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IPO OFFERING

KFin Technologies Limited



About Company

Recommendation: Subscribe with Risk

Incorporated in 2017, **KFin Technologies Ltd (KFin)** technology-driven financial services platform for the the capital markets ecosystem including asset managers and corporate issuers across asset classes in India. While in Malaysia, the Philippines, and Hong Kong, it provides investor solutions such as transaction origination and processing for mutual funds and private retirement plans. Based on the number of AMC clients served as of September 30, 2022, the company is the leading investor solutions provider to Indian mutual funds. KFIN is India's sole investor and issuer solutions provider, offering services to asset managers such as mutual funds, alternative investment funds (AIFs), wealth managers, pension funds, and corporate issuers. As of September 30, 2022, the company is one of 3 operational central record-keeping agencies (CRAs) for India's National Pension System (NPS). KFin provides Platform as a service based end-to-end transaction management, channel management, compliance solutions, data analytics, and various other digital services to asset managers across segments, as well as outsourcing services for global players. The company is providing services to 24 out of 41 AMCs in India, as on September 30, 2022, representing 59% of market share based on the number of AMC clients.

Price Band	: Rs 347 to 366/- per share
Bid Lot size	: 40 Shares
Issue size	: Rs 1500 Cr
Face Value	: Rs 10/-
Min App Amount	: Rs 14640/- at upper band
Issue Period	: 19 th December to 21 th December 2022
Indicative credit of equity shares	: 28-12-2022
Indicative listing date	: 29-12-2022

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View & Recommendation: We believe that, Kfin's strength lies in technological driven solutions provider with a well diversified income sources across all asset classes. Asset-light business model with recurring revenue model, high operating leverage, adds on the company's ease to grow over long term. On valuations parse at upper price band (Rs 366/-), the issue is asking for a market cap of Rs 6133 Cr and based on FY23 annualized, P/E stands at 35x which seems the issue is almost fully priced when compared to its only listed player, CAMS which is priced at 39x. But our concerns remains on legal proceedings involving the company, Subsidiaries, Group Companies and certain of its Directors. However, financial assets are expected to register strong growth in upcoming years, led by increased penetration, awareness and financial literacy. Thus, with its diverse service platform, the company is well positioned to benefit from the growing industry opportunity leading to a long-term growth. Hence, considering the rationales and issue being a complete OFS only risk takers can consider opting for this offer. Therefore, we give **Subscribe with Risk** rating to this IPO.



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BASIC FINANCIAL DETAILS				
Particulars Rs (in Cr)	2020	2021	2022	Sept'30 2022 (06)
Equity Share Capital	150.84	150.84	167.57	167.57
Reserves as stated	258.73	195.56	476.77	569.15
Net worth as stated	409.58	346.40	644.34	736.72
Revenue from Operations	499.87	481.14	639.51	348.77
Revenue Growth (%)	-	6.59%	32.92%	19.89%
EBITDA as stated	164.02	217.45	293.31	138.50
Profit Before Tax	18.51	67.51	204	110.66
Net Profit for the period	4.52	(64.51)	148.55	85.35
EPS (Rs)	0.28	(4.28)	9.44	5.09
RONW%	0.97%	(17.07)%	29.99%	12.36%
NAV (Rs)	27.51	22.96	38.45	43.96

Data as on 31st March 2022

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)								
Companies	Mcap (in Cr)	FV	Revenue from operation FY 2022 (in Cr)	EPS	NAV	P/E	P/Bv	RoNW
Kfin Technologies Ltd	6133	10	639.51	9.36	38.45	35.93	9.52	29.99%
Computer Age Management Services Ltd	10720	10	2299.45	58.41	132.43	39.47	15.45	49.32%

Data as on 31st March 2022, Mcap: Cline, P/E, P/BV calculated as on 31st March 2022



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Msearch's Recommendation (Absolute Performance) Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months

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