

KPIT Technologies: Q4 resilient amid macro headwinds; retaining a Buy

Rating: Buy

Target price (12-mth): Rs.1,498

Share price: Rs.1,229

- We remain structurally positive on KPIT. While most auto ER&D players reported weak results, the company delivered an in-line performance amid challenging macro; however, no guidance for FY26 was given.
- The company is strategically diversifying its exposure from Europe (43.4%, down 830bps y/y) to APAC, i.e., primarily Japan (28.9%, up 1,030bps y/y), while increasing its share of fixed-priced contracts (59.6%, up 880bps y/y), which should aid margins ahead.
- Qorix JV, collaboration with Chinese OEMs, marquee clientele, increasing revenue productivity driven by higher fixed-priced projects, low working capital requirements are strong moats for the company.
- **Valuation.** Our TP of Rs1,498 implies an upside of 21.9% from the CMP of Rs1,229. The stock currently trades at 39x/ 31x FY26e/27e P/E. We cut our FY25-27e revenue/ EPS CAGRs to 12.4%/13.6%, respectively, vs. 15.9% / 17.7% earlier, owing to reduced near-term demand amid challenging macro.

Key financials (YE Mar)	FY23	FY24	FY25e	FY26e	FY27e
Sales (Rsm)	33,650	48,715	58,423	64,502	75,402
Net profit (Rsm)	3,808	5,944	8,394	8,609	10,825
EPS (Rs)	14.0	21.8	30.7	31.5	39.6
PE (x)	88.3	56.6	40.1	39.1	31.1
EVEBITDA (x)	50.5	32.4	26.1	24.6	20.0
PBV (x)	20.4	15.7	11.5	9.8	8.4
RoE (%)	25.7	31.3	33.2	27.2	29.2
RoCE (%)	19.0	23.3	24.2	22.0	23.9
Dividend yield (%)	0.3	0.5	0.7	1.0	1.6
Net debt/equity (x)	-0.4	-0.4	-0.5	-0.6	-0.6

Key data	KPITTECH IN / KPIE.BO
52-week high / low	Rs1,929 / 1,021
Sensex / Nifty	80,288 / 24,335
Market cap	Rs346bn
Shares outstanding	274m

Shareholding (%)	Mar'25	Dec'24	Sep'24
Promoters	39.5	39.5	39.5
<i>- of which, Pledged</i>			
Free float	60.5	60.5	60.5
- Foreign institutions	17.2	17.4	20.9
- Domestic institution	21.3	20.4	17.5
- Public	22.1	22.8	22.1

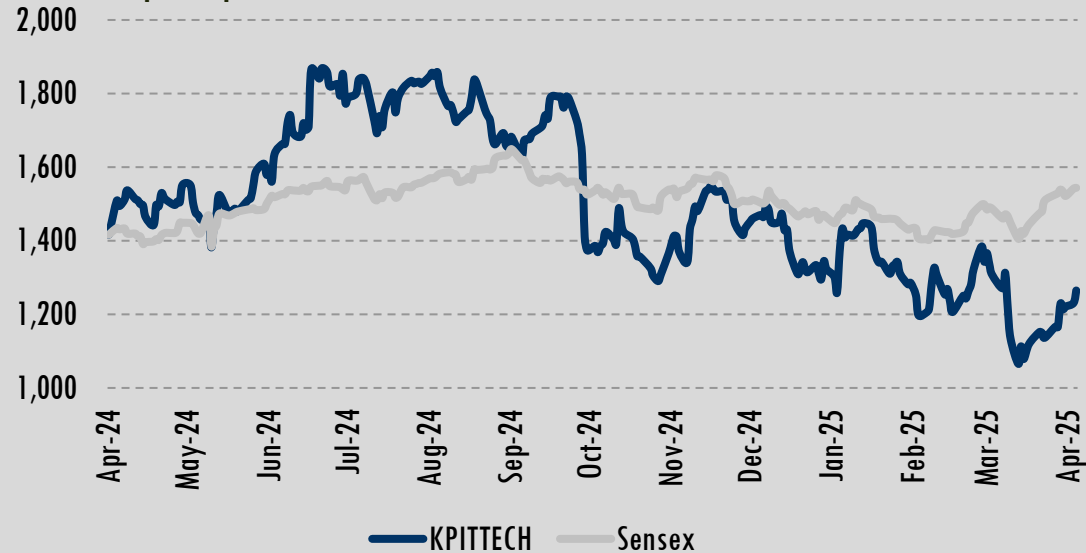
Sushovon Nayak
Research Analyst

KPIT Technologies: Q4 resilient amid macro headwinds, strategically positioned for long-term upside

- KPIT reported CC revenue growth of 3% q/q, 15% y/y in Q4 FY25, with Feature Development & Integration (59% of revenue) declining 4.3% q/q but gaining 5.9% y/y; Architecture & Middleware Consulting (22.8%) up 13.1% q/q, 36% y/y and Cloud Based Connected Services (18.3%) up 4% q/q, 5.8% y/y in \$ terms.
- New TCV was \$280m (+7.3% y/y), taking the LTM TCV to \$925m, up 16.2% y/y.
- The Q4 EBIT margin held at 17.3% (up 64bps y/y) as operational efficiencies and a higher fixed-priced mix offset wage and mix pressures.
- **The US and APAC impressive.** Continental Europe (43.4% of revenue) fell 7.4% q/q, fell 6.4% y/y, while North America (27.7%) rose 5.9% q/q, 4% y/y; APAC (28.9%) grew 10.2% q/q, 73.4% y/y.
- While most of the auto ER&D players reported weak results, KPIT delivered in-line figures amid challenging macro; however, no guidance is given for FY26.

Maintaining a Buy. We cut our FY25-27e revenue/EPS CAGRs to 12.4%/13.6%, respectively, from 15.9%/17.7% earlier, due to reduced near-term demand amid challenging macro. However, we retain our Buy rating on the stock.

Relative-price performance



Price movement



Q4 results snapshot

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q/Q %	Y/Y %
Revenue (\$ m)	134	145	149	159	165	173	176	177	0.7%	11.5%
Growth Y/Y % (organic est)	33%	39%	35%	28%	23%	19%	18%	12%		
Revenue (Rs m)	10,976	11,992	12,570	13,178	13,646	14,714	14,780	15,283	3.4%	16.0%
Effec. exchange rate	82.0	82.6	84.4	82.9	82.8	85.0	84.0	86.2	2.7%	4.0%
Employees (EoP)	11,571	11,971	12,727	12,856	13,253	13,087	12,795	12,873	0.6%	0.1%
Rev. prod. (\$ '000/employee)	11.9	12.3	12.1	12.4	12.6	13.1	13.6	13.8	1.6%	11.1%
Attrition (est.)	20.9%	18.2%	15.8%	14.4%	14.1%	14.3%	14.3%	14.1%	-10 bps	-23 bps
CoR (excl. D&A)	(7,617)	(8,319)	(8,454)	(8,837)	(9,157)	(9,909)	(9,675)	(10,050)	3.9%	13.7%
As % of revenue	-69%	-69%	-67%	-67%	-67%	-67%	-65%	-66%	-29 bps	130 bps
SG&A	(1,159)	(1,274)	(1,531)	(1,613)	(1,608)	(1,742)	(1,982)	(2,004)	1.1%	24.3%
As % of revenue.	-11%	-11%	-12%	-12%	-12%	-12%	-13%	-13%	30 bps	-88 bps
EBITDA	2,200	2,399	2,585	2,728	2,881	3,064	3,122	3,229	3.5%	18.4%
EBITDA margins %	20.0%	20.0%	20.6%	20.7%	21.1%	20.8%	21.1%	21.1%	1 bps	43 bps
EBIT	1,749	1,918	2,085	2,201	2,356	2,503	2,537	2,650	4.5%	20.4%
EBIT margins %	15.9%	16.0%	16.6%	16.7%	17.3%	17.0%	17.2%	17.3%	17 bps	64 bps
Other income (excl. forex)	78	86	174	159	147	65	179	446	149.2%	180.3%
Non-recurring / Forex	76	9	14	7	398	408	16	16	0.0%	116.2%
Interest expenses	(137)	(136)	(158)	(118)	(127)	(102)	(103)	(92)	-10.9%	-22.1%
PBT	1,766	1,877	2,115	2,242	2,376	2,466	2,613	3,004	15.0%	34.0%
PBT margins %	16.1%	15.7%	16.8%	17.0%	17.4%	16.8%	17.7%	19.7%	198 bps	264 bps
Taxes	(422)	(463)	(548)	(586)	(725)	(794)	(696)	(715)	2.7%	22.0%
ETR %	-24%	-25%	-26%	-26%	-31%	-32%	-27%	-24%	285 bps	233 bps
Associates / Minority	(4)	(5)	(14)	(21)	(7)	(43)	(64)	141	-321.6%	-771.2%
Net income	1,340	1,408	1,553	1,643	2,041	2,037	1,869	2,447	30.9%	48.9%
Net margins %	12.2%	11.7%	12.4%	12.5%	15.0%	13.8%	12.6%	16.0%	336 bps	354 bps
EPS (Rs)	4.9	5.2	5.7	6.0	7.5	7.5	6.8	8.9	30.9%	48.5%

