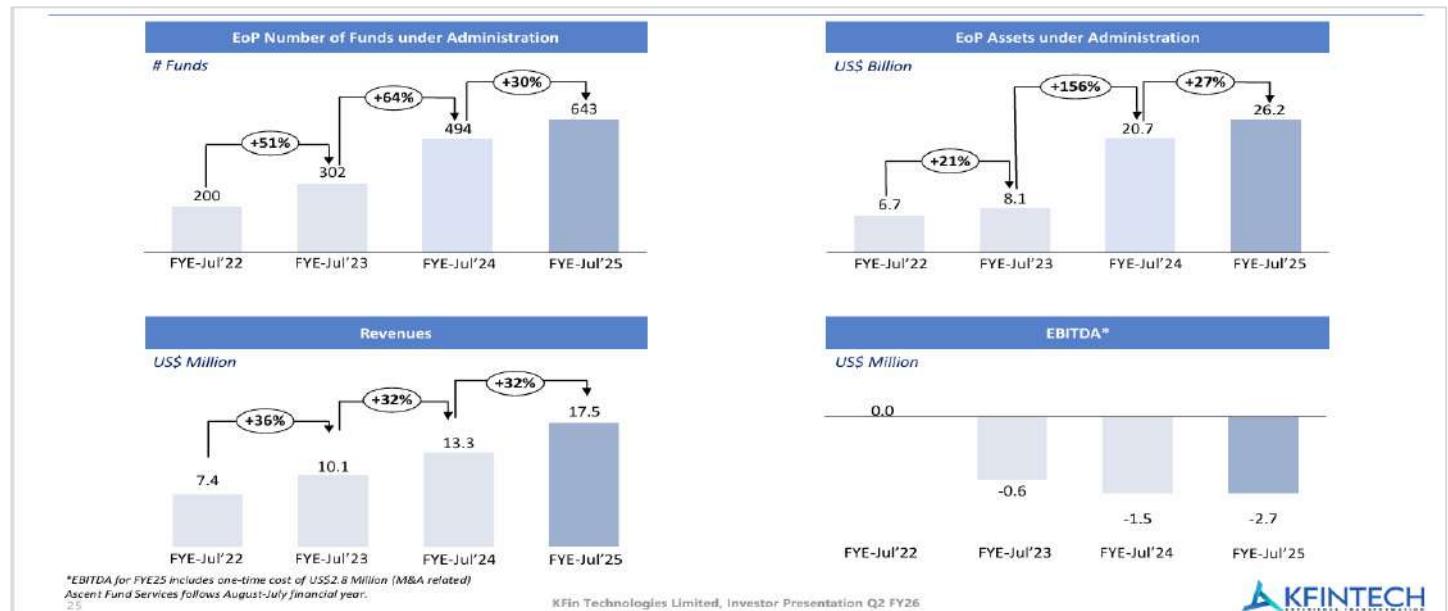
Source: Nuvama Research, Company

Source: Nuvama Research, Company

## Ascent Fund Services

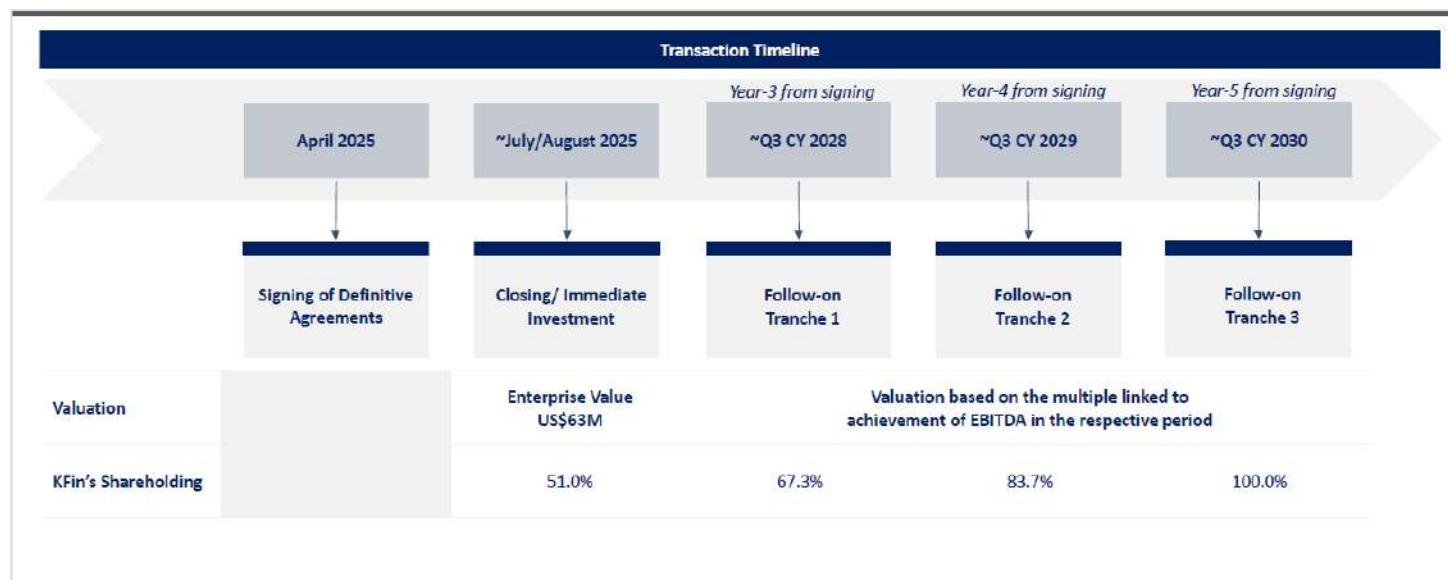
Founded in 2019 and headquartered in Singapore, Ascent Fund Services is a fast-growing independent fund administrator specialising in services for alternative investment funds. The company manages over USD26.2bn in assets under administration across 643 live funds in 18 countries. It has shown a strong financial performance with FY25 revenue of