

KFIN TECHNOLOGIES LTD.

Sector

Feb 10, 2025

Buy at CMP: Rs 1224 | Target: Rs 1367 (12%) | SL: Rs 1150

Business Services

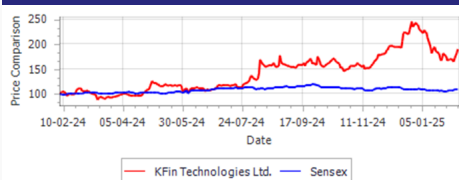
Script Details

BSE Group	A
BSE Code	543720
NSE Code	KFINTECH
Bloomberg Code	KFINTECH IN
Market Cap (INR Cr.)	21,048
Free Float (%)	67.1%
52wk Low/High	1640/540
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	10/0.5
Total paid Up Shares (Mn.)	171.9

Share Holding Pattern (%)

Promoters	Public	Others
32.9%	67.1%	-

Share Price Relative Performance



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KFin Technologies is a tech-driven financial services platform serving asset managers and corporates across asset classes in India and globally. It provides investor solutions, transaction processing, compliance, data analytics, and SaaS-based services for mutual funds, AIFs, pensions, and wealth managers, with a presence in Malaysia, the Philippines, and Hong Kong.

Investment Rationale

- ◆ **Client on-boarding through value added services should help gain market share:** KFin Tech holds a 32% market share in India's mutual fund RTA AUM, serving 26 of 48 AMCs. In addition to RTA services, it offers value-added solutions like fund accounting, digital onboarding, and corporate services to both RTA clients and non-RTA AMCs. The company generates 70% of its revenue from domestic mutual fund investor solutions, with 63% from RTA services and 7.8% from value-added services. This positions KFin to cross-sell its RTA solutions to non-RTA AMC clients and gain market share. In Q3 FY2025, KFin won a data lake contract and digital assets contracts from two AMCs that are not its RTA client.
- ◆ **AIF to be the new growth lever in KFINTECH :** With AIF AAUM growing at 30% CAGR (FY20-23) and more AIFs adopting RTA and Fund Accounting (FA) services, strong growth is expected in this segment. However, yields will likely be lower than in the MF sector due to lower intensity. KFin's acquisition of Hexagram has expanded its offerings to include both FA and RTA, driving an estimated 29% revenue CAGR for this segment over FY23-FY26E.
- ◆ **Expansion in the International Issuer solutions business:** KFin Tech's international business contributed 11% to Q3 FY25 revenue, up 200 bps YoY, driven by expansion in Southeast Asia. It has 70 international clients, with Malaysia as its key market, holding a 50% AMC share. The company is growing in Thailand, Singapore, the Philippines, GIFT City, Canada, and the Middle East through MF RTA services, value-added offerings, and acquisitions like Hexagram. Its international business grew 35% YoY in FY24 and is expected to sustain a similar pace through FY25-27.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 21%/16% and estimate KFINTECH to clock PAT of Rs 427 Cr by FY27E. KFINTECH is trading at forward PE (x) of 49.2 and we value at 55(x) FY27E and Recommend BUY on KFINTECH with Target Price of Rs. 1,367 (12%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	894	396	271	77.7	42.0
FY25E	1,081	465	292	72.1	37.7
FY26E	1,308	563	353	59.6	31.2
FY27E	1,583	681	427	49.2	25.8

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- Since March 2023, KFINTECH has been on a robust uptrend, consistently posting higher tops and higher bottoms around its key 20- and 34-week EMAs, thereby reaffirming its bullish price structure.
- Notably, during this rising trend, pullbacks have been short-lived, ranging between 18-25%. The stock recently completed a 25% correction, suggesting it is well-positioned for a recovery and a potential continuation of its uptrend.
- On the weekly scale, a polarity shift has been observed, where the stock's previous resistance zone has now turned into a support level, highlighting robust price development.
- On the daily scale, KFINTECH has established a base near the 78.60% Fibonacci retracement level of its prior rally from 930 to 1641, further reinforcing the bullish outlook.
- On the weekly scale, the stochastic indicator has signaled a bullish crossover, suggesting that bullish momentum is poised to pick up.
- With strong technical structure, the stock is poised for an upside target of 1470, with a stop loss set at 1127 on a closing basis for effective risk management.



Inference & Expectations

- Considering these factors, it can be inferred that KFINTECH stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1367 level.
- The stop loss must be at 1150 level, strictly on the closing basis.

Source: Tradingview.in, GEPL Research

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