Management commentary

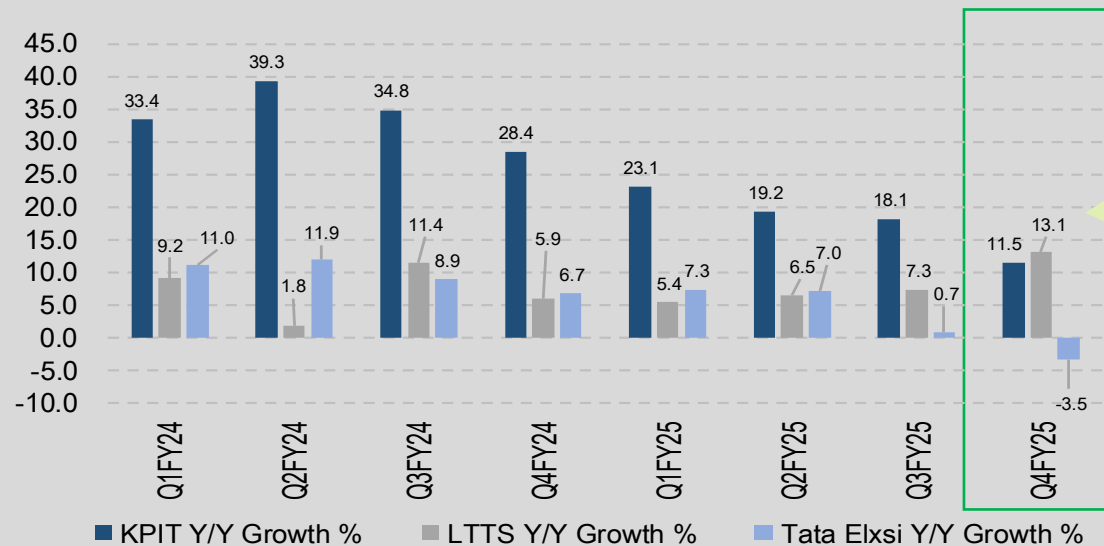
- **China-led geographical adjacency.** Leverage Chinese OEM's cost, quality and feature-engineering best practices, and build "China-to-world" delivery capabilities.
- **Broadened offerings.** Roll out cost-optimization programs, deepen cybersecurity services, and scale end-to-end validation as launch cycles tighten.
- **Vertical expansion.** Move beyond passenger cars and into commercial vehicles and off-highway—with initial OEM projects now, and major ramps in FY27.
- **Core passenger-car momentum.** Passenger vehicles remain the prime growth engine, bolstered by new wins like Mercedes-Benz.
- **Regional dynamics.** Europe boasts of the largest pipeline (offshoring tailwinds offset macro caution); Asia excl. China grew steadily; the US' footprint expanded across segments.
- **Outlook.** H1 FY26 to see modest growth amid tariff and geopolitical headwinds; H2 FY26 should accelerate sharply as key deals go live, strategic M&As surface, and automotive software demand (SDV, cybersecurity) surges.

KPIT: Q4 peer comparison

	LTTS	Cyient	KPIT	Tata Elxsi
Sales (\$ m)	345	170	177	105
% chg. Q/Q	10.6	(3.0)	0.7	(5.0)
% chg. Y/Y	13.1	(5.2)	11.5	(3.5)
Sales (Rsm)	29,824	14,719	15,283	9,083
% chg. Q/Q	12.4	(0.5)	3.4	(3.3)
% chg. Y/Y	17.5	(1.2)	16.0	0.3
EBITDA (Rsm)	4,755	2,481	3,229	2,077
% chg. Q/Q	(3.9)	(3.2)	3.5	(15.8)
% chg. Y/Y	(5.4)	(16.9)	18.4	(20.5)
EBITDA margin (%)	15.9	16.9	21.1	22.9
chg. Q/Q	-270 bps	-46 bps	1 bps	-340 bps
chg. Y/Y	-387 bps	-320 bps	43 bps	-21 bps
EBIT (Rsm)	3,939	1,914	2,650	1,830
% chg. Q/Q	(6.6)	(4.1)	4.5	(17.1)
% chg. Y/Y	(8.0)	(19.7)	20.4	(21.7)
EBIT margin (%)	13.2	13.0	17.3	20.1
chg. Q/Q	-270 bps	-48 bps	17 bps	-335 bps
chg. Y/Y	-367 bps	-301 bps	64 bps	-565 bps
PBT (Rsm)	4,273	2,185	3,020	2,214
% chg. Q/Q	(2.9)	31.8	14.9	(13.4)
% chg. Y/Y	(9.3)	(4.1)	34.2	(15.6)
Tax rate (%)	(27.4)	(25.4)	(23.7)	(22.1)
chg. Q/Q	-3 bps	-13 bps	281 bps	8 bps
chg. Y/Y	11 bps	-156 bps	237 bps	281 bps
Net income (Rsm)	3,111	1,630	2,447	1,724
Net Margin %	10.4%	11.1%	16.0%	19.0%