USD17.5mn (32% YoY growth) with 92% of its revenue being recurring in nature. Ascent had a one-off expense related to employee retention amounting to USD2.8mn. Excluding one-offs, EBITDA came in at USD1mn.

### Exhibit 14: Ascent: Key performance indicators



Source: Company, Nuvama Research

### Exhibit 15: KFINTECH-ASCENT: Deal construct and timeline



Source: Company, Nuvama Research

# KFIN TECHNOLOGIES

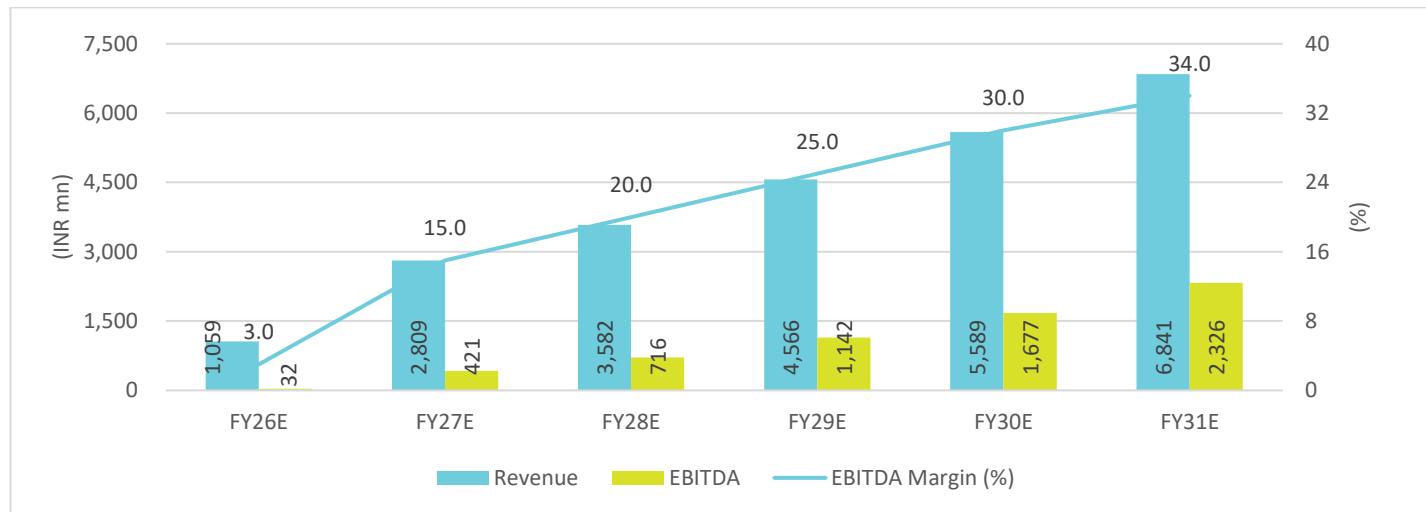
## Exhibit 16: We build in below-mentioned estimates into KFIN's earnings

