27 October 2026
2QFY27 Results Update | Sector: Financials

# KFin Technologies

| | |
|---|---|
| Estimate change | ↓ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | KFINTECH IN |
| Equity Shares (m) | 173 |
| M.Cap.(INRb)/(USDb) | 150.3 / 1.6 |
| 52-Week Range (INR) | 1217 / 784 |
| 1, 6, 12 Rel. Per (%) | 0/-4/-13 |
| 12M Avg Val (INR M) | 1037 |

**Financials & Valuations (INR b)**

| Y/E March | 2026 | 2027E | 2028E |
|---|---|---|---|
| Revenue | 13.0 | 16.2 | 18.8 |
| EBITDA | 5.3 | 6.5 | 7.7 |
| PAT | 3.6 | 4.2 | 5.0 |
| EPS | 20.9 | 24.3 | 29.2 |
| EPS Grw. (%) | 7.3 | 16.3 | 19.8 |
| BVPS | 85.9 | 94.2 | 104.3 |
| RoE (%) | 26.0 | 27.0 | 29.4 |
| Div. Pay out (%) | 57.4 | 57.5 | 56.6 |
| **Valuations** | | | |
| P/E (x) | 41.5 | 35.7 | 29.8 |
| P/BV (x) | 10.1 | 9.2 | 8.3 |
| Div. Yield (%) | 1.4 | 1.6 | 1.9 |

**Shareholding Pattern (%)**

| As of | Sep-26 | Jun-26 | Sep-25 |
|---|---|---|---|
| Promoter | 14.1 | 22.8 | 22.9 |
| DII | 37.5 | 27.3 | 24.8 |
| FII | 20.1 | 20.7 | 25.5 |
| Others | 28.3 | 29.2 | 26.8 |

FII includes depository receipts

**CMP: INR870 TP: INR1,100 (+26%) BUY**

## Beat on MF, but international business misses our est.

- **KFin Technologies (KFin)'s operating revenue grew 30% YoY/13% QoQ to INR4b in 2Q (in line). For 1HFY27, its revenue grew 30% YoY. Revenue from domestic MF solutions rose 8% YoY (7% beat), issuer solutions grew 16% YoY (in line), while international solutions witnessed 158% YoY growth (20% miss).**
- **Total operating expenses grew 39% YoY/3% QoQ to INR2.4b (in line), as employee expenses jumped 43% YoY to INR1.6b and other expenses rose 31% YoY to INR778m. EBITDA grew 19% YoY/32% QoQ to INR1.6b, with the EBITDA margin at 40.1% vs. 43.9% in 2QFY26 (MOFSLe of 40.1%).**
- **KFin reported a net profit of INR1b, up 8% YoY/33% QoQ (in line). For 1HFY27, its PAT grew 3% YoY.**
- **EBITDA margin, including Ascent, reached 40% in 2QFY27, and management expects to end FY27 with a similar margin, backed by productivity improvements and a higher-margin trajectory at Ascent as it scales.**
- **We cut our FY27/FY28 earnings estimates by 5%/1% due to slower-than-expected growth in international business, offset by improving cost efficiencies and strong growth in issuer solutions. We expect KFin to deliver a revenue/EBITDA/PAT CAGR of 20%/20%/18% over FY26–28. We reiterate our BUY rating on the stock with a one-year TP of INR 1,100 (based on 38xFY28E P/E).**

## MF AUM growth continues to outpace the industry; yields improve QoQ

- KFin's total MF AAUM serviced during the quarter rose 15% YoY/6% QoQ to INR28.8t. Equity AAUM, at 58% of total MF AAUM, grew 14% YoY/8% QoQ to ~INR16.7t, reflecting a market share of 32.8% (33.0% in 2QFY26).
- MF revenue growth (8% YoY) was lower than AUM growth (15% YoY) due to weaker equity MTM gains and KFin's higher exposure to passive funds than that of the industry.
- MF revenue contribution declined to 52%, in line with management guidance of reducing it further to <50% over the next three quarters.
- MF yields stood at 3.2bp in 2QFY27 (vs. 3.5bp in 2QFY26/3.2bp in 1QFY27). The sequential improvement in yield (2%) was supported by individual AMC growth and asset mix, while pricing remained consistent.
- Issuer solutions revenue grew 16% YoY/58% QoQ to INR562m due to higher corporate actions. The target for the segment is 20% YoY growth, supported by increasing folios from large IPOs and corporate actions from new issuers.
- The mainboard IPO market share (based on issue size) declined sequentially to 49.7% in 2QFY27 from 79.2% in 1QFY27 despite surge in the number of IPOs handled (31 vs. 8 in 1QFY27).