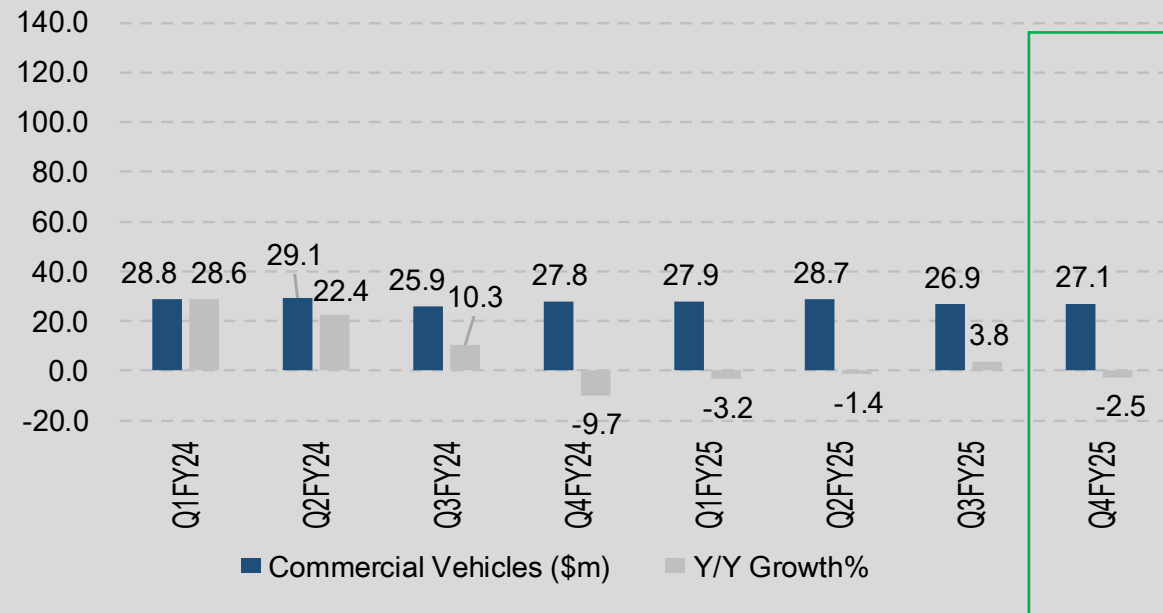
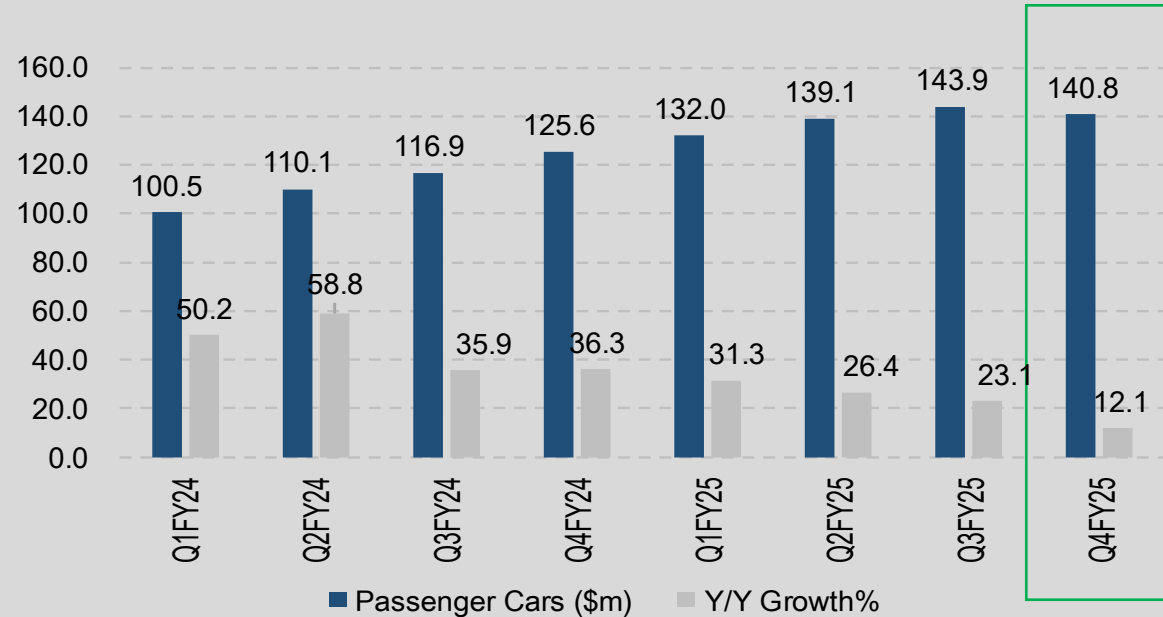
KPIT Technologies Quarterly results						
Year-end: Mar (Rs m)	Q4FY25	% chg. Q/Q	% chg. Y/Y	FY24	FY25	FY25 % chg. Y/Y
Sales (\$ m)	177	0.7	11.5	587	691	17.7
Sales	15,283	3.4	16.0	48,715	58,423	19.9
EBITDA	3,229	3.5	18.4	9,911	12,296	24.1
EBITDA margin	21.1	1 bps	43 bps	20.3	21.0	70 bps
EBIT	2,650	4.5	20.4	7,954	10,046	26.3
EBIT margin (%)	17.3	17 bps	64 bps	16.3	17.2	87 bps
PBT	3,020	14.9	34.2	8,008	11,296	41.1
Tax	(715)	2.7	22.0	(2,019)	(2,929)	45.1
Tax rate (%)	(23.7)	281 bps	237 bps	(25.2)	(25.9)	-72 bps
Net income	2,447	30.9	48.9	5,944	8,394	41.2

Growth slowing amid challenging macro, albeit outperforming peers...



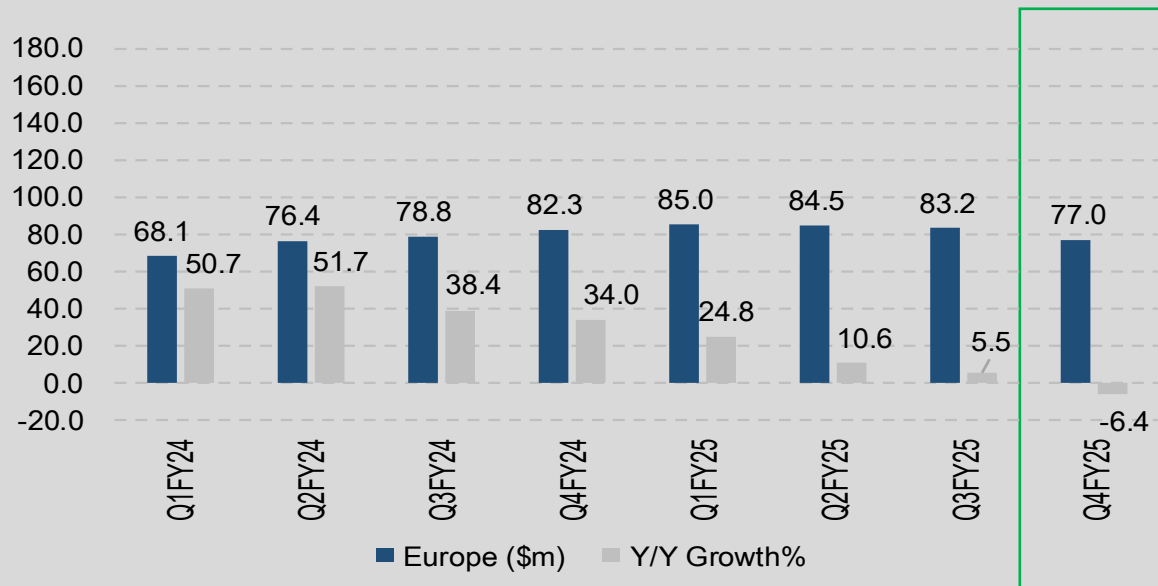
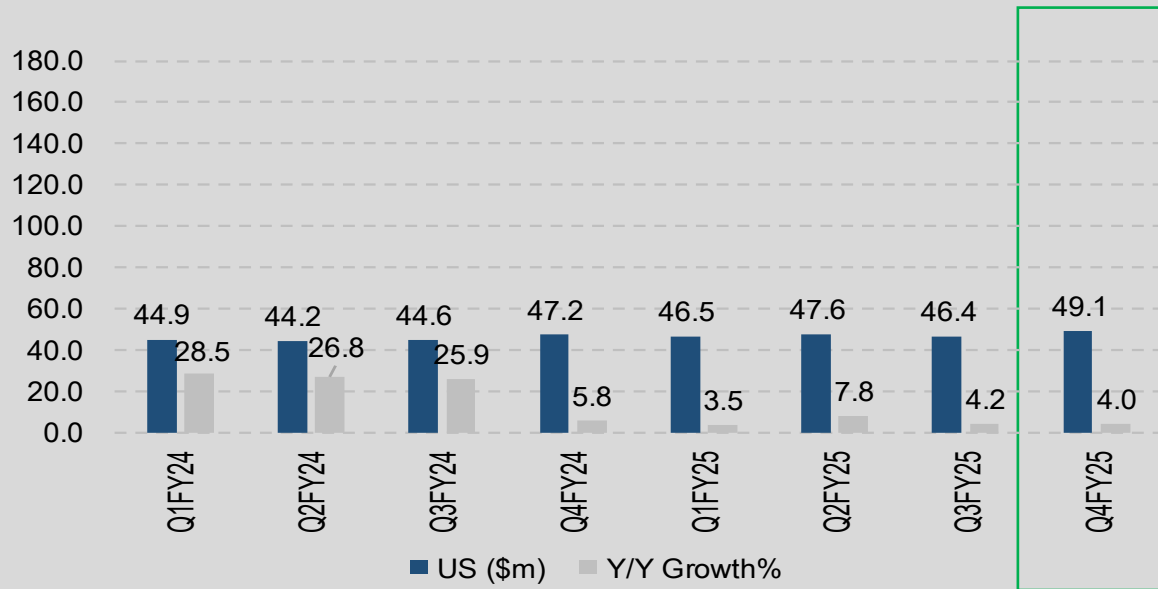
- KPIT's Q4 CC revenue growth of 3% q/q outpaced ER&D peers like Tata Elxsi (-5.3% q/q) and Cyient (-1.9% q/q).
- Growth was largely driven by architecture & middleware consulting (up 13.1% q/q; 36% y/y) and Asia (up 10.2% q/q; 73.4% y/y).
- Strategic clients—accounting for 87.8% of revenue—delivered 13.3% y/y growth in Q4.
- For the last eight quarters, the company outperformed its peers in the ER&D space in terms of y/y growth (organic).
- Management has not given any guidance for FY26.
- Among peers, LTTS showed growth due to full-quarter impact of its acquisition (Intelliswift); Tata Elxsi dipped this quarter with depleting margins

