

# KPIT Technologies Ltd.

**BUY**

Sector: IT-Automobiles

19<sup>th</sup> August, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 1,430
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	KPITTECH:IN	81,644	KPITTECH	542651	12 Months
				<b>CMP</b>	<b>Rs. 1,199</b>
				<b>Return</b>	<b>+19%</b>

Data as of: 19-08-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	32,980		
52 Week High - Low (Rs.)	1,920-1,021		
Enterprise Value (Rs.cr)	32,230		
Outstanding Shares (cr)	27.4		
Free Float (%)	59		
Dividend Yield	0.7%		
6m average volume (cr)	0.12		
Beta	1.7		
Face value Rs.	10		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY25
Promoters	39.5	39.5	39.5
FII's	17.4	17.2	15.5
MFs/Insti	20.4	21.3	22.4
Public	22.8	22.1	22.7
Total	100.0	100.0	100.0
Promoter pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-10.2%	-9.0%	-34.1%
Absolute Sensex	-1.0%	7.0%	1.1%
Relative Return*	-9.2%	-16.0%	-35.2%
*over or under performance to benchmark index			
			
Consolidated (Rs cr)	FY25A	FY26E	FY27E
Sales	5,842	6,030	7,100
Growth (%)	19.9	3.2	17.7
EBITDA	1,233	1,230	1,498
EBITDA Margin (%)	21.1	20.4	21.1
Adj. PAT	840	781	980
Growth (%)	41.2	-7.0	25.5
Adj. EPS	30.6	28.5	35.7
Growth (%)	41.2	-7.0	25.5
P/E	41.1	44.2	35.2
P/B	11.8	9.6	7.7
EV/EBITDA	25.6	25.0	19.8
ROE (%)	33.1	24.0	24.2
D/E	0.0	0.0	0.0
Author: Arun Kailasan - Research Analyst			

## Strong Pipeline and Strategic Wins Drive Future Growth

KPIT Technologies Ltd., a digital transformation consulting & software integration company, provides cutting-edge engineering solutions to more than 150 companies & enterprises in the field of CASE mobility.

- Despite a challenging quarter, Q1FY26 revenue rose 13% YoY, supported by strong execution and a healthy order book, with some European deals ramping slower than expected but progressing toward conversion.
- Geographically, American and Asian businesses grew 11.6% and 40.8% YoY, respectively, while Europe declined 7.2% YoY.
- EBITDA margin declined 158 bps due to currency fluctuations and higher employee costs; however, we expect KPIT to sustain a 21% margin supported by offshoring and workforce pyramid optimization.
- Reported PAT fell 15.8% YoY to Rs. 172cr, primarily due to lower other income, which declined from Rs. 54cr in Q1FY25 to Rs. 16cr in Q1FY26, driven largely by a Rs. 24cr forex loss.
- KPIT's total contract value (TCV) rose 19% YoY to USD 241million in Q1FY26, led by powertrain and connected solutions in the passenger car segment across the US and Europe.

## Outlook & Valuation

KPIT remains optimistic about its AI-driven mobility capabilities and ongoing solution development. A strong deal pipeline and significant wins over the past two quarters are expected to drive revenue growth. The company continues to enhance efficiency and margins through AI-led productivity, fixed-price models, and cost optimization. Increased client engagement is anticipated in H2FY26, supported by new vehicle programs in middleware architecture, off-highway mobility, and expansion in China and India. Management expects geopolitical issues to ease within a quarter, with H2 performance likely to surpass H1. **We value KPIT at 40x FY27E EPS, setting a target price of Rs.1,430 and maintain a BUY rating at CMP.**

