

Estimate change	↓
TP change	↑
Rating change	↔

CMP: INR723 **TP: INR970 (+34%)** **Buy**

Near-term snags; medium-term thesis intact

Product and solution pivot now central to the KPIT story

Bloomberg	KPITTECH IN
Equity Shares (m)	274
M.Cap.(INRb)/(USDb)	198.1 / 2.1
52-Week Range (INR)	1435 / 625
1, 6, 12 Rel. Per (%)	-3/-33/-43
12M Avg Val (INR M)	1303
Free float (%)	60.6

- KPIT Technologies (KPIT) reported revenue of USD185m in 4QFY26, up 1.8% QoQ in CC terms vs. our estimate of 1% growth. Growth was led by the commercial vehicles segment, up 11.6% QoQ, while the passenger car segment declined 0.2% QoQ. EBIT margin was 15.9% (up 25bp QoQ), largely in line with our estimate of 16%. Adj. PAT was down 9.6% QoQ/18.4% YoY to INR1,630m (below our est. of INR2,165m).
- For FY26, revenue/EBIT grew 10.5%/4.58% and adj. PAT declined 13.9% YoY in INR terms. We expect revenue/EBIT/adj. PAT to grow 10.9%/2%/24.3% YoY in 1QFY27. RoE came in at 19.7% in FY26 (vs. 33.1%/31.3%/26.1% in FY25/FY24/FY23). **We believe KPIT remains one of the better-positioned ER&D plays within automotive software and continues to be our preferred pick in the space.** We reiterate our BUY rating with a revised TP of INR970, based on 25x FY28E EPS.

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	64.5	69.8	77.0
EBIT Margin (%)	16.2	16.1	16.9
PAT	6.4	9.0	10.5
EPS (INR)	25.0	32.8	38.5
EPS Gr. (%)	(13.9)	31.3	17.4
BV/Sh. (INR)	130.1	151.5	176.7

Ratios

RoE (%)	19.7	23.4	23.6
RoCE (%)	16.7	14.5	16.5
Payout (%)	30.0	35.0	35.0

Valuations

P/E (x)	28.9	22.0	18.8
P/BV (x)	5.6	4.8	4.1
EV/EBITDA (x)	13.6	12.2	10.3
Div Yield (%)	1.0	1.6	1.9

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	39.4	39.4	39.5
DII	24.7	25.4	21.3
FII	14.0	14.3	18.1
Others	22.0	20.9	21.2

FII Includes depository receipts

Our view: KPIT's chip-to-cloud stack strengthens long-term relevance

- **Shift to products and solutions pivotal; near-term growth remains uneven:** KPIT's key strategic shift remains its transition from a services-led model to a products and solutions-led business. Solutions and products now contribute ~15% of revenue (~USD110m), and **as seen in Exhibit 2, management targets this mix to scale meaningfully to ~60% over the next three years** (with the services mix declining from ~85% to ~40% over the same period), while products and solutions are expected to grow ~30%+ going forward.
- However, the transition is creating near-term disruption in some legacy middleware and traditional services work. **In addition, two large SDV programs are ending in 1HFY27, creating a near-term growth headwind**, though management indicated the impact is being offset gradually through new client ramps and adjacencies. We believe FY27 will remain a transition year, with acceleration likely **becoming more visible from 2H as delayed OEM programs move toward launch and solution-led revenues scale.** We estimate FY27 revenue growth at ~4.8% YoY CC.
- **KPIT's software stack and integration capability remain a key differentiator:** We believe KPIT's positioning is materially stronger than most ER&D peers due to its end-to-end automotive **software capability across the full chip-to-cloud stack.** Unlike peers that operate in narrower engineering areas, KPIT covers the entire automotive software V-model from architecture and middleware to feature development, integration, validation, cloud, and after-sales.
- **Management highlighted that integration remains the key bottleneck in SDV development**, with modern vehicles carrying ~100–120 computers and ~300+ software features that must work seamlessly across different hardware environments. **We believe these capabilities differentiate KPIT** from traditional engineering vendors and improve its strategic positioning within OEM programs.