	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
<b>AuA (US\$ bn)</b>	<b>35</b>	<b>46</b>	<b>57</b>	<b>71</b>	<b>86</b>	<b>103</b>
Growth (%)	30.0	30.0	25.0	25.0	20.0	20.0
Revenue (US\$ mn)	24.6	31.9	39.9	49.9	59.9	71.9
Growth (%)	30.0	30.0	25.0	25.0	20.0	20.0
<b>Revenue (INR mn)</b>	<b>1,059</b>	<b>2,809</b>	<b>3,582</b>	<b>4,566</b>	<b>5,589</b>	<b>6,841</b>
<b>EBITDA (INR mn)</b>	<b>32</b>	<b>421</b>	<b>716</b>	<b>1,142</b>	<b>1,677</b>	<b>2,326</b>
<b>EBITDA Margin (%)</b>	<b>3.0</b>	<b>15.0</b>	<b>20.0</b>	<b>25.0</b>	<b>30.0</b>	<b>34.0</b>
EBIT (INR mn)	21	393	680	1,096	1,621	2,258
EBIT margin (%)	2.0	14.0	19.0	24.0	29.0	33.0
<b>PAT (INR mn)</b>	<b>18</b>	<b>334</b>	<b>578</b>	<b>932</b>	<b>1,378</b>	<b>1,919</b>
Growth (%)		1,756.4	73.0	61.1	47.9	39.3
<b>PAT margin (%)</b>	<b>1.7</b>	<b>11.9</b>	<b>16.2</b>	<b>20.4</b>	<b>24.7</b>	<b>28.1</b>

Source: Company, Nuvama Research

Note: For FY26E only six months' revenue will be recognised as consolidation to happen from H2FY26E.

## Exhibit 17: Ascent to witness substantial EBITDA margin improvement to 34% by FY31E



Source: Company, Nuvama Research

Note: For FY26E only six months' revenue will be recognized as consolidation to happen from H2FY26E.

## Valuation

We value KFINTECH using an SoTP methodology and thus assign a multiple to each of its business segment.

- The international segment includes earnings from Ascent, and we value it at 35x for its stronger growth potential and anticipated improvement in EBITDA margin similar to the relatively mature domestic business (38x).
- The global business segment, which is witnessing a structural decline, is included in the international segment. We have also incorporated the present value of the cost of acquisition for the remaining 49% stake in Ascent (10x EBITDA over FY29–31E).

We assign multiples to Sep-27E NOPLAT for each business segment. This yields the same target price of INR1,480; maintain 'BUY'.

**Exhibit 18: KFINTECH SotP valuation**

Particulars	Parameters	EBITDA	Tax rate (%)	FY27E	Multiple (x)	Valuation (INR mn)
Domestic mutual fund investor solutions	Post-tax EBITDA	6,896	25	5,172	38.0	196,538
Issuer solutions	Post-tax EBITDA	1,208	25	906	38.0	34,434
International and other investor solutions including Ascent	Post-tax EBITDA	1,779	25	1,335	35.0	46,710
<b>Total (A)</b>						
Less:						
Unallocated expense (B)	Tax adjusted expense	1,808	25	1,356	18.0	24,402
PV of balance 49% acquisition cost in Ascent (C)						5,450
Net debt (FY27E) (D)						(8,763)
<b>M-cap (A-B-C-D)</b>						
<b>TP (INR/share)</b>						
CMP (INR)						1,175
<b>Upside potential (%)</b>						

Source: Company, Nuvama Research

# KFIN TECHNOLOGIES

## Exhibit 19: Estimates revisions

(INR mn)	Earlier			Revised			Change (%/bps)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Equity AUM	15,683	18,866	22,562	15,308	18,446	22,091	(2.4)	(2.2)	(2.1)
Revenue	13,043	16,521	19,336	13,255	16,711	19,562	1.6	1.2	1.2
EBIT	4,746	6,102	7,712	5,010	6,366	7,962	5.6	4.3	3.2
EBIT margin (%)	36.4	36.9	39.9	37.8	38.1	40.7	142bp	116bp	82bp
NOPLAT	3,502	4,498	5,677	3,714	4,718	5,882	6.1	4.9	3.6
NOPLAT Margin (%)	26.8	27.2	29.4	28.0	28.2	30.1	117bp	101bp	71bp
APAT	3,793	4,675	5,878	4,024	4,932	6,125	6.1	5.5	4.2
EPS	22.0	27.1	34.1	23.2	28.4	35.3	5.3	4.8	3.5
ROE (%)	24.9	26.3	28.1	26.3	27.4	28.8	139bp	111bp	67bp
Target price (INR)	1,540			1,480			(3.9)		
Rating	Buy			BUY					

Source: Company, Nuvama Research

## Q2FY26 earnings call highlights

**MF RTA:** New deal-wins include: i) RTA mandate from a new AMC – Lakshya Asset Management; ii) SIF mandates from three existing AMC clients; and iii) Data lake contract from an existing AMC client. Value-added services formed ~5% of MF revenue (up from 4.8% last quarter) and continue to expand.

**Issuer Solutions:** Appointed as an RTA for Bharat Petroleum Corporation Limited. Despite a dip in folios, management attributed it to temporary retail outflows amid market volatility, but expects a recovery as markets stabilise. Margins in Issuer Solutions were impacted by temporary cost resets from handling higher IPO volumes and one-time professional charges related to old share claim verifications. Management expects margins to normalise going forward.

**International business:** Clients base expanded to 93; new deal-wins include: i) the first fully managed fund administration service deal from a non-AMC client in Malaysia; ii) fully managed service deals from two AMCs in Malaysia—one for fund administration and one for transfer agency; and iii) fund administration platform deal from a life insurance client for GIFT City operations.

**Alternate funds:** Number of alternate funds at 644; new deal -wins include: i) 52 new AIF funds, including from EAAA India, SageOne, ValueQuest Investment, etc; ii) order management platform from two AMCs; iii) Revenue assurance platform from a large private bank-based distributor; iv) a deal from an existing life insurance client for mPower IFRS module.

**Yields:** Management expects MF RTA yields to stabilise around current levels, with only minor variations depending on AMC mix and asset composition. International AUM's yield is typically 6–7bp while AUM from GIFT City could be in a range of 2–3bp.

**NPS:** The regulator has allowed basis-point-based charging (similar to mutual funds) instead of fixed fees, providing medium-term revenue upside. There is a regulatory requirement stating that in the current construct of the fixed fee that everything needs to be capped at INR100, which means it is net-neutral for KFINTECH. It does not impact KFIN much because it is already INR100 and, if anything, it will be able to add another 3–4% more to its current pricing.

**KRA:** The KRA business went live, leveraging a fully API-driven, interoperable tech architecture; tokenisation using blockchain is planned for rollout soon to enable unified KYC across asset classes.

## Company Description

KFin Technologies Limited (KFINTECH) stands out as a prominent technology-driven financial services platform in India. Specialising in serving the capital markets ecosystem, it extends its comprehensive solutions to asset managers and corporate issuers across various asset classes.

With a global footprint, KFINTECH goes beyond India's borders to provide extensive investor solutions to asset managers in Malaysia, Philippines, Singapore, Hong Kong, Thailand, and Canada. As of March 31, 2025, it is the second largest investor solutions provider for Indian mutual funds in terms of AUM serviced, and the leading issuer solutions provider based on the number of clients serviced.

KFINTECH is the sole investor and issuer solutions provider catering to diverse entities, including mutual funds, alternative investment funds, wealth managers, and pension funds.

## Investment theme

KFin Technologies (KFINTECH) has a robust domestic MF RTA business (32.7% share in total MF assets) and stable issuer charges business (49.6% share in market capitalisation of NSE 500 companies), and gives optionality in international and alternatives fund administration business. We reckon the business has strong moats and shall deliver improved margins. It is set to benefit from higher retail participation in equity markets via both MF and direct investing route.