**Research Analyst: Prayesh Jain** (Prayesh.Jain@MotilalOswal.com) | **Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com)
**Research Analyst: Kartikeya Mohata** (Kartikeya.Mohata@MotilalOswal.com) | **Shubh Chandak** (Shubh.Chandak@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**
**Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.**

- KFin continues to leverage its technology platform globally while also bringing international product capabilities into India, particularly through GIFT City.
- Ascent continues to grow at over 30%, despite challenging conditions in the Middle East. The target is to achieve double-digit EBITDA margin over the next two quarters and reach Kfin-level margin in 3-4 years.
- In the alternates and wealth business, KFin's AUM grew 13% YoY/was flat QoQ, while revenue and yields rose despite sequentially flat-to-lower AUM. Its market share was 37.2% and is likely to approach ~40%, based on the committed wins.
- The NPS business reached breakeven around three quarters ago, while growth continues to exceed industry levels. The pension business grew 42% vs. industry growth of ~12–13%.
- Total operating expenses grew 39% YoY/3% QoQ to INR2.4b (in line), with employee expenses growing 43% YoY to INR1.6b and other expenses rising 31% YoY to INR778m. The cost-to-income ratio was at 59.9% (56.1% in 2QFY26).
- Other income stood at INR82m vs MOFSLe at INR60m.

## Key takeaways from the management commentary

- Pricing is likely to remain stable going forward with all negotiations completed.
- Management expects 20% YoY growth in issuer solutions, aided by increasing folios with large IPOs and corporate actions from new issuers.
- Ascent is expected to achieve double-digit margins over the next couple of quarters, followed by 20%+ margins next year, with convergence towards KFin's margin levels over the next 3–4 years.

## Valuation and view

- Structural tailwinds in the MF industry, coupled with increasing diversification into international, issuer solutions, alternates, and pension businesses, are expected to drive KFin's long-term growth. Its technology-led, asset-light platform model, improving global fund administration capabilities through Ascent, and continued focus on operational efficiency position the company well to capitalize on opportunities across both Indian and global markets.
- We cut our FY27/FY28 earnings estimates by 5%/1% due to slower-than-expected growth in international business, offset by improving cost efficiencies and strong growth in issuer solutions. We expect KFin to deliver a revenue/EBITDA/PAT CAGR of 20%/20%/18% over FY26–28. **We reiterate our BUY rating on the stock with a one-year TP of INR 1,100 (based on 38xFY28E P/E).**