- **Off-highway, India and China provide medium-term diversification levers:** Passenger car demand remains soft globally, particularly among legacy Western OEMs, with delays and cancellations in new platform programs. However, KPIT continues to gain wallet share across most large clients, suggesting **the issue is more industry-related than company-specific. In contrast, trucks and off-highway delivered ~18% YoY growth in FY26** and continue to see healthy traction, supported by the >USD50m SDM deal win. **We believe adjacencies such as off-highway, connected services, aftersales, and micro-mobility can gradually diversify the revenue base over the medium term.**
- At the same time, India and China are becoming strategically important, with both contributing ~4% of revenues each. We believe geographic diversification should improve gradually over FY27–28.
- **Margins likely to remain resilient despite elevated investments:** KPIT maintained EBITDA margins near ~21% despite continued investments in AI, products, leadership hiring, and acquisitions. **FY27 EBITDA margin guidance stands at 20.5–21.2%**, reflecting ongoing investments in solutions capabilities and new markets. Management continues to invest >5% of revenue into R&D, materially higher than peers. **Over the medium term, the company targets 22–24% EBITDA margins, driven by higher-margin products, AI-infused delivery, reusable solution assets,** and increasing fixed-price work. We estimate FY27 EBITDA margins at ~20.8%.

Valuations and changes to our estimates

- We believe **KPIT remains well-positioned to benefit from the long-term shift toward SDVs**, supported by its capabilities, end-to-end automotive software stack, and increasing focus on products and solutions. While near-term demand remains uneven due to delays in OEM platform programs and the ramp-down of two large SDV engagements in 1HFY27, **we believe that automotive ER&D spending is nearing a bottom, with medium-term software demand remaining structurally intact.**
- Factoring in the near-term impact of program ramp-downs and softer growth visibility in 1HFY27, we cut our estimates by 2-5%. However, we continue to expect gradual improvement in growth and margins from FY28 onward, supported by mix improvement, AI-led efficiencies, and increasing fixed-price engagements. **We believe KPIT remains one of the better-positioned ER&D plays within automotive software and continues to be our preferred pick in the space.** We reiterate our BUY rating with a revised TP of INR970, based on 25x FY28E EPS.

Beat on revenue and margins in line with our estimates; two major SDV programs to end in 1HFY27

- USD revenue came in at USD185m; up 1.8% QoQ in CC terms vs. our estimate of 1% growth. For FY26, revenue stood at USD725m, up 1.3% YoY CC.
- Growth was led by the commercial vehicles segment, up 11.6% QoQ, while the passenger car segment declined 0.2% QoQ.
- In terms of geographies, the US & Asia rose 0.6%/25.1% QoQ in USD terms, while Europe declined 7.1%.

- EBIT margin was 15.9% (up 25bp QoQ), largely in line with our estimate of 16%. For FY26, adj. EBIT margin stood at 16.2% vs. 17.1% in FY25.
- Two of the largest SDV programs are coming to an end in 1H, but revenue will be largely compensated by growth in newly acquired accounts. Continuation of these programs would have resulted in 4%-5% sequential growth.
- The company indicated FY27 EBITDA guidance of 20.5%-21.2%.
- Deal TCV stood at USD349m, up 25% YoY.
- Adj. PAT was down 9.6% QoQ/18.4% YoY to INR1,630m (below our est. of INR2,165m). For the full year, adj. PAT stood at INR6.3b, up 83% YoY.
- DSO at the end of 4QFY26 stood at 47 days. The net headcount was down 1.6% QoQ to 12,520 in 4QFY26.
- The company declared a final dividend of INR5.25/share for FY26.

Key highlights from the management commentary

- Demand environment remained uneven - passenger car programs continued to face delays and cancellations (notably Honda's new platform programmes), while commercial vehicles and off-highway witnessed stronger traction.
- ADAS is the fastest-growing spend pocket, expected to reach 3x current levels by 2030; infotainment/digital services and E-architecture are also seeing a material uptick.
- Management views near-term moderation as transitional; medium-term outlook remains robust, driven by an integration demand surge once delayed programs move to the launch phase.
- 4QFY26 is guided to be the highest-growth quarter of FY26 with positive organic growth; profitability is expected to improve sequentially despite continued investments.
- FY27 revenue growth is guided to be higher than FY26; the exact quantum is deferred to April-end commentary. Management expressed reasonable confidence in acceleration.
- Growth in FY26 was led by trucks and off-highway (+18% YoY) and cloud-based connected services; OEM revenues grew ~9% YoY, partially offset by a decline in Tier-1 revenues.

Valuation and view

- We believe **KPIT remains well-positioned to benefit from the long-term shift toward SDVs**, supported by its capabilities, end-to-end automotive software stack, and increasing focus on products and solutions. Factoring in the near-term impact of program ramp-downs and softer growth visibility in 1HFY27, we cut our estimates by 2-5%.
- However, we continue to expect gradual improvement in growth and margins from FY28 onward, supported by mix improvement, AI-led efficiencies, and increasing fixed-price engagements. **We believe KPIT remains one of the better-positioned ER&D plays within automotive software and continues to be our preferred pick in the space.** We reiterate our BUY rating with a revised TP of INR970, based on 25x FY28E EPS.