Passenger cars stagnant; commercial vehicles improve q/q



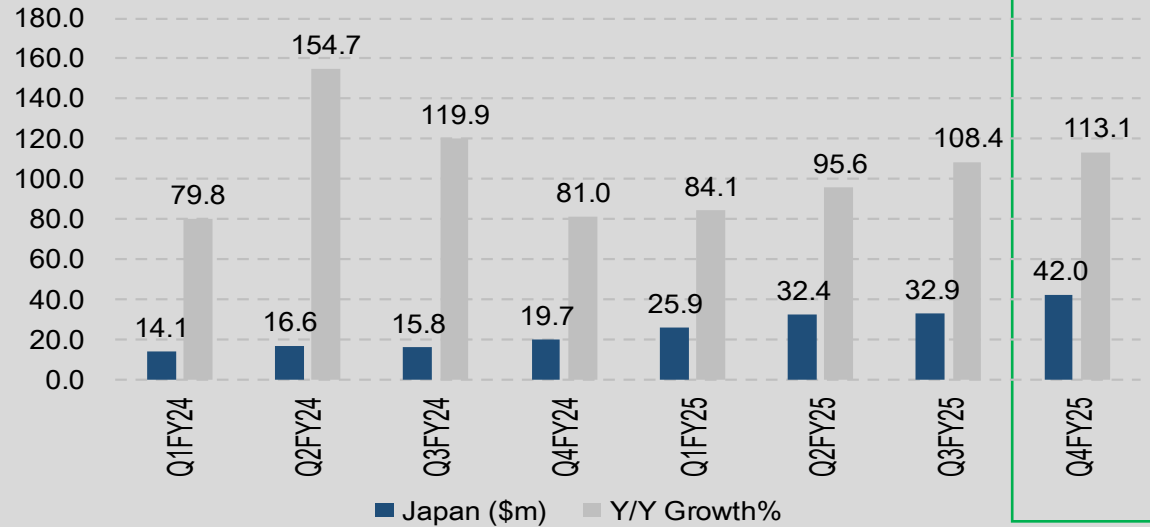
- The largest, but softening in Q4. Passenger cars made up 79.4% of Q4 revenue (vs. ~79% in Q4 FY24) but saw revenue easing 2.2% q/q (though up 12.1% y/y) to \$140.8m as several integration projects matured.
- The pipeline bolstered by SDV & architecture wins: High-value middleware and software-defined-vehicle engagements—most notably the Mercedes-MBRDI collaboration and L2+ cockpit programs—underpin the robust passenger-car backlog.
- Modest share but stagnating. CVs accounted for 15.3% of Q4 revenue at \$27.1m, up just 0.7% q/q but down 2.5% y/y, marking another quarter of muted traction.
- Robust CV deal pipeline. Q4 TCV of \$280m included multiple CV wins—spanning powertrain, vehicle diagnostics, and mechatronics with a leading American CV OEM—underscoring a healthy funnel despite near-term revenue softness.

Europe slow, while US up q/q

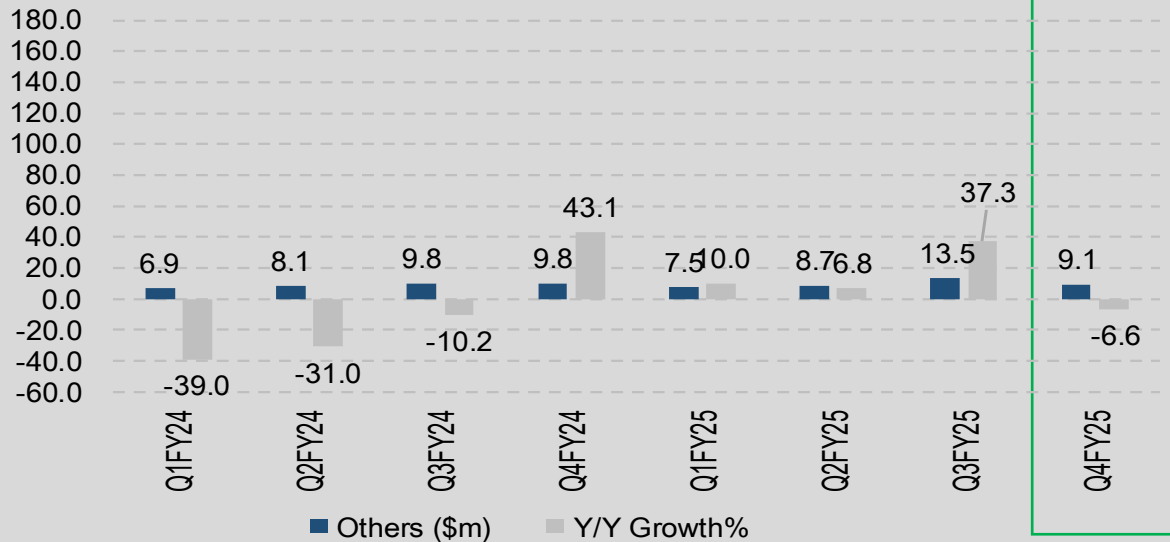


- **US growth improves.** Strong sequential and annual growth: The US (27.7% of Q4 revenue) delivered \$49.1m in Q4, up 5.9% q/q, 4% y/y.
- **Broad-based program ramp-ups.** Growth was fuelled by passenger-car and off-highway engagements with existing US OEMs, alongside the kick-off of a new passenger-car software-defined deal in Q4.
- **Robust deal pipeline:** Multiple strategic wins—spanning powertrain, diagnostics, and mechatronics domains with a leading American CV OEM—underscore a healthy US funnel, heading into H2 FY26.
- **Europe, the largest region but under pressure.** Europe contributed 43.4% of Q4 revenue at \$77m, down 7.4% q/q, 6.4% y/y as several integration projects wound down.
- **Cautious OEM environment.** Key German OEMs are consolidating vendors and deferring non-critical programs amid cost and speed challenges, weighing on near-term Europe growth.