**Quarterly Performance** (INR m)

| Y/E March | FY26 | | | | FY27 | | | | FY26 | FY27E | 2Q FY27E | Act v/s Est. (%) | YoY | QoQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | | | |
| Revenue from Operations | 2,741 | 3,092 | 3,709 | 3,473 | 3,565 | 4,018 | 4,224 | 4,354 | 13,015 | 16,161 | 4,130 | -2.7 | 30% | 13% |
| Change YoY (%) | 15.4 | 10.3 | 27.9 | 22.9 | 30.1 | 29.9 | 13.9 | 25.4 | 19.3 | 24.2 | 33.6 | | | |
| Employee expenses | 1,117 | 1,140 | 1,476 | 1,518 | 1,608 | 1,630 | 1,679 | 1,699 | 5,251 | 6,616 | 1,640 | -0.6 | 43% | 1% |
| Other Expenses | 485 | 595 | 716 | 671 | 738 | 778 | 802 | 766 | 2,467 | 3,084 | 834 | -6.7 | 31% | 5% |
| Total Operating Expenses | 1,602 | 1,735 | 2,193 | 2,189 | 2,346 | 2,408 | 2,481 | 2,466 | 7,718 | 9,700 | 2,473 | -2.7 | 39% | 3% |
| Change YoY (%) | 16.2 | 12.7 | 37.5 | 36.4 | 46.4 | 38.7 | 13.2 | 12.7 | | | 42.5 | | | |
| **EBITDA** | **1,139** | **1,357** | **1,516** | **1,285** | **1,220** | **1,610** | **1,743** | **1,888** | **5,297** | **6,461** | **1,657** | -2.8 | 19% | 32% |
| Other Income | 100 | 108 | 66 | 150 | 104 | 82 | 120 | 119 | 424 | 424 | 60 | 36.7 | -24% | -21% |
| Depreciation | 176 | 184 | 233 | 269 | 273 | 284 | 319 | 327 | 863 | 1,203 | 333 | -14.7 | 54% | 4% |
| Finance Cost | 11 | 11 | 12 | 13 | 14 | 16 | 16 | 16 | 47 | 62 | 14 | 13.1 | 46% | 16% |
| **PBT** | **1,052** | **1,270** | **1,338** | **1,152** | **1,037** | **1,392** | **1,528** | **1,663** | **4,812** | **5,620** | **1,370** | 1.7 | 10% | 34% |
| Change YoY (%) | 14.5 | 6.3 | 9.6 | 0.8 | -1.4 | 9.7 | 14.2 | 44.4 | 7.5 | 16.8 | 7.9 | | | |
| Tax Provisions | 276 | 336 | 332 | 296 | 282 | 386 | 382 | 417 | 1,241 | 1,467 | 342 | 12.8 | 15% | 37% |
| **Net Profit** | **773** | **933** | **920** | **811** | **752** | **1,003** | **1,146** | **1,247** | **3,571** | **4,153** | **1,027** | -2.3 | 8% | 33% |
| Change YoY (%) | 13.5 | 4.5 | 2.0 | -4.6 | -2.6 | 7.5 | 24.5 | 53.6 | 7.3 | 16.3 | 10.1 | | | |
| **Key Operating Parameters (%)** | | | | | | | | | | | | | | |
| Revenue / AUM (bps) | 4.7 | 4.9 | 5.6 | 5.3 | 5.2 | 5.6 | 5.6 | 5.5 | 5.1 | 5.5 | 6.0 | -42bp | 63bp | 35bp |
| Opex / AUM (bps) | 2.7 | 2.8 | 3.3 | 3.3 | 3.4 | 3.3 | 3.3 | 3.1 | 3.0 | 3.3 | 3.6 | -25bp | 57bp | -10bp |
| PBT / AUM (bps) | 1.8 | 2.0 | 2.0 | 1.7 | 1.5 | 1.9 | 2.0 | 2.1 | 1.9 | 1.9 | 2.0 | -6bp | -10bp | 41bp |
| PAT / AUM (bps) | 1.3 | 1.5 | 1.4 | 1.2 | 1.1 | 1.4 | 1.5 | 1.6 | 1.4 | 1.4 | 1.5 | -10bp | -10bp | 29bp |
| Cost to Operating Income Ratio | 58.5 | 56.1 | 59.1 | 63.0 | 65.8 | 59.9 | 58.7 | 56.6 | 59.3 | 60.0 | 59.9 | 3bp | 381bp | -587bp |
| EBITDA Margin | 41.5 | 43.9 | 40.9 | 37.0 | 34.2 | 40.1 | 41.3 | 43.4 | 40.7 | 40.0 | 40.1 | -3bp | -381bp | 587bp |
| PBT Margin | 38.4 | 41.1 | 36.1 | 33.2 | 29.1 | 34.7 | 36.2 | 38.2 | 37.0 | 34.8 | 33.2 | 149bp | -641bp | 558bp |
| Tax Rate | 26.3 | 26.5 | 24.8 | 25.7 | 27.2 | 27.7 | 25.0 | 25.0 | 25.8 | 26.1 | 25.0 | 275bp | 127bp | 54bp |
| PAT Margin | 28.2 | 30.2 | 24.8 | 23.4 | 21.1 | 25.0 | 27.1 | 28.6 | 27.4 | 25.7 | 24.9 | 10bp | -520bp | 388bp |
| **Opex Mix (%)** | | | | | | | | | | | | | | |
| Employee expenses | 69.7 | 65.7 | 67.3 | 69.3 | 68.5 | 67.7 | 67.7 | 68.9 | 68.0 | 68.2 | 66.3 | 140bp | 201bp | -84bp |
| Other Expenses | 30.3 | 34.3 | 32.7 | 30.7 | 31.5 | 32.3 | 32.3 | 31.1 | 32.0 | 31.8 | 33.7 | -140bp | -201bp | 84bp |

**Changes to our estimates**

| INR b | New estimates | | Old Estimates | | Change in Estimates | |
|---|---|---|---|---|---|---|
| Y/E March | 2027E | 2028E | 2027E | 2028E | 2027E | 2028E |
| Revenue | 16.2 | 18.8 | 16.7 | 19.4 | -3% | -3% |
| EBITDA | 6.5 | 7.7 | 6.8 | 7.8 | -5% | -2% |
| PAT | 4.2 | 5.0 | 4.4 | 5.0 | -5% | -1% |
| EPS | 24.3 | 29.2 | 25.7 | 29.3 | -5% | -1% |
| EPS Grw. (%) | 16.3 | 19.8 | 23.0 | 14.0 | | |
| BVPS | 94.2 | 104.3 | 95.6 | 105.9 | -1% | -1% |
| RoE (%) | 27.0 | 29.4 | 28.3 | 29.1 | -133 bps | 27 bps |
| Div. Payout (%) | 57.5 | 56.6 | 54.4 | 56.3 | | |
| **Valuations** | | | | | | |
| P/E (x) | 35.7 | 29.8 | 31.1 | 27.3 | | |
| P/BV (x) | 9.2 | 8.3 | 8.4 | 7.5 | | |
| Div. Yield (%) | 1.6 | 1.9 | 1.8 | 2.1 | | |




## Key takeaways from the management commentary

**Performance**

- KFin's exposure to passive funds has been higher than the industry's, resulting in better-than-industry AUM growth.
- EBITDA margin, including Ascent reached 40% in 2QFY27, with target to maintain similar level for the full-year.
- Further AI initiatives across business lines will likely improve productivity, providing scope for incremental efficiency gains.
- Headcount has reduced to some extent as efficiency improved, with resources being redirected towards faster-growing businesses.
- KFin has launched a beta version of its GenAI intelligence platform for MF transactions to enhance client proposition.
- Deferred tax benefits associated with loss-making entities have not been recognized, resulting in a higher reported tax rate.
- New office lease will contribute INR70m of expense in FY27. It will reach INR180m for FY28, followed by an annual decline of approximately 7% due to discounting over the nine-year lease period.