Quarterly Performance

Y/E March	FY25				FY26				FY25	FY26	Est. 4QFY26	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	165	173	176	177	178	181	181	185	691	725	182	-0.6
QoQ (%)	3.8	4.8	1.7	0.6	0.5	1.8	0.0	2.2			0.6	-57bp
Revenue (INR m)	13,646	14,714	14,780	15,283	15,388	15,877	16,175	17,110	58,423	64,549	16,605	-2.6
YoY (%)	24.3	22.7	17.6	16.0	12.8	7.9	9.4	12.0	19.9	10.5	8.6	79bp
GPM (%)	35.3	34.8	36.6	36.1	35.2	37.3	36.8	37.4	35.7	36.7	36.5	28bp
SGA (%)	14.2	14.3	15.5	15.0	14.2	16.2	16.2	16.7	14.8	15.8	15.5	66bp
EBITDA	2,882	3,018	3,122	3,230	3,239	3,351	3,334	3,533	12,251	13,457	3,487	-4.4
EBITDA Margin (%)	21.1	20.5	21.1	21.1	21.0	21.1	20.6	20.6	21.0	20.8	21.0	-39bp
EBIT	2,356	2,457	2,538	2,651	2,610	2,604	2,524	2,713	10,002	10,451	2,657	-5.0
EBIT Margin (%)	17.3	16.7	17.2	17.3	17.0	16.4	15.6	15.9	17.1	16.2	16.0	-40bp
Other income	417	417	92	-81	39	73	108	-100	845	-1,133	249	-56.7
ETR (%)	26.2	28.0	27.1	26.4	27.1	26.7	25.1	27.5	26.9	26.6	25.5	-41bp
PAT	2,042	2,037	1,870	2,447	1,719	1,691	1,334	1,630	8,395	6,374	2,165	-38.4
QoQ (%)	24.2	-0.2	-8.2	30.9	-29.7	-1.6	-21.1	22.2			62.3	
YoY (%)	52.4	44.6	20.4	48.9	-15.8	-17.0	-28.6	-33.4	40.3	-24.1	-11.5	
Exceptional items	0	0	0	-450	0	0	469	0	-450.0	469.4	0.0	
Adj. PAT	2,042	2,037	1,870	1,997	1,719	1,691	1,804	1,630	7,945	6,843	2,165	-16.7
EPS (INR)	7.5	7.5	6.8	8.9	6.3	6.2	4.9	6.0	29.0	25.0	7.9	-38.4

Key Performance Indicators

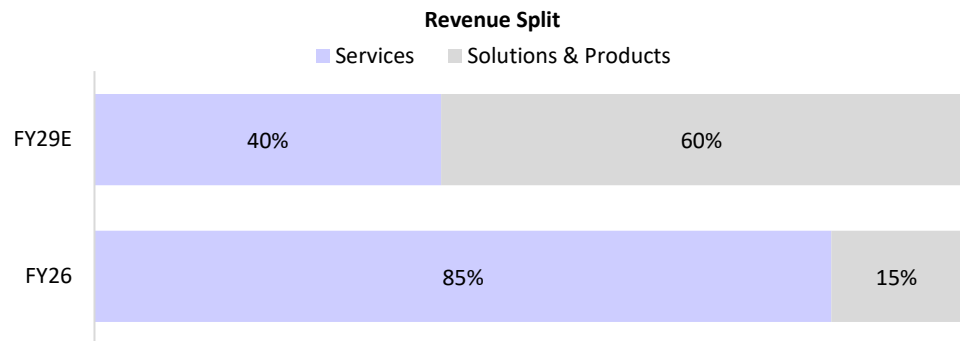
Y/E March	FY25				FY26				FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	4.7	4.7	2.0	3.0	-3.2	0.3	1.5	1.8		
Margins (%)										
Gross Margin	35.3	34.8	36.6	36.1	35.2	37.3	36.8	37.4	35.7	36.7
EBIT Margin	17.3	16.7	17.2	17.3	17.0	16.4	15.6	15.9	17.1	16.2
Net Margin	15.0	13.8	12.7	13.1	11.2	10.6	11.2	9.5	13.6	10.6
Operating metrics										
Headcount	13,253	13,087	12,795	12,873	12,545	12,879	12,724	12,520	12,873	12,520
DSO	46	45	42	44	45	49	40	47	44.0	47.0
Key Geographies (YoY %)										
US	3.5	7.8	4.2	4.0	11.6	4.2	4.6	-0.6	4.8	4.9
Europe	24.8	10.6	5.5	-6.4	-7.2	5.4	12.3	12.7	7.9	5.6