Japan continues to accelerate, Asia growth slow



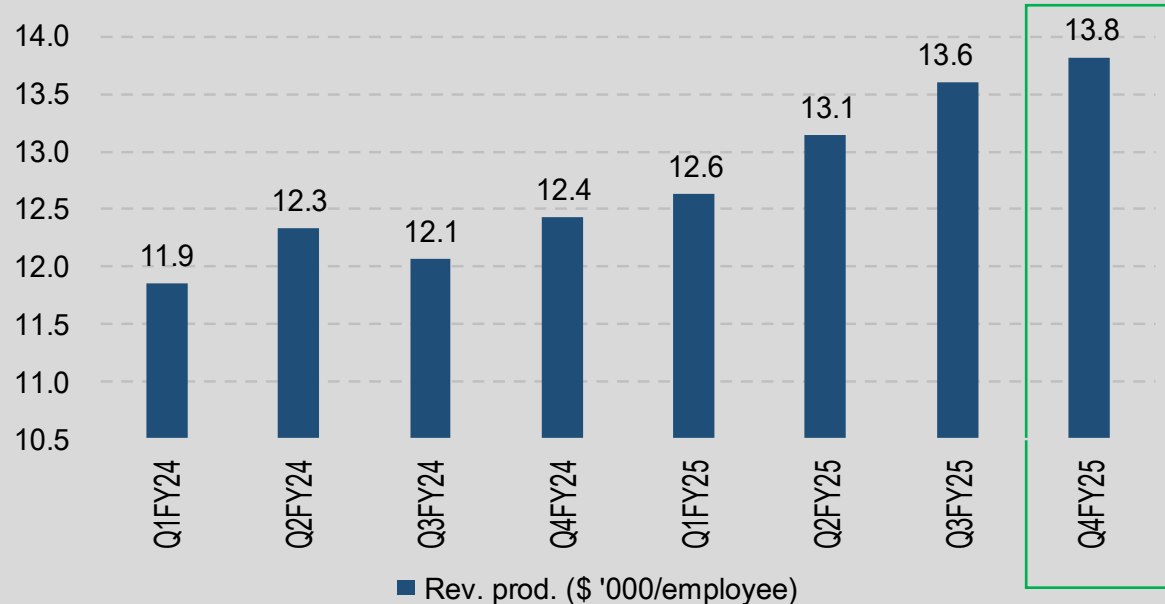
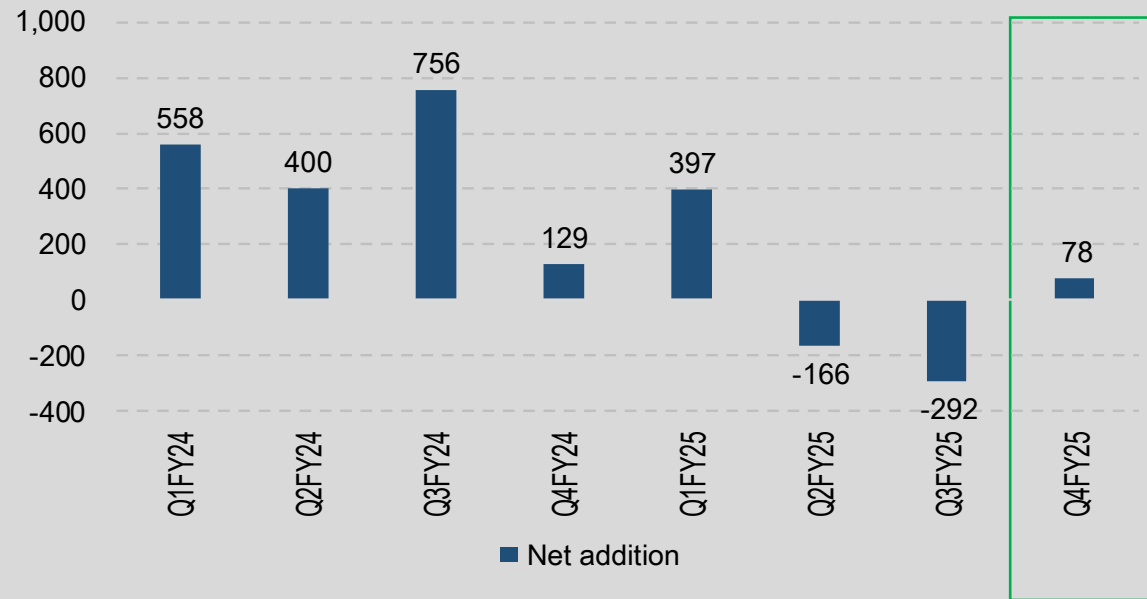
- **Within Asia, Japan continues to remain strong y/y.** Growth in Japan has been consistently strong y/y over the last eight quarters, driven by the Honda ramp-up.
- Given the size of its clients in this region, a great opportunity is seen for KPIT to expand here.



- **Outside Japan slow,** Asia turned negative sequentially in Q4, -6.6% y/y after revenues picked up in Q3.
- Within Asia, the company remains confident of growth across China and India. Korea is expected to stay flat.

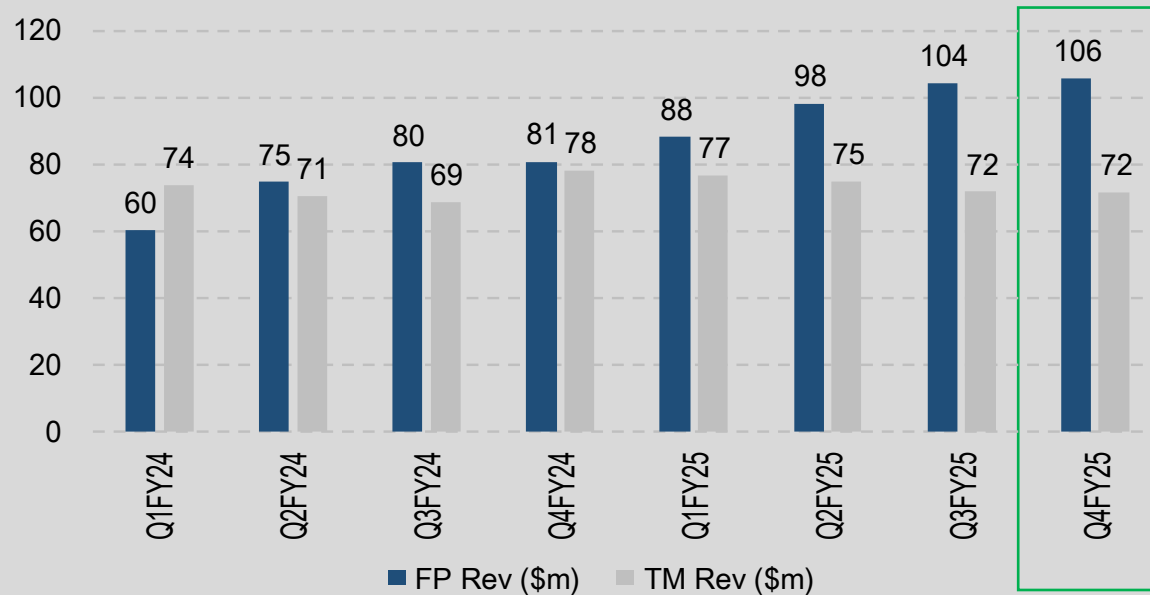
Note: Others is excl. Japan

Modest net adds in Q4; revenue productivity improving...