**RTA business**

- Yield improvement was sequentially supported by individual AMC growth and asset mix while pricing remained consistent.
- Pricing is likely to remain broadly stable going forward with all negotiations being completed.

**Issuer Solutions Business**

- KFin captured a significant share of large IPOs during the quarter and continues to have a healthy pipeline.
- 20% YoY growth is the target for the segment supported by increasing folios with large IPOs and corporate actions from new issuers.
- Growth in VAS owing to eAGMs and corporate actions in 2QFY27. VAS contribution expected to reach double-digit levels, broadening the revenue base beyond traditional issuer services.

**International Business**

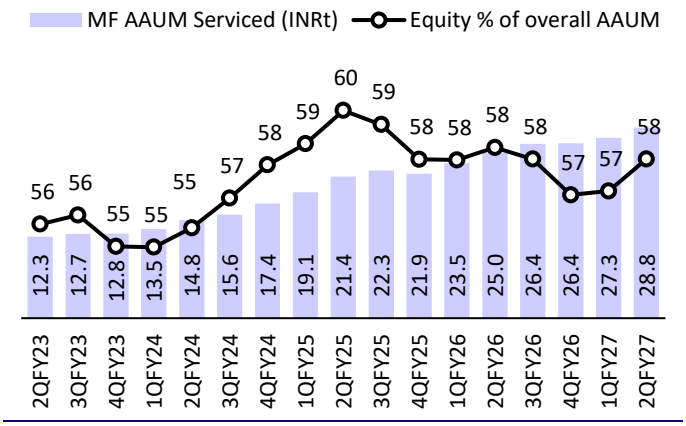
- The international pipeline includes several opportunities with deal sizes substantially above the historical average for GCS contracts, creating potential for meaningful incremental revenue as mandates are converted and implemented.
- Better Malaysian market conditions and the go-live of select contracts supported revenue in the legacy international business.

**Ascent:**

- Ascent maintained EBITDA margin of ~7–8% sequentially in 2QFY27 vs. a negative margin in 2QFY26, reflecting cost optimization.
- Target is to achieve double-digit margins over the next couple of quarters, followed by 20%+ margins next year, with convergence towards KFin's margin levels over the next 3–4 years.
- Ascent is evaluating opportunities in less volatile geographies while continuing to pursue business in more challenging markets, rather than excluding stressed regions entirely.
- Revenue potential is driven not simply by fund size but by servicing complexity, incremental transaction volumes and risk; technology-led delivery and appropriate risk premiums will be important to profitability.