## Quarterly Financials Consol.

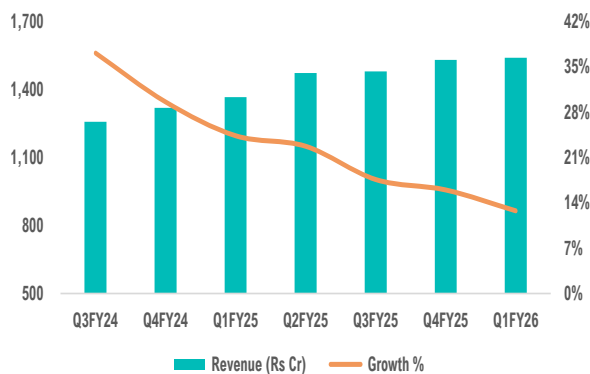
Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	1,539	1,365	12.8	1,528	0.7
EBITDA	300	287	4.3	337	-11.0
Margin (%)	19.5	21.1	-158bps	22.1	-257bps
EBIT	237	235	0.9	279	-15.1
PBT	241	277	-12.9	316	-23.8
Rep. PAT	172	204	-15.8	245	-29.8
Adj PAT	172	204	-15.8	245	-29.8
EPS (Rs)	6.3	7.4	-15.8	8.9	-29.8



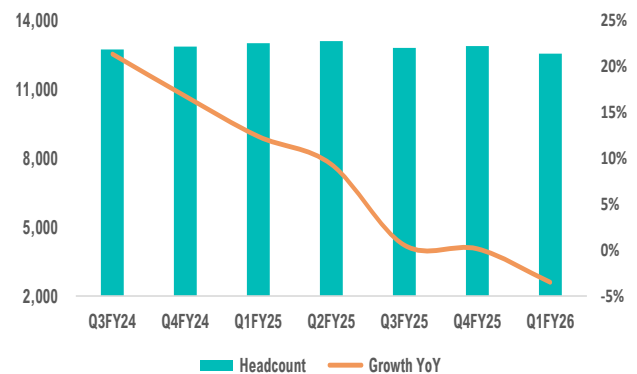
## Key Concall Highlights

- Feature offerings wise, feature development & integration and cloud-based services grew by 1.3% & 11.3% QoQ, respectively, while architecture & middleware declined by 11.2% QoQ.
- The increase in fixed-price projects (62.5%) provides flexibility and supports profitability. OEMs are prioritising investments in smart cockpits, Level 2+ autonomy, cybersecurity, functional safety, and extensive validation due to cost pressures.
- KPIT Technologies has entered a strategic three-year partnership with JSW Motors to build the digital foundation for its New Energy Vehicles (NEVs), with revenue contribution expected from Q3.
- KPIT launched an AI-driven validation solution for OEMs to accelerate their validation processes, cut costs, reduce time-to-market and create a competitive advantage for the company.
- Employee headcount declined 2.5% QoQ and 5.3% YoY to 12,545 employees, down by 328 people QoQ.
- Management announced plans to implement a wage hike in the second half of FY26 and is currently revising the HR policy to incorporate a greater emphasis on variable and outcome-based compensation components, with finalization expected by the end of Q2 and rollout scheduled for H2.

### Revenue



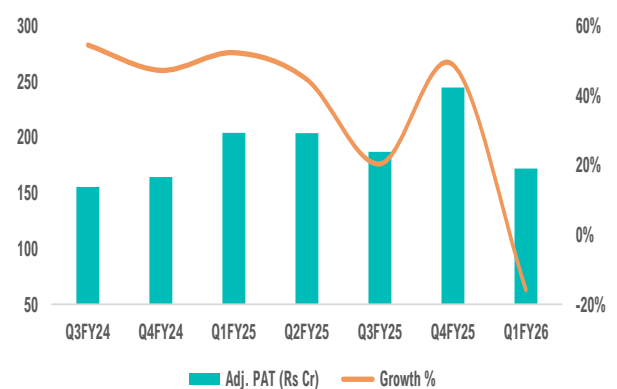
### Headcount



### EBITDA



### PAT



## Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,597	7,752	6,030	7,100	-8.6	-8.4
EBITDA	1,379	1,643	1,230	1,498	-10.8	-8.8
Margins (%)	20.9	21.2	20.4	21.1	-50bps	-10bps
Adj. PAT	950	1,141	781	980	-17.8	-14.1
EPS	34.7	41.6	28.5	35.7	-17.9	-14.1