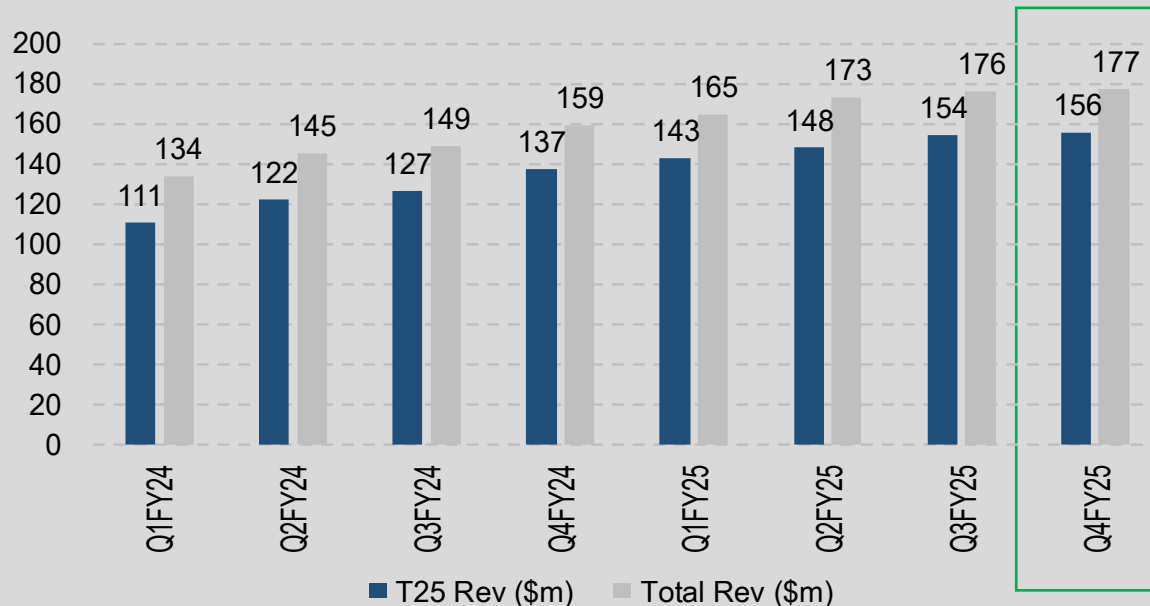


- **Net headcount addition of 78.** Overall headcount rose to 12,873 in Q4, a 78-employee net increase q/q.
 - **Development team scale-up.** Headcount in development roles reached 11,993 in Q4 FY25, up from 11,940 in Q3.
 - **Enabling & sales growth.** The enabling & sales function grew to 880 employees, from 855 last quarter.
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- **Revenue productivity improves.** Revenue productivity continues to trend upward and improved q/q in Q4, led by strong revenue growth with less net additions.
 - **FP contracts increased during the quarter, leading to improved productivity.**
 - **As at Q4FY25, revenue productivity increased by 11.3% y/y**

FP revenue continues upward trend; top-25 customers revenue contribution stable...

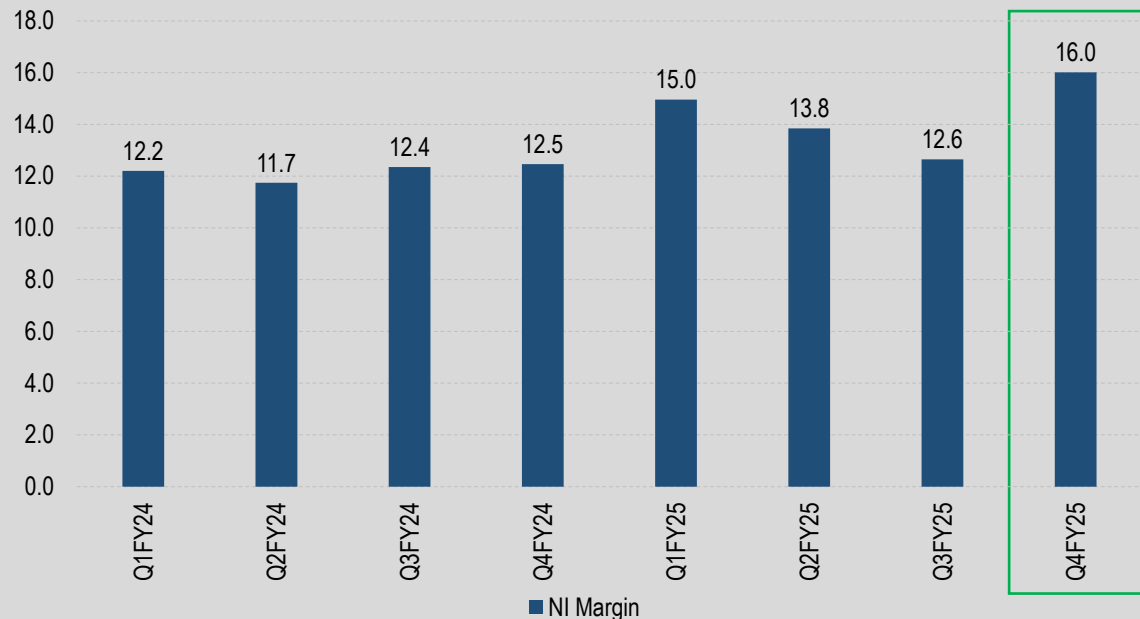
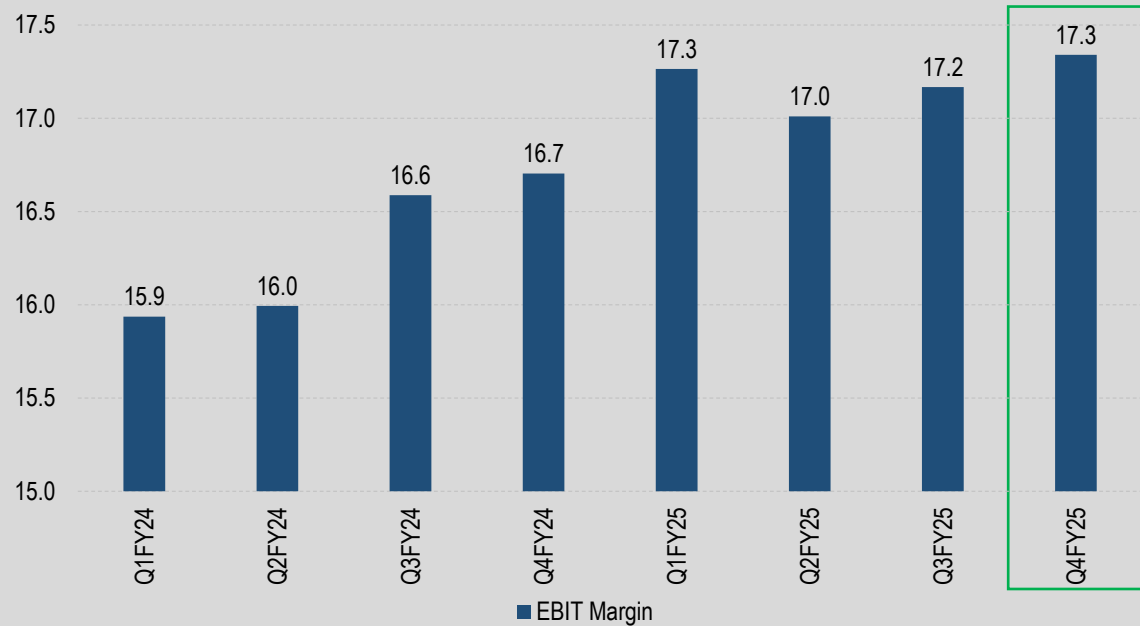


- **FP continues to accelerate vs. T&M.** FP revenue continued to trend above T&M revenue for the seventh consecutive quarter, with almost all growth in Q4 coming from FP.
- This translated to better productivity gain and margin tailwinds for KPIT as it gained efficiencies in a zero-defect delivery model.