Exhibit 1: Europe continues to see a rebound, while the US and Asia declined

QoQ %	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
US	26.2	0.6	-1.7	0.9	6.0	-1.6	2.4	-2.5	5.9	5.6	-4.4	-2.1	0.6
Europe	7.8	10.9	12.2	3.2	4.4	3.3	-0.6	-1.5	-7.4	2.4	12.9	4.9	-7.1
Asia	-2.0	18.2	17.8	4.4	14.6	13.2	23.1	13.1	10.0	-8.0	-10.2	-6.9	25.1

Source: Company, MOFSL

Exhibit 2: KPIT targets 60% of revenue from solutions and products by FY29 (vs. ~15% currently)



Source: Company, MOFSL



Highlights from the management commentary

4QFY26 performance and demand outlook by Mr. Kishor Patil, CEO Session

- Demand environment remained uneven - passenger car programs continued to face delays and cancellations (notably Honda's new platform programmes), while commercial vehicles and off-highway witnessed stronger traction.
- ADAS is the fastest-growing spend pocket, expected to reach 3x current levels by 2030; infotainment/digital services and E-architecture also seeing material uptick.
- Management views near-term moderation as transitional; medium-term outlook remains robust, driven by integration demand surge once delayed programs move to the launch phase.
- 4QFY26 is guided to be the highest-growth quarter of FY26 with positive organic growth; profitability is expected to improve sequentially despite continued investments.
- KPIT estimates ~10-11% market share in its addressable segments; significant headroom exists for wallet deepening within existing accounts and new account additions across agencies.
- Strategic external investments totaling ~USD 400m made across the chip-to-cloud stack (PATH Partners for E-architecture, Technica for cybersecurity, N-Dream for aftersales, Caresoft for vehicle engineering/benchmarking, Helm.ai for autonomy); investments made outside the 5% R&D budget.
- FY27 revenue growth guided to be higher than FY26; exact quantum deferred to April-end commentary. Management expressed reasonable confidence in acceleration.
- Growth in FY26 was led by trucks and off-highway (+18% YoY) and cloud-based connected services; OEM revenues grew ~9% YoY, partially offset by a decline in Tier-1 revenues.
- Two strategic engagements highlighted: (1) Long-term SDM program for a global off-highway OEM, TCV in excess of USD 50mn, targeting next-gen modular software-defined machine platform; (2) Digital cockpit platform for a leading Japanese Tier-1, covering 3 OEM programs with potential expansion to 5.

- **Passenger Cars:** Passenger car OEM spend declined ~20-25% in FY26; volumes and profitability fell sharply across most legacy Western OEMs. Wallet share largely retained - KPIT maintained or gained wallet share in majority of its T25 client base.
- **Commercial Vehicles:** KPIT is an early-mover in Software-Defined Machines (SDM) for trucks and off-highway; won a landmark >USD 50m long-term engagement for next-gen modular platform transformation.
- **Asia:** Asia revenue has declined over recent quarters, primarily due to the ramp-down of the large Honda program; recovery expected over 2-3 quarters, with Asia growth normalizing by mid-FY27. China strategy gaining foothold revenues small but strategically significant.
- **Europe:** Europe remains the largest TCV contributor this quarter; European OEMs are actively reallocating R&D spend from local onsite vendors to India-based partners, a structural tailwind for KPIT. Qorix (KPIT's middleware product) has been incorporated into a European Union automotive software partnership though near-term traction has been below expectations due to delayed new vehicle program launches.
- **Cloud-Based Connected Services:** Cloud-based connected services was the second-fastest-growing segment in Q4FY26; OTA updates, cybersecurity, and after-sales digital services are core growth drivers. KPIT's cybersecurity solution is deployed across millions of Volkswagen Group vehicles (via Cariad JV).
- Anup Sable elevated to **Chief Operating Officer and Key Managerial Person**; previously served as CTO for 31 years.
- Academic partnerships established for M.Tech and PhD-level research programmes with premier institutions.
- AI pipeline acceleration underway; ~21% of total pipeline already represents products and solutions; management targets ~30%+ growth rate in solutions and products going forward.
- Microsoft recognized KPIT as a Frontier Technology Partner.

Mr. Sachin Tikekar, Co-founder and Joint MD session

- Demand from off-highway OEMs has outpaced expectations; these players are comparatively more financially stable than passenger car peers and are investing proactively in software-defined machine programs.
- Truck segment demand remained subdued, with North American and European markets in a prolonged slump (~9 months); a recovery is anticipated in 2HFY26, driven by pre-buying activity and infrastructure-linked spend.
- Revenue model transition is underway: >80% of new contracts are now fixed-price; four largest clients being converted from T&M this quarter, next four in the following quarter - expected to take overall fixed-price/outcome-based mix north of 75%.
- Management guided for **near-term EBITDA margin stability** despite current headwinds; **medium-term margin expansion** is a stated objective to support continued technology investment.