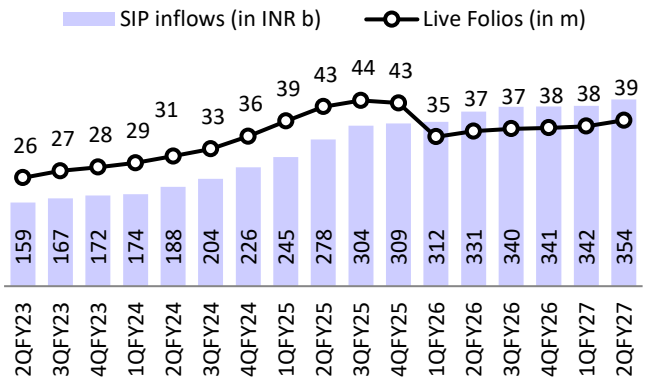
# Story in charts

**Exhibit 1: Equity mix stood at 58% in 2QFY27**



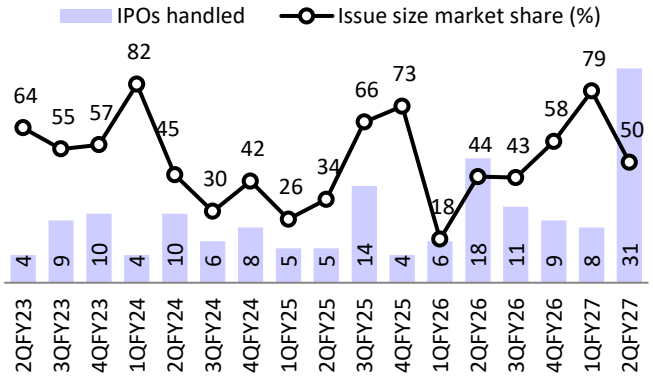

Source: Company, MOFSL

**Exhibit 2: SIP inflows rose 7% YoY/4% QoQ**



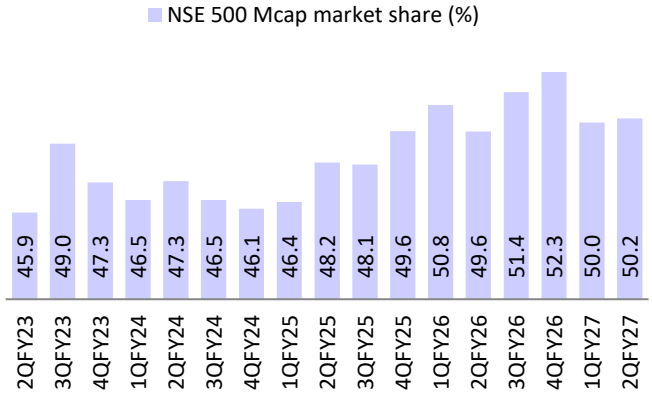

Source: Company, MOFSL

**Exhibit 3: IPO market share declined sequentially in 2QFY27**



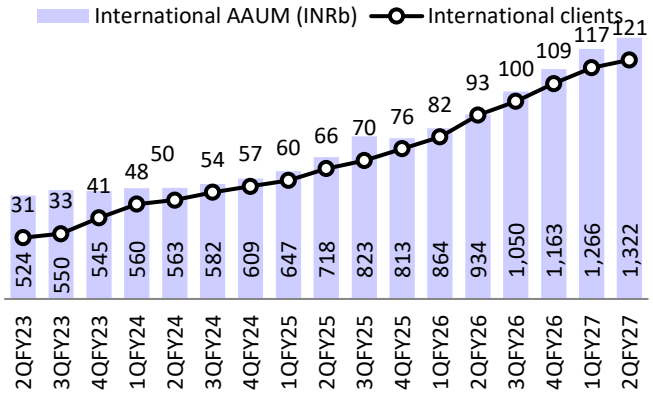

Source: Company, MOFSL

**Exhibit 4: NSE 500 market share remained flat sequentially**



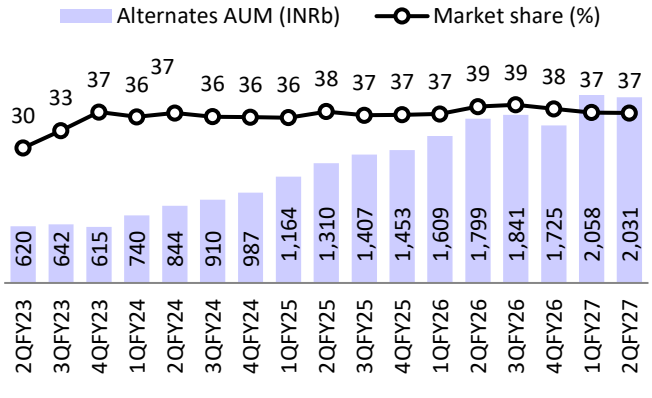

Source: Company, MOFSL