- In Q4, the top 25 clients registered growth of 1% q/q, 13.3% y/y; have been delivering superior performance over the last several quarters.
- Revenue contribution from T25 was 87.8%, up 20bps q/q, 140bps y/y.

Profitability up sequentially



- **The EBIT margin rose q/q.** The Q4 EBIT margin held at 17.3%, up 64bps y/y, 10bps q/q, as operational efficiencies, platform-driven automation and a higher fixed-priced mix offset wage inflation and mix pressures.
- Productivity cushions cost headwinds. Despite macro and wage cost challenges, AI-enabled tools and accelerator platforms helped maintain q/q margin stability, freeing up resources for strategic investments in SDV, cybersecurity, and China initiatives.
- In Q4, the company had an exceptional gain of ~Rs231m (net of tax) on gain in Qorix JV, with a tailwind of 150bps to NI margins. Margins excl. one-offs stood at 14.5%, up 190bps q/q, 200bps y/y.

Conference call highlights: Q4 FY25

Three key growth levers:

▪ **Geographical adjacency:**

Strong focus on China: learning from Chinese OEMs to help global clients to reduce cost, improve quality and enhance features. Building operations for Chinese OEMs and from China to global markets.

▪ **Offering expansion:**

- **Cost reduction programs** — Focus on consolidation and optimization.
- **Cybersecurity** — Investment in capabilities; emerging as a significant opportunity.
- **End-to-end validation** — Building expertise as launch cycles tighten.

▪ **Vertical adjacency:**

Expansion beyond passenger cars into commercial vehicles and off-highway segments. Engagements started with multiple OEMs, with gradual traction expected.

Vertical and geographical commentary

- **Passenger cars:** Still the core growth driver; engagement with new OEMs like Mercedes-Benz secured.
- **Commercial vehicles & off-highway:** Building traction, but significant growth expected in FY27; FY26 to show modest contribution.

Geographical insights:

- **Europe:** Largest pipeline; margin of caution due to macro but strong long-term potential. German OEMs accelerating offshoring.
- **Asia (excl. China):** Japan and India growing steadily; Korea flat. China remains small but strategic.
- **US:** Growth from new and existing clients in passenger cars and off-highway segments.

Outlook

▪ **Near term (H1 FY26):**

Modest growth expected due to macro uncertainty (tariffs, geopolitical factors); a cautious ramp-up in deals.

▪ **Medium term (H2 FY26 and beyond):**

- Significant acceleration expected as major deals ramp up.
- Strategic acquisitions may supplement organic growth.
- Broader growth across geographies and verticals anticipated.

▪ **General confidence:**

Despite short-term caution, management sees strong structural tailwinds from automotive software transformation (SDV programs, cybersecurity needs, etc.).

Revenue-split, by industry

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Passenger Cars	75	76	78	79	80	80	82	79
Commercial Vehicles	21	20	17	17	17	17	15	15
Others	3	4	4	4	3	3	3	5

Revenue-split, by region

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
North America	34	30	30	30	28	27	26	28
Europe	51	53	53	52	52	49	47	43
APAC	16	17	17	19	20	24	26	29

Client profiles (LTM)

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Client Concentration								
Top 25 %	82.6	84.0	85.0	86.4	86.5	85.5	87.6	87.8
Growth Q/Q %	12.4%	10.3%	3.8%	8.5%	3.8%	3.8%	4.2%	1.0%
Growth Y/Y %	45%	52%	41%	40%	29%	21%	22%	13%
Active clients	60	60	60	60	60	60	63	65
Revenue per active client (\$ m / quart)	2.2	2.4	2.5	2.7	2.7	2.9	2.8	2.7

Employee Movement

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Employee Movement								
Employees (EoP)	11,571	11,971	12,727	12,856	13,253	13,087	12,795	12,873
Gross additions (est.)	981	812	1,188	577	854	295	161	527
Attrition (est.)	423	412	432	448	457	461	453	449
Net additions	558	400	756	129	397	-166	-292	78
Utilization % (blended, est)	83	85	85	86	87	88	88	88

Revenue-split, by delivery type and billing (%)

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Billing Type								
T&M	55	49	46	49	47	43	41	40
FP	45	51	54	51	54	57	59	60

Key verticals and horizontals growth (%)

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Verticals growth (Y/Y)								
Passenger Cars	50	59	36	36	31	26	23	12
Commercial Vehicles	29	22	10	(10)	(3)	(1)	4	(2)
Others	705	428	519	525	8	(12)	(16)	67
Region growth (Y/Y)								
North America	28%	27%	26%	6%	3%	8%	4%	4%
Europe	51%	52%	38%	34%	25%	11%	6%	-6%
APAC	10%	35%	42%	66%	60%	66%	81%	73%

Revenue Split by services (new)

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
New Split, Contribution %								
Feature Development & Integration	61	62	62	62	61	60	62	59
Architecture & Middleware Consulting	21	20	19	19	20	23	20	23
Cloud Based Connected Services	18	18	19	19	19	17	18	18
Total	100	100	100	100	100	100	100	100
Y/Y% Growth								
Feature Development & Integration	33	38	30	29	22	15	17	6
Architecture & Middleware Consulting	118	144	53	25	21	38	29	36
Cloud Based Connected Services	54	51	36	29	28	12	10	6

Estimates lowered

KPIT (Rs m)	FY26			FY27		
	New	Old	% Change	New	Old	% Change
Revenue (\$ m)	747	772	-3.3	873	933	-6.4
Revenues	64,502	66,684	-3.3	75,402	80,612	-6.5
EBITDA	13,045	14,012	-6.9	16,064	16,930	-5.1
EBITDA margins %	20.2%	21.0%	-79 bps	21.3%	21.0%	30 bps
EBIT	10,907	11,834	-7.8	13,704	14,525	-5.6
EBIT margins %	16.9%	17.7%	-84 bps	18.2%	18.0%	16 bps
PBT	11,630	12,358	-5.9	14,623	15,186	-3.7
Net profit	8,609	8,844	-2.7	10,825	10,942	-1.1

Key estimates and changes

- FY26e/27e revenue cut by 3.3%/6.4%, respectively, on reduced near-term demand amid a challenging macro.
- We cut our FY25-27e revenue/ EPS CAGRs to 12.4%/13.6%, respectively, from 15.9%/17.7% earlier.
- FY26e margins lowered by 84bps, reflecting lower growth.

KPIT: Valuation considerations

Valuation:

- We assume 100bp EBIT margin expansion over FY25-27e (17.2% to 18.2%), with FY25-27e EPS CAGR at 13.6%.
- The stock currently trades at FY26e/27e P/E of 39.1x/31.1x, respectively.
- Our TP is Rs1,498 (a 21.9% upside from the CMP of Rs1,229 as of 28th Apr'25).

