kotak Securities

Dated: 1st Dec 2025

Kfin Technologies (KFINTECH) - ADD

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,056	**Rs.1,150**

Rationale:

- The company offers an attractive mix of higher-margin, domestic focused Rights and Transfer Agent (“RTA”) businesses expected to deliver mid-teens Earnings Before Interest and Tax (“EBIT”) growth over the next 2-3 years, alongside faster-growing international and domestic alternates businesses with margin improvement levers.
- The valuation multiples have moderated while still reflecting expectations of strong execution on growth strategies in the next 3-5 years, particularly in international markets and the Ascent integration.
- We upgrade KFin to ADD (from SELL) following share price underperformance in the past year with fair value of Rs. 1,150.

Positives:

- The business is growing at 30-35% with presence across 13 countries with clients in 18 jurisdictions.
- We expect earnings to see about 20% Compounded Annual Growth over FY2026-28E.
- We expect Mutual Fund segment to deliver low-to-mid teens revenue growth in the next 3-5 years, supported by attractive EBIT margins of 40-45%.
- The Ascent acquisition is expected to contribute from Q3FY26, with the expanded base projected to grow at about 25% CAGR in the coming years.
- In the medium term, a profitable scale-up of non-RTA businesses, along with lower client concentration, can potentially lead to RTAs trading at a premium.

Negatives:

- RTAs offer stronger operating leverage but come with elevated fee pressure, given revenue concentration from large clients.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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