## Consolidated Financials

### PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>3,365</b>	<b>4,872</b>	<b>5,842</b>	<b>6,030</b>	<b>7,100</b>
% change	38%	45%	20%	3%	18%
<b>EBITDA</b>	<b>633</b>	<b>991</b>	<b>1,233</b>	<b>1,230</b>	<b>1,498</b>
% change	19%	20%	21%	20%	21%
<b>Depreciation</b>	<b>146</b>	<b>196</b>	<b>225</b>	<b>247</b>	<b>278</b>
EBIT	487	795	1,008	984	1,220
<b>Interest</b>	<b>32</b>	<b>55</b>	<b>42</b>	<b>59</b>	<b>65</b>
Other Income	40	60	167	133	177
<b>PBT</b>	<b>494</b>	<b>800</b>	<b>1,133</b>	<b>1,057</b>	<b>1,333</b>
% change	44%	62%	41%	-7%	26%
<b>Tax</b>	<b>110</b>	<b>202</b>	<b>293</b>	<b>277</b>	<b>349</b>
Tax Rate (%)	22%	25%	26%	26%	26%
<b>Reported PAT</b>	<b>381</b>	<b>595</b>	<b>840</b>	<b>781</b>	<b>980</b>
Adj*	6.7	0	0	0	0
<b>Adj PAT</b>	<b>380</b>	<b>595</b>	<b>840</b>	<b>781</b>	<b>980</b>
% change	44%	57%	41%	-7%	26%
<b>No. of shares (cr)</b>	<b>27.4</b>	<b>27.4</b>	<b>27.4</b>	<b>27.4</b>	<b>27.4</b>
Adj EPS (Rs.)	13.9	21.7	30.6	28.5	35.7
<b>% change</b>	<b>44%</b>	<b>57%</b>	<b>41%</b>	<b>-7%</b>	<b>26%</b>
DPS (Rs.)	3.3	3.3	3.3	3.3	3.3
CEPS (Rs.)	19.2	28.8	38.8	37.5	45.9

### CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>643</b>	<b>996</b>	<b>1,358</b>	<b>1,304</b>	<b>1,611</b>
Non-cash adj.	45	59	42	58	69
Other Adjustments	-99	-202	-293	-277	-349
<b>Changes in W.C</b>	<b>-177</b>	<b>344</b>	<b>138</b>	<b>109</b>	<b>105</b>
C.F. Operation	418	1198	1245	1195	1435
<b>Capital exp.</b>	<b>-1,242</b>	<b>639</b>	<b>-394</b>	<b>-238</b>	<b>-196</b>
Change in inv.	0	32	-9	-3	0
<b>Other invest. CF</b>	<b>1,084</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
C.F – Investment	-158	639	-394	-238	-196
<b>Issue of equity</b>	<b>-21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Issue/repay debt	-177	-55	-42	-59	-65
<b>Dividends paid</b>	<b>-89</b>	<b>-93</b>	<b>-89</b>	<b>-89</b>	<b>-93</b>
Other finance. CF	106	0	0	0	0
<b>C.F – Finance</b>	<b>-183</b>	<b>-389</b>	<b>-175</b>	<b>-148</b>	<b>-158</b>
Chg. in cash	77	1,447	676	809	1,081
<b>Closing cash</b>	<b>419</b>	<b>1,901</b>	<b>2,576</b>	<b>3,386</b>	<b>4,468</b>