## Key Risks

- Regulator risks as further TER cuts may reduce pay-outs to RTAs.
- Persistent equity market weakness may dampen inflows/revenue.
- A further shift towards ETFs/index funds as this category generates much lower fees.
- Any rise in AUMs driven largely by alternatives may result in cannibalisation of revenue and growth prospects.
- Cybersecurity incident/malfunction may call for steep tech spends.
- Concentration risk if diversification into alternatives and international segment does not pan out as planned.

## Additional Data

### Management

CEO	Venkata Nadella	Satya Naga	Sreekanth
CFO	Vivek Mathur		
Head - IR	Amit Murarka		
Auditor	M/s. B S R and Co		

### Holdings – Top 10\*

	% Holding		% Holding
Compar Estates	10.69	Vanguard group	2.27
Kotak Mahindra	7.69	Sixteenth Stree	2.23
Wasatch Advisor	5.16	Axis Asset Mana	1.66
Nippon Life Ind	3.31	IIFL India Priv	1.60
Aberdeen Group	3.05	Edelweiss Asset	1.54

\*Latest public data

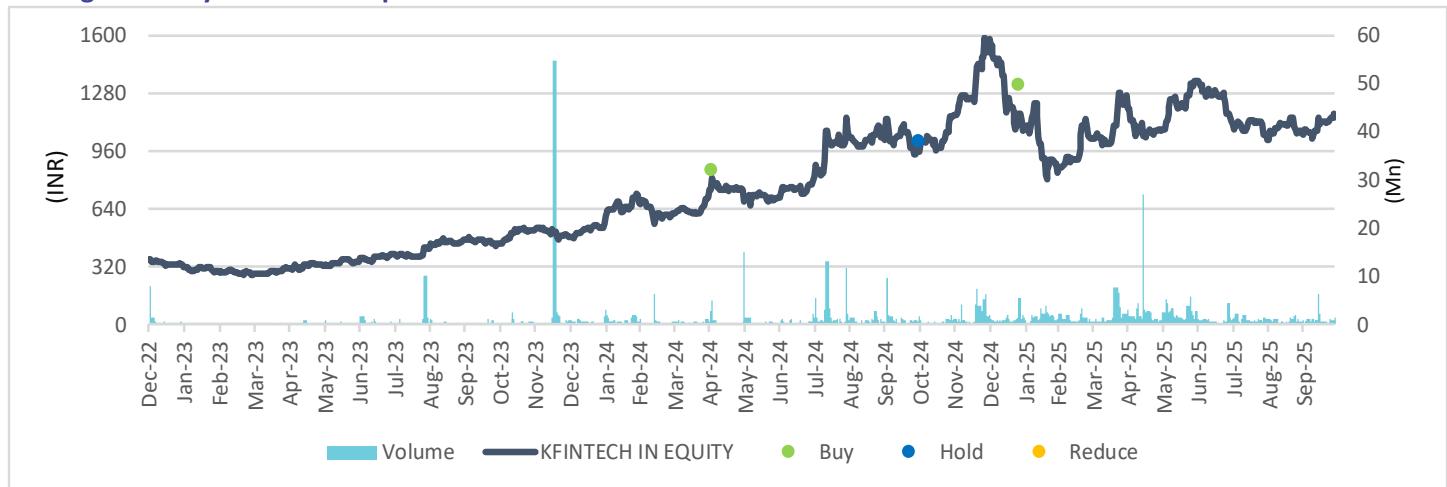
### Recent Company Research

Date	Title	Price	Reco
25-Jul-25	Pressure on yield offsets domestic stren; <i>Result Update</i>	1,233	Buy
29-Apr-25	Ascent to accelerate top line; <i>Result Update</i>	1,270	Buy
16-Apr-25	Global leap: Ascent to diversification; <i>Company Update</i>	1,052	Buy

### Recent Sector Research

Date	Name of Co./Sector	Title
24-Oct-25	Aditya Birla Sun Life AMC	Cost control drives profitability; <i>Result Update</i>
18-Oct-25	UTI AMC	Market share continues to slide; <i>Result Update</i>
15-Oct-25	HDFC AMC	Core business strength sustains; <i>Result Update</i>

### Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

### Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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