- Five key margin levers: **(1) shift to outcome-based contracts, (2) deployment of proprietary solutions, (3) product licensing models, (4) AI-infused delivery, and (5) per-person revenue and contribution improvement.**
- **Per-person revenue and contribution have improved consistently** over the past three years and are expected to remain on an upward trajectory — the most significant structural efficiency lever going forward.
- **Passenger Cars:** Coverage of major global (ex-China) OEMs is now near-complete following three new OEM additions.
- **Commercial Vehicles:** Truck segment is in a cyclical trough across North America and Europe; recovery expected in 2HFY26 as infrastructure and construction activity revives. Off-highway is the faster-growing and more immediate opportunity; clients in this segment have stronger balance sheets and higher near-term investment appetite.
- **US:** North America truck market recovering from a prolonged slump; pre-buying activity and infrastructure-linked demand expected to drive 2H FY26 recovery. Major North American off-highway OEM win (current and next-gen program) is the most significant recent deal in the region and serves as the reference engagement for the off-highway vertical.
- **Europe:** European OEMs face the highest pressure among all geographies - simultaneous headwinds from Chinese competition, tariffs, and cost-heavy local engineering ecosystems.
- Strategy for European OEMs is centered on dramatically reducing product and production costs; KPIT is positioned to benefit as these OEMs expand their partner ecosystems beyond the traditional Western Europe supply base.
- **Asia:** India domestic revenue is a new strategic priority from FY26; three demand drivers - competitive domestic OEMs, global OEMs building India-for-India products, and conglomerates entering passenger cars via Chinese platforms - create a multi-layered opportunity.
- AI is being embedded into the delivery model as a core lever for driving non-linearity; outcome-based contracts are structured to allow KPIT to retain the efficiency gains generated by AI-infused solutions.
- Five proprietary products under development expected to see strong near-term growth.

Outlook and Margins performance

- Management described the FY27 demand environment as positive overall, with good traction across segments; some near-term headwinds expected to ease through the year.
- Two of KPIT's largest SDV programs are coming to an end; revenue impact will be largely offset by growth from newly acquired accounts.
- Management noted that continuation of these programs would have contributed an additional 4–5% sequential growth for the year - indicative of the underlying momentum being built in new accounts.
- Solid growth expected from trucks, off-highway, US, India, and China; India revenue expected to nearly double off a small base.
- Growth areas for FY27 include connected vehicles, after-sales, and autonomous driving.

- Solutions and products revenue guided to grow ~30% YoY in FY27; management views this as a key profitability driver going forward.
- EBITDA margin guided at 20.5–21.2% for FY27, post increased investments in AI solutions, products competency development, and new market buildout; range reflects uncertainty around currency movements.
- Medium-term growth expected to be driven by three levers: (1) wallet share expansion in existing accounts, (2) new account wins, and (3) expansion across new geographies and adjacencies.
- Management committed to annualized sustainable double-digit revenue growth over the medium term; tone was measured, with emphasis on not over-committing.
- Solutions and products mix targeted to expand from ~15% in FY26 to ~60% of revenue in three years; services mix to decline from ~85% to ~40% over the same period.
- EBITDA margins expected to expand to 22–24% in the medium term, up from current levels, as the solutions and products mix improves and operating leverage kicks in.
- Management is evaluating a new high-spend, tech-enabled adjacency (beyond current automotive verticals) where KPIT can replicate its automotive leadership positioning over the next four years; no specific segment disclosed.

Valuation and view

- We believe **KPIT remains well-positioned to benefit from the long-term shift toward SDVs**, supported by its capabilities, end-to-end automotive software stack, and increasing focus on products and solutions. Factoring in the near-term impact of program ramp-downs and softer growth visibility in 1HFY27, we cut our estimates by 2-5%.
- However, we continue to expect gradual improvement in growth and margins from FY28 onward, supported by mix improvement, AI-led efficiencies, and increasing fixed-price engagements. **We believe KPIT remains one of the better-positioned ER&D plays within automotive software and continues to be our preferred pick in the space.** We reiterate our BUY rating with a revised TP of INR970, based on 25x FY28E EPS.