S.No	Valuation methodology	Assumptions	Intrinsic Value (Rs)	Target Price (Rs)
(1)	1 yr. forward Multiple Method	Apply a 39x P/E multiple (10% discount to last 5-year average of 1-year fwd) to FY27e EPS of Rs40	Rs1,548	
(2)	DCF (Base Case)	<ul style="list-style-type: none">15-year DCF, with terminal growth rate of 5%FY25-30 revenue CAGR (base case): ~17.6%WACC: 12.11%	Rs1,448	
	Overall	50% weight to (1) & (2) each, to arrive at TP		Rs1,498

DCF assumptions	Unit	
Valuation Date		31-Mar-25
WACC	%	12.11%
TGR (Terminal Growth)	%	5.0%
Risk free rate	%	6.4%
ERP (Eq. Risk Premium)	%	5.6%
Beta		1.02
Capital structure	Unit	
Eq. (% of Total Capital)	%	100.0%
Debt (% of Total Capital)	%	0.0%
Cost of Equity	%	12.1%
Cost of Debt	%	9.0%

Implied share price sensitivity (base case)						
		Terminal growth rate (%)				
	1,448.1	4.5%	4.8%	5.0%	5.3%	5.5%
WACC (%)	11.6%	1,522	1,551	1,583	1,617	1,654
	11.9%	1,458	1,484	1,513	1,544	1,577
	12.1%	1,398	1,422	1,448	1,476	1,506
	12.4%	1,343	1,365	1,388	1,413	1,440
	12.6%	1,291	1,311	1,332	1,355	1,379

Quick glance: Financials and valuations

Key financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Revenues (US\$m)	418	587	691	747	873
Growth (%)	27.4	40.3	17.7	8.0	16.9
Net revenues (Rs m)	33,650	48,715	58,423	64,502	75,402
Employee & Direct Costs	23,462	33,227	38,791	42,999	49,451
Gross Profit	10,188	15,488	19,632	21,503	25,951
Gross Margin %	30.28	31.79	33.60	33.34	34.42
SG&A	3,835	5,577	7,336	8,458	9,887
EBITDA	6,353	9,911	12,296	13,045	16,064
EBITDA margins (%)	18.9	20.3	21.0	20.2	21.3
- Depreciation	1,464	1,958	2,250	2,138	2,360
Other income	376	603	1,673	1,035	1,185
Interest Exp	323	548	424	312	266
PBT	4,942	8,008	11,296	11,630	14,623
Effective tax rate (%)	22	25	26	26	26
+ Associates/(Minorities)	-35	-45	28	-	-
Net Income	3,808	5,944	8,394	8,609	10,825
WANS	273	273	274	274	274
FDEPS (Rs/share)	14.0	21.8	30.7	31.5	39.6

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
PBT	4,942	8,008	11,296	11,630	14,623
+ Non-cash items	2,440	2,510	2,482	2,138	2,360
Operating profit before WC	7,382	10,518	13,778	13,768	16,983
- Incr./(decr.) in WC	1,498	-1,625	-1,551	578	959
Others including taxes	-1,260	-2,125	-1,434	-3,495	-4,444
Operating cash-flow	4,624	10,018	13,895	9,695	11,580
- Capex (tangible + Intangible)	1,295	1,553	1,295	1,108	918
Free cash-flow	3,329	8,464	12,600	8,587	10,662
Acquisitions	-6,229	-3,286	-2,066	-	-
- Dividend (including buyback & taxes)	892	1,287	1,928	3,489	5,234
+ Equity raised	-	-	-	-	-
+ Debt raised	-63	-156	-393	-15	-
- Fin Investments	-5,280	428	1,441	2,748	5,496
- Misc. Items (CFI + CFF)	4,334	342	1,476	-723	-919
Net cash-flow	-2,909	2,965	5,297	3,058	851

Source: Company, Anand Rahti Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Share capital	2,703	2,712	2,717	2,717	2,717
Net worth	16,515	21,459	29,122	34,241	39,832
Total debt (incl. Pref)	492	447	15	-	-
Minority interest	118	171	-	-	-
DTL/(Asset)	-699	-788	-783	-783	-783
Capital employed	16,483	21,294	28,354	33,459	39,049
Net tangible assets	4,795	5,434	6,031	6,190	6,164
Net Intangible assets	2,272	2,837	6,330	7,655	7,935
Goodwill	10,103	11,463	7,451	4,843	3,148
CWIP (tang. & intang.)	56	5	94	94	94
Longterm assets (Liabilities)	-5,646	-5,302	-2,491	-2,740	-3,014
Investments (Financial)	958	1,561	2,748	5,496	10,991
Current Assets (ex Cash)	9,135	11,596	12,038	13,202	15,330
Cash	5,491	7,705	12,681	13,801	14,652
Current Liabilities	10,682	14,006	16,434	17,020	18,188
Working capital	-1,547	-2,410	-4,396	-3,818	-2,859
Capital deployed	16,483	21,294	28,448	31,521	37,112
Contingent Liabilities	151	177	-	-	-
	0.0	-0.0	-93.5	1,937.7	1,937.6

Fig 4 – Ratio analysis

Year end Mar	FY23	FY24	FY25e	FY26e	FY27e
P/E (x)	88.3	56.6	40.1	39.1	31.1
EV/EBITDA (x)	50.5	32.4	26.1	24.6	20.0
EV/sales (x)	9.8	6.7	5.5	4.9	4.1
P/B (x)	20.4	15.7	11.5	9.8	8.4
RoE (%)	25.7	31.3	33.2	27.2	29.2
RoCE (%) - After tax	19.0	23.3	24.2	22.0	23.9
RoIC (%) - After tax	33.0	33.7	40.4	41.8	50.6
DPS (Rs per share)	4.1	6.7	8.5	12.8	19.1
Dividend yield (%)	0.3	0.5	0.7	1.0	1.6
Dividend payout (%) - Inc. DDT	29.4	30.8	27.7	40.5	48.4
Net debt/equity (x)	-0.4	-0.4	-0.5	-0.6	-0.6
Receivables (days)	84	72	56	55	55
Inventory (days)					
Payables (days)	22	23	14	14	14
CFO: PAT%	120	167	166	113	107
FCF: PAT% - includ M&A payout	-76	87	125	100	98

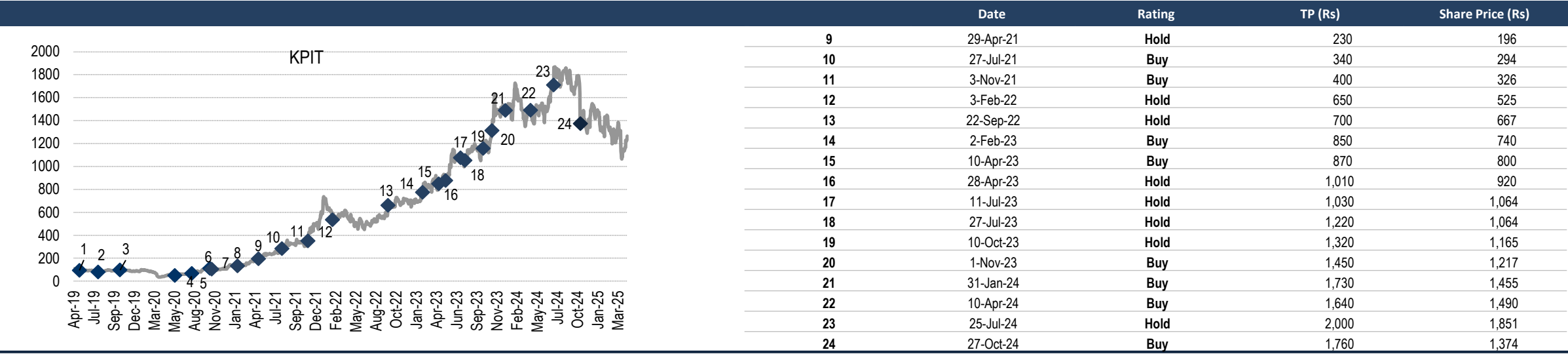
Source: Company, Anand Rahti Research

Appendