

Incorporated in 1990 and headquartered in Pune, KPIT Technologies provides engineering research and development (ER&D) services to automotive companies. With development centers in Europe, USA, Japan, China, Thailand and India; KPIT specializes in embedded software, AI and digital solutions for Software Defined Vehicles (SDVs), Commercial Vehicles (CVs) and Electric Vehicles (EVs). BMW, Veoneer, Toyota, Cummins, Denso, Hitachi, Honda, Mercedes Benz are all marquee clients of the Company.

**Improving European Market:** - Automotive industry globally underwent fundamental changes in the past fiscal and OEMs struggled to contain costs amidst intense competition. KPIT management sees highest pipeline coming from Europe. The European Oems are doing vendor consolidation and are now eager to catch up with the technological advancement. Recently Co has partnered with Mercedes Benz to accelerate developments and realizations of SDVs from its India center.

**Stronger footfall in China:** - KPIT has established focused dedicated centers in China for local OEMs such as BYD, SAIC, and emerging players like NIO addressing their needs in electrification, autonomous driving, and vehicle to-everything (V2X) connectivity. KPIT learnings of more features in less costs are now being replicated for global clients as well. The Asian markets (majorly China) have shown a growth of 13.6% CQGR in the past 8 quarters for the company and management has guided for robust growth to continue in future as well.

**Diversification in Clientele and offerings** - In terms of diversification from Auto OEMs, KPIT has won two new deals with Truck OEMs and one with Off-highway segment. The Co expects CV segment to pick up in FY26 and meaningfully grow in FY27. KPIT has made relevant investments in AI, cyber security and end to end validation services in the new vehicle launch space which is expected to drive growth for the Co.

**Valuation and Recommendation** - KPIT's strong focus on the mobility sector, consistent leadership position among passenger car OEMs, deepening relationship with CV players, and accelerated focus in China augurs well for growth to rebound in the coming quarters. Deal TCV has grown at a CQGR of 5.6% for the past 8 quarters and by 16% in FY25. Revenue/EBIDTA has grown by 28%/41% CAGR during FY22-25. At CMP, the stock is available at 31x its FY27E earnings and we recommend to BUY the stock for a price target of Rs.1640 (22% upside).

*Figures in Rs Cr*

Year	Revenues	Growth	EBITA	Margin	PAT	Margin	EPS	P/E	EV/EBITDA	ROE
FY24	4871.5	44.9%	991.3	20.3%	598.5	12.3%	22.0	60.6x	36.3x	27.7%
FY25	5842.3	19.9%	1229.8	21.0%	839.6	14.4%	30.9	43.2x	28.8x	28.8%
FY26E	6930.7	18.6%	1455	21.0%	959.4	13.8%	35.3	37.8x	23.9x	30.0%
FY27E	8316.9	20.0%	1746.5	21.0%	1172.6	14.1%	43.2	31.0x	19.8x	33.3%

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