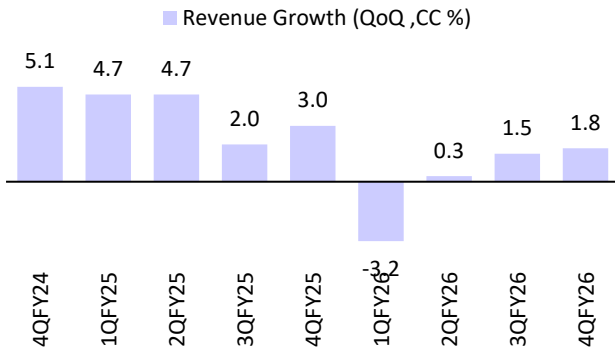
Exhibit 3: Summary of our revised estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	93.8	93.8	93.8	93.8	0.0%	0.0%
USD Revenue (m)	744	821	767	859	-3.0%	-4.4%
Growth (%)	2.7	10.4	6.2	12.0	-360bps	-170bps
EBIT margin (%)	16.1	16.9	16.8	17.1	-70bps	-20bps
Adj. PAT (INR b)	8,987	10,547	9,461	10,775	-5.0%	-2.1%
Adj. EPS	32.8	38.5	34.5	39.3	-5.0%	-2.1%

Source: MOFSL

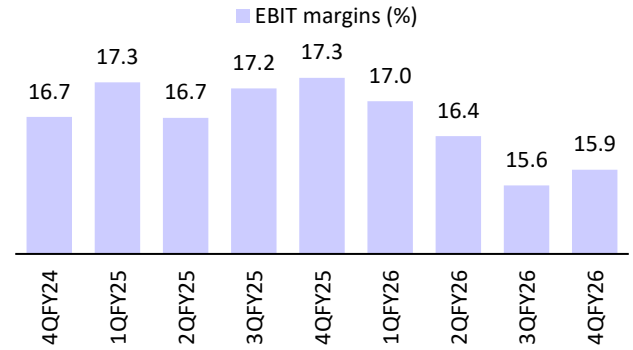
Story in charts

Exhibit 4: Revenue grew 1.8% QoQ CC, driven by inorganic contribution



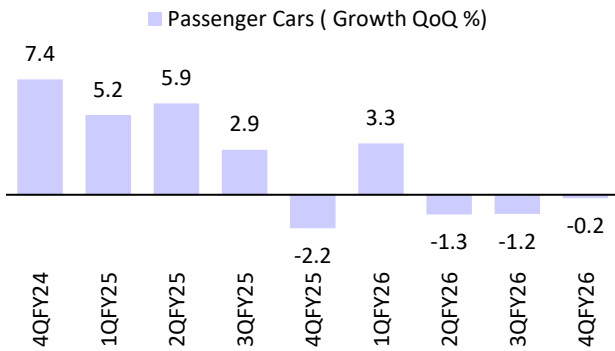
Source: Company, MOFSL

Exhibit 5: EBIT increased 30bp QoQ



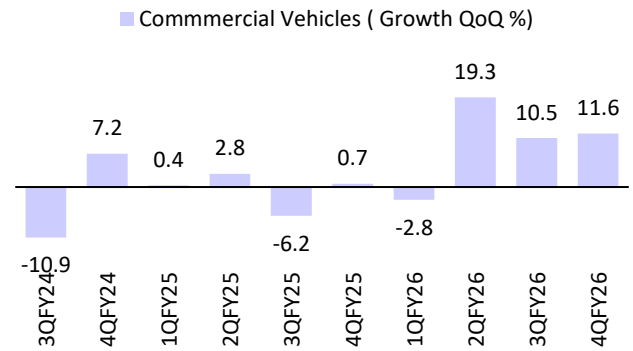
Source: Company, MOFSL

Exhibit 6: Passenger cars growth declined 0.2% QoQ...