### BALANCE SHEET

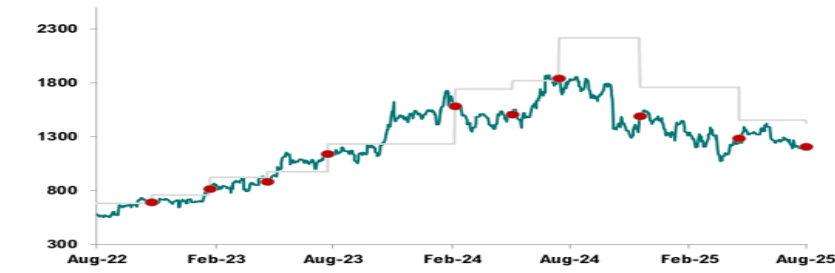
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash</b>	<b>549</b>	<b>1,901</b>	<b>2,576</b>	<b>3,386</b>	<b>4,468</b>
Accounts Receivable	621	956	890	958	1,128
<b>Inventories</b>	<b>59</b>	<b>90</b>	<b>85</b>	<b>73</b>	<b>86</b>
Other Cur. Assets	265	114	229	165	195
<b>Investments</b>	<b>64</b>	<b>177</b>	<b>308</b>	<b>314</b>	<b>370</b>
Gross Fixed Assets	795	1,060	1,336	1,564	1,704
<b>Net Fixed Assets</b>	<b>474</b>	<b>543</b>	<b>594</b>	<b>575</b>	<b>437</b>
CWIP	33	1	9	12	12
<b>Intangible Assets</b>	<b>3,014</b>	<b>482</b>	<b>461</b>	<b>462</b>	<b>463</b>
Def. Tax (Net)	37	79	78	83	97
Other Assets	1,202	911	696	710	836
<b>Total Assets</b>	<b>3,433</b>	<b>4,178</b>	<b>5,044</b>	<b>5,843</b>	<b>7,083</b>
Current Liabilities	1,100	1,468	1,720	1,760	2,034
<b>Provisions</b>	<b>38</b>	<b>51</b>	<b>63</b>	<b>66</b>	<b>78</b>
Debt Funds	286	45	2	2	2
<b>Other Liabilities</b>	<b>357</b>	<b>457</b>	<b>351</b>	<b>416</b>	<b>480</b>
Equity Capital	274	274	274	274	274
<b>Reserves &amp; Surplus</b>	<b>1,381</b>	<b>1,887</b>	<b>2,637</b>	<b>3,329</b>	<b>4,219</b>
Shareholder's Fund	1,652	2,157	2,907	3,599	4,490
<b>Total Liabilities</b>	<b>3,433</b>	<b>4,178</b>	<b>5,044</b>	<b>5,843</b>	<b>7,083</b>
BVPS (Rs.)	53	78	105	130	163

### RATIOS

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	18.8	20.3	21.1	20.4	21.1
<b>EBIT margin (%)</b>	<b>14.5</b>	<b>16.3</b>	<b>17.2</b>	<b>16.3</b>	<b>17.2</b>
Net profit mgn.(%)	11.3	12.2	14.4	12.9	13.8
<b>ROE (%)</b>	<b>25.6</b>	<b>31.2</b>	<b>33.1</b>	<b>24.0</b>	<b>24.2</b>
ROCE (%)	18.4	23.5	25.6	19.0	19.1
<b>W.C &amp; Liquidity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Receivables (days)	54.9	59.1	57.6	55.9	53.6
<b>Inventory (days)</b>	<b>3.2</b>	<b>5.6</b>	<b>5.5</b>	<b>4.8</b>	<b>4.1</b>
Payables (days)	26.1	24.1	20.6	17.2	15.0
<b>Current ratio (x)</b>	<b>1.3</b>	<b>2.1</b>	<b>2.3</b>	<b>2.7</b>	<b>3.0</b>
Quick ratio (x)	1.0	1.9	2.0	2.5	2.7
<b>Turnover &amp; Leverage</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Gross asset T.O (x)	4.6	5.3	4.9	4.2	4.3
<b>Total asset T.O (x)</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.1</b>	<b>1.1</b>
Int. coverage ratio (x)	15.1	14.5	23.8	16.7	18.8
<b>Adj. debt/equity (x)</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Valuation	0.0	0.0	0.0	0.0	0.0
<b>EV/Sales (x)</b>	<b>10.2</b>	<b>6.7</b>	<b>5.4</b>	<b>5.1</b>	<b>4.2</b>
EV/EBITDA (x)	54.0	32.8	25.6	25.0	19.8
<b>P/E (x)</b>	<b>90.8</b>	<b>58.0</b>	<b>41.1</b>	<b>44.2</b>	<b>35.2</b>
P/BV (x)	20.8	16.0	11.8	9.6	7.7



## Recommendation Summary (Last 3 years)



Dates	Rating	Target
15.Mar.22	Buy	680
11.Nov.22	Accumulate	760
09.Feb.23	Accumulate	923
09.May.23	Hold	976
11.Aug.23	Hold	1,231
23.Feb.24	Accumulate	1,740
22.May.24	Buy	1,821
01.Aug.24	Buy	2,216
05.Dec.24	Buy	1,760
07.May.25	Buy	1,456
19-Aug-25	Buy	1,430

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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