**Exhibit 5: International business AAUM moved upwards led by the Ascent acquisition impact**




Source: Company, MOFSL

**Exhibit 6: Alternates market share remained at 37% in 2Q**




Source: Company, MOFSL

**Exhibit 7: AUM mix dominated by MF (%)**

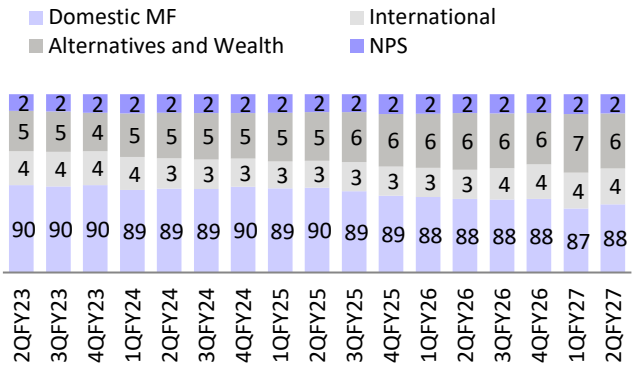



**Exhibit 8: Yields rose sequentially in 2QFY27**

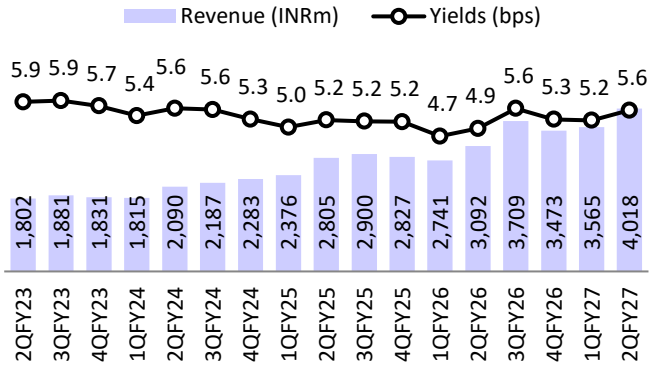



**Exhibit 9: Share of MF business stood at 58% in revenue mix**

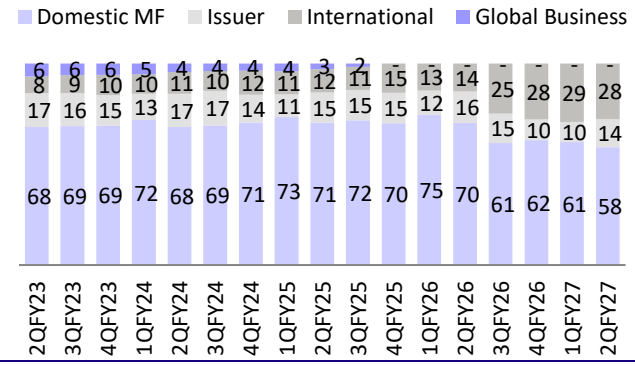



**Exhibit 10: C/I ratio stood at 60%**

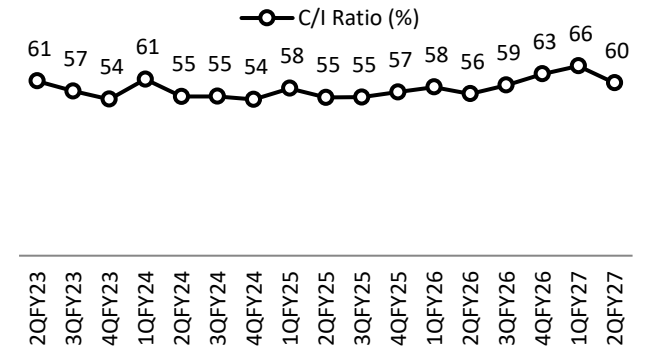
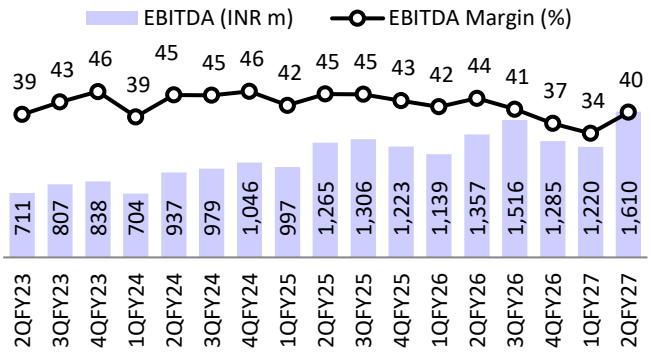
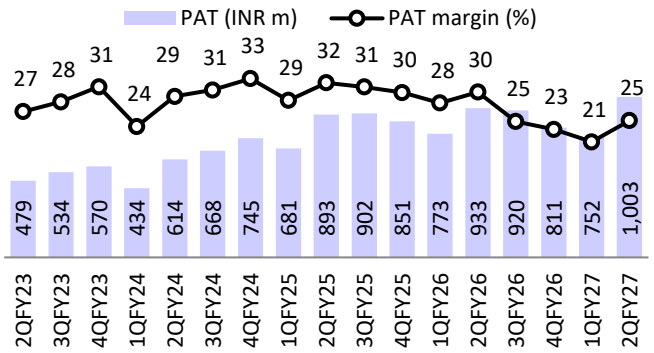