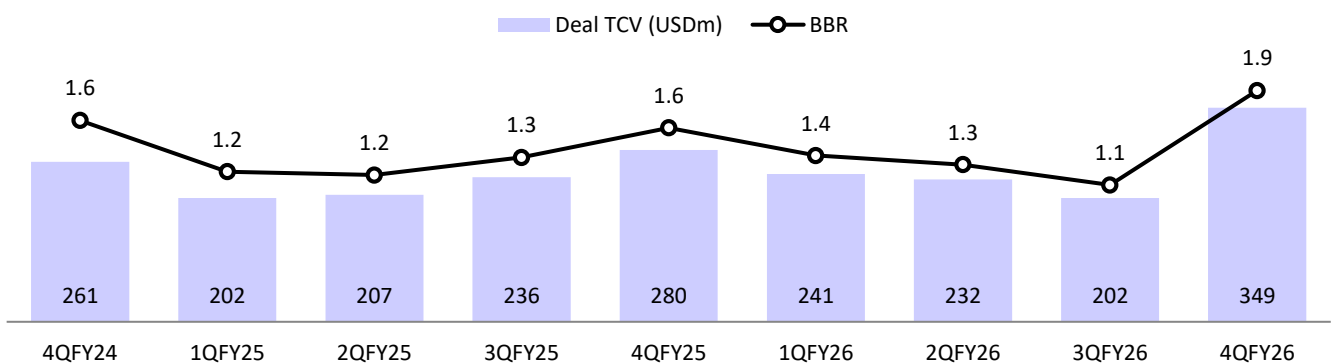
Source: Company, MOFSL

Exhibit 7: ...while the CV segment led growth in 4QFY26



Source: Company, MOFSL

Exhibit 8: Deal TCV stood at USD349m, up 25% YoY; BBR at 1.9x



Source: Company, MOFSL

Operating metrics

Exhibit 9: Operating metrics

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Verticals (%)									
Passenger Cars	79.0	80.0	80.8	81.7	79.5	81.8	79.3	78.3	76.5
Commercial Vehicles	17.5	16.9	16.6	15.3	15.3	14.8	17.3	19.2	20.9
Others	3.6	3.1	2.6	3.0	5.2	3.4	3.3	2.5	2.6
Geographies (%)									
US	29.7	28.2	27.5	26.4	27.7	29.2	27.4	26.8	26.4
Europe	51.7	51.5	48.8	47.2	43.4	44.3	49.2	51.5	46.9
Asia	18.6	20.3	23.8	26.4	28.9	26.5	23.4	21.7	26.6
Business Mix (%)									
Feature Development & Integration	62.0	61.0	59.7	62.0	59.0	59.5	60.7	61.1	57.9
Architecture & Middleware Consulting	18.7	20.5	23.5	20.3	22.8	20.2	17.2	16.8	17.4
Cloud Based Connected Services	19.3	18.5	16.9	17.7	18.3	20.3	22.0	22.2	24.6
Project Type (%)									
Fixed Price	55%	54%	57%	59%	60%	63%	65%	66%	68%
Time and Material	45%	47%	43%	41%	40%	38%	35%	34%	32%
Client Profile									
Strategic Client Revenue (T-21)	86%	87%	86%	88%	88%	87%	87%	88%	85%
Employee Metrics (%)									
Development	12,064	12,438	12,248	11,940	11,993	11,676	12,042	11,893	11,703
Sales	792	815	839	855	880	869	837	831	817
Total Employees	12,856	13,253	13,087	12,795	12,873	12,545	12,879	12,724	12,520

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement						(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	24,324	33,650	48,715	58,423	64,549	69,813	77,048
Change (%)	19.5	38.3	44.8	19.9	10.5	8.2	10.4
Employees Cost	16,106	21,957	31,704	37,550	40,868	44,229	49,023
Total Expenditure	16,106	21,957	31,704	37,550	40,868	44,229	49,023
% of Sales	66.2	65.3	65.1	64.3	63.3	63.4	63.6
Gross Profit	8,218	11,693	17,012	20,873	23,681	25,584	28,025
SG&A	3,832	5,457	7,159	8,622	10,224	11,078	11,403
EBITDA	4,385	6,236	9,852	12,251	13,457	14,506	16,622
% of Sales	18.0	18.5	20.2	21.0	20.8	20.8	21.6
Depreciation	1,196	1,464	1,958	2,250	3,006	3,281	3,621
EBIT	3,189	4,772	7,894	10,002	10,451	11,225	13,001
% of Sales	13.1	14.2	16.2	17.1	16.2	16.1	16.9
Other Income	254	204	116	873	-1,133	838	1,156
PBT	3,443	4,976	8,010	10,875	9,318	12,063	14,157
Total Tax	683	1,099	2,019	2,929	2,475	3,076	3,610
Tax Rate (%)	19.8	22.1	25.2	26.9	26.6	25.5	25.5
Adjusted PAT	2,760	3,876	5,991	7,945	6,843	8,987	10,547
Change (%)	94.5	40.4	54.5	32.6	-13.9	31.3	17.4
Margin (%)	11.3	11.5	12.3	13.6	10.6	12.9	13.7
Minority Interest/Exceptional items	0	0	0	-450	469	0	0
Reported PAT	2,760	3,876	5,991	8,395	6,374	8,987	10,547

Consolidated - Balance Sheet						(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	2,700	2,703	2,712	2,717	2,722	2,722	2,722
Total Reserves	10,396	13,812	18,746	26,405	32,687	38,528	45,384
Net Worth	13,096	16,515	21,459	29,122	35,409	41,251	48,106
Minority Interest	155	118	171	0	77	77	77
Borrowings	19	2	1	0	1,431	1,431	1,431
Other Long term liabilities	3,015	5,690	4,923	3,990	7,527	7,688	7,909
Capital Employed	16,285	22,325	26,553	33,112	44,444	50,446	57,523
Net Fixed Assets	4,440	4,738	5,429	5,938	6,263	6,392	6,536
Goodwill	1,679	10,103	11,463	11,729	27,985	27,985	27,985
Capital WIP	4	56	5	94	4	4	4
Other Assets	2,097	4,093	4,617	5,468	9,351	8,802	8,961
Curr. Assets, Loans&Adv.	15,142	15,016	20,164	27,101	28,961	35,368	42,661
Account Receivables	4,410	7,748	9,558	8,895	10,748	10,902	12,032
Cash and Bank Balance	3,421	4,542	6,550	12,232	13,184	19,201	25,040
Current Investments	6,863	1,622	2,441	4,012	2,139	2,139	2,139
Other Current Assets	448	1,104	1,615	1,962	2,890	3,126	3,450
Curr. Liability & Prov.	7,077	11,681	15,126	17,218	28,117	28,103	28,621
Account Payables	1,372	1,643	2,398	1,782	2,608	2,376	2,633
Other Current Liabilities	5,046	9,520	11,957	14,564	24,546	24,763	25,025
Provisions	658	517	771	871	963	963	963
Net Current Assets	8,065	3,335	5,039	9,883	844	7,265	14,040
Appl. of Funds	16,285	22,325	26,553	33,112	44,447	50,449	57,526

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic EPS (INR)	10.1	14.2	21.9	29.0	25.0	32.8	38.5
Cash EPS	14.5	19.4	29.1	38.9	34.3	44.8	51.7
BV/Share	48.5	61.1	79.1	107.2	130.1	151.5	176.7
DPS	0.0	0.0	2.1	8.3	7.5	11.5	13.5
Payout (%)	0.0	0.0	9.6	28.7	30.0	35.0	35.0
Valuation (x)							
P/E	71.4	51.0	33.0	24.9	28.9	22.0	18.8
Cash P/E	49.9	37.2	24.8	18.6	21.1	16.1	14.0
P/BV	14.9	11.8	9.1	6.7	5.6	4.8	4.1
EV/Sales	7.6	5.7	3.8	3.1	2.8	2.5	2.2
EV/EBITDA	42.1	30.6	19.0	14.7	13.6	12.2	10.3
Dividend Yield (%)	0.0	0.0	0.3	1.2	1.0	1.6	1.9
Return Ratios (%)							
RoE	21.8	26.1	31.3	33.1	19.7	23.4	23.6
RoCE	21.5	18.5	19.7	21.9	16.7	14.5	16.5

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	2,762	4,968	8,004	10,875	9,318	12,063	14,157
Depreciation	1,196	1,464	1,958	2,250	3,006	3,281	3,621
Interest & Finance Charges	0	183	436	274	591	-838	-1,156
Direct Taxes Paid	-888	-989	-1,371	-2,049	-2,141	-3,076	-3,610
(Inc)/Dec in WC	875	-1,769	871	2,166	-77	-33	-1,299
Others	805	768	119	379	1,251	0	0
CF from Operations	4,750	4,625	10,018	13,895	11,948	11,397	11,713
(Inc)/Dec in FA	-685	-1,276	-1,549	-1,273	-1,386	-3,411	-3,764
Free Cash Flow	4,065	3,349	8,469	12,622	10,562	7,987	7,948
(Pur)/Sale of Investments	2,720	6,080	3,517	6,049	8,316	0	0
Others	-5,059	-6,827	-7,605	-10,466	-18,790	797	1,100
CF from Investments	-3,024	-2,024	-5,637	-5,690	-11,861	-2,614	-2,665
Issue of shares	27	17	17	5	6	0	0
Inc/(Dec) in Debt	-521	-641	-935	-1,308	3,620	379	482
Interest Paid	-32	-87	-195	-194	-493	0	0
Dividend Paid	-741	-892	-1,287	-1,928	-2,244	-3,145	-3,691
Others	0	-228	0	0	0	0	0
CF from Fin. Activity	-1,267	-1,831	-2,400	-3,424	889	-2,767	-3,209
Inc/Dec of Cash	459	770	1,981	4,781	976	6,017	5,839
Forex Adjustment	104	352	27	21	-24	0	0
Opening Balance	2,858	3,421	4,542	7,430	12,232	13,185	19,201
Closing Balance	3,421	4,542	6,550	12,232	13,185	19,201	25,040

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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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

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