**Exhibit 11: EBITDA margin improved to ~40%**



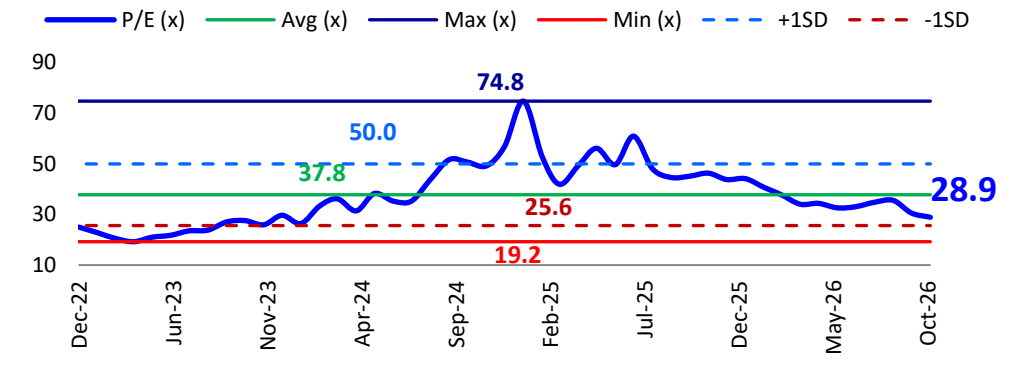

Source: MOFSL, Company

**Exhibit 12: PAT margin expanded to ~25% in 2QFY27**




Source: MOFSL, Company

**Exhibit 13: One-year forward P/E**




Source: MOFSL, Company

# Financials and valuations

| Income Statement | | | | | | | | | INR m |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
| Revenue | 4,499 | 4,811 | 6,395 | 7,200 | 8,375 | 10,908 | 13,015 | 16,161 | 18,765 |
| Change (%) | 177 | 7 | 33 | 13 | 16 | 30 | 19 | 24 | 16 |
| Employee expense | 1,940 | 1,886 | 2,325 | 2,894 | 3,197 | 4,033 | 5,251 | 6,616 | 7,542 |
| Other expenses | 973 | 801 | 1,192 | 1,326 | 1,513 | 2,085 | 2,467 | 3,084 | 3,547 |
| Operating Expenses | 2,912 | 2,687 | 3,517 | 4,220 | 4,709 | 6,118 | 7,718 | 9,700 | 11,089 |
| **EBITDA** | **1,586** | **2,124** | **2,879** | **2,980** | **3,666** | **4,790** | **5,297** | **6,461** | **7,676** |
| Change (%) | 142 | 34 | 36 | 4 | 23 | 31 | 11 | 22 | 19 |
| Depreciation/Interest | 1,455 | 1,499 | 899 | 573 | 615 | 691 | 909 | 1,265 | 1,485 |
| Other Income | 54 | 51 | 61 | 175 | 247 | 377 | 424 | 424 | 446 |
| **PBT** | **185** | **675** | **2,040** | **2,582** | **3,298** | **4,476** | **4,812** | **5,620** | **6,636** |
| Change (%) | 33 | 265 | 202 | 27 | 28 | 36 | 7 | 17 | 18 |
| Tax | 140 | 1,320 | 555 | 625 | 813 | 1,150 | 1,241 | 1,467 | 1,659 |
| Tax Rate (%) | 185 | 844 | -58 | 13 | 30 | 41 | 8 | 18 | 13 |
| **PAT** | **45** | **-645** | **1,486** | **1,957** | **2,485** | **3,326** | **3,571** | **4,153** | **4,977** |
| Change (%) | -49 | -1,526 | -330 | 32 | 27 | 34 | 7 | 16 | 20 |
| Dividend | | | | | 983 | 1,291 | 2,070 | 2,394 | 2,822 |

| Balance Sheet | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
| Equity | 1,508 | 1,508 | 1,676 | 1,692 | 1,710 | 1,721 | 1,725 | 1,710 | 1,710 |
| Reserves | 2,587 | 1,956 | 4,768 | 7,010 | 8,717 | 11,067 | 12,935 | 14,371 | 16,099 |
| **Net Worth** | **4,096** | **3,464** | **6,443** | **8,702** | **10,427** | **12,788** | **14,660** | **16,081** | **17,809** |
| Borrowings | 4,132 | 3,825 | 1,597 | 1,599 | 487 | **465** | **554** | 582 | 611 |
| Other Liabilities | 456 | 1,937 | 2,224 | 2,212 | 3,274 | 4,256 | 12,522 | 13,368 | 14,760 |
| **Total Liabilities** | **8,683** | **9,226** | **10,264** | **12,514** | **14,187** | **17,509** | **27,737** | **30,031** | **33,180** |
| Cash and Bank balance | 178 | 235 | 452 | 870 | 2,517 | 1,704 | 2,123 | 2,581 | 3,111 |
| Investments | 135 | 949 | 931 | 2,286 | 1,498 | 4,617 | 2,393 | 2,513 | 2,639 |
| Net Fixed Assets | 6,915 | 6,321 | 7,031 | 7,311 | 8,010 | 8,324 | 18,389 | 19,861 | 22,045 |
| Current Assets | 1,063 | 1,305 | 1,406 | 1,667 | 1,940 | 2,634 | 4,527 | 4,712 | 4,947 |
| Other non-current assets | 392 | 416 | 444 | 379 | 221 | 230 | 304 | 365 | 438 |
| **Total Assets** | **8,684** | **9,226** | **10,264** | **12,513** | **14,187** | **17,509** | **27,737** | **30,031** | **33,180** |

E: MOFSL Estimates

| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
|---|---|---|---|---|---|---|---|---|---|
| **AAAUM (INR b)** | **7,233** | **9,105** | **11,067** | **12,408** | **15,330** | **21,178** | **25,323** | **29,577** | **34,162** |
| Change (%) | 12% | 26% | 22% | 12% | 24% | 38% | 20% | 17% | 16% |
| Equity | **3,433** | **4,471** | **5,842** | **6,838** | **8,618** | **12,485** | **14,627** | **16,967** | **20,021** |
| Non-Equity | 3,800 | 4,634 | 5,226 | 5,570 | 6,712 | 8,693 | 10,696 | 12,610 | 14,140 |

# Financials and valuations

## Cashflow Statement

| Y/E March | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|
| PAT | 45 | -645 | 1,486 | 1,957 | 2,460 | 3,326 | 3,437 | 4,153 | 4,977 |
| Change in Accumulated Depreciation | 922 | 980 | 370 | 467 | 530 | 645 | 863 | 1,203 | 1,420 |
| Finance cost | 533 | 520 | 529 | 106 | 84 | 47 | 47 | 62 | 65 |
| Other Income | -54 | -51 | -61 | -175 | -247 | -377 | -424 | -424 | -446 |
| **Change in Working Capital** | **-436** | **1,214** | **157** | **-209** | **-36** | **-29** | **5,519** | **278** | **656** |
| **Cashflow from Operation** | **1,011** | **2,018** | **2,481** | **2,147** | **2,792** | **3,611** | **9,442** | **5,272** | **6,672** |
| Other Income | 54 | 51 | 61 | 175 | 247 | **377** | **424** | **424** | **446** |
| Change in Investments | 980 | -814 | 18 | -1,355 | 787 | -3,118 | 2,223 | -120 | -126 |
| Change in Loans | -218 | -306 | -2,227 | 3 | -1,112 | -21 | 89 | 28 | 29 |
| Change in Fixed Asset | -510 | -386 | -1,081 | -747 | -1,230 | **-958** | **-10,928** | **-2,674** | **-3,605** |
| **Cashflow from Investing** | **306** | **-1,455** | **-3,228** | **-1,923** | **-1,308** | **-3,720** | **-8,191** | **-2,342** | **-3,256** |
| Change in Reserves | -1,142 | 13 | 1,494 | 301 | 1,230 | 633 | 1,286 | -15 | 0 |
| Interest Expense | -533 | -520 | -529 | -106 | -84 | **-47** | **-47** | **-62** | **-65** |
| Dividend Expense | 0 | 0 | 0 | 0 | -983 | **-1,291** | **-2,070** | **-2,394** | **-2,822** |
| **Cashflow from Financing** | **-1,675** | **-506** | **965** | **195** | **163** | **-705** | **-832** | **-2,471** | **-2,887** |
| Net Cashflow | -359 | 57 | 218 | 419 | 1,647 | -814 | 419 | 458 | 530 |
| Opening Cash | 536 | 178 | 235 | 452 | 870 | 2,517 | 1,704 | 2,123 | 2,581 |
| **Closing Cash** | **178** | **235** | **452** | **870** | **2,517** | **1,704** | **2,123** | **2,581** | **3,111** |

| Y/E March | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|
| **Margins Analysis (%)** | | | | | | | | | |
| Cost to Income Ratio | 64.7 | 55.9 | 55.0 | 58.6 | 56.2 | 56.1 | 59.3 | 60.0 | 59.1 |
| EBITDA Margins | 35.3 | 44.1 | 45.0 | 41.4 | 43.8 | 43.9 | 40.7 | 40.0 | 40.9 |
| PBT Margin | 4.1 | 14.0 | 31.9 | 35.9 | 39.4 | 41.0 | 37.0 | 34.8 | 35.4 |
| PAT Margin | 1.0 | -13.4 | 23.2 | 27.2 | 29.7 | 30.5 | 27.4 | 25.7 | 26.5 |
| **Profitability Ratios (%)** | | | | | | | | | |
| RoE | 1.0 | -17.1 | 30.0 | 25.8 | 26.0 | 28.7 | 26.0 | 27.0 | 29.4 |
| Dividend Payout Ratio | 0.0 | 0.0 | 0.0 | 0.0 | 40.0 | 38.8 | 60.2 | 57.6 | 56.7 |

| Valuations | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|
| BVPS (INR) | 24 | 20 | 38 | 51 | 61 | 75 | 86 | 94 | 104 |
| Change (%) | -21.1 | -15.4 | 86.0 | 35.1 | 19.8 | 22.6 | 14.6 | 9.7 | 10.7 |
| Price-BV (x) | **39.6** | **46.8** | **25.1** | **18.6** | **15.5** | **12.7** | **11.1** | **9.2** | **8.3** |
| EPS (INR) | 0.3 | -3.8 | 8.7 | 11.5 | 14.6 | 19.5 | 20.9 | 24.3 | 29.2 |
| Change (%) | | | | 31.8 | 26.9 | 33.9 | 7.3 | 16.3 | 19.8 |
| Price-Earnings (x) | | | **109.1** | **82.8** | **65.2** | **48.7** | **45.4** | **35.7** | **29.8** |
| DPS (INR) | | | | | 5.8 | 7.5 | 12.0 | 14.0 | 16.5 |
| Dividend Yield (%) | | | | | **0.6** | **0.8** | **1.3** | **1.6** | **1.9** |

E: MOFSL Estimates

**Investment in securities market are subject to market risks. Read all the related documents carefully before investing.**

| Explanation of Investment Rating | |
|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).

6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

**********

The associates of MOFSL may have:
financial interest in the subject company
actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
received compensation/other benefits from the subject company in the past 12 months
any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
Served subject company as its clients during twelve months preceding the date of distribution of the research report.
The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

| Contact Person | Contact No. | Email ID |
|---|---|---|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |
| Mr. Neeraj Agarwal | 022 40548085 | na@motilaloswal.com |
| Mr. Siddhartha Khemka | 022 50362452 | po.research@motilaloswal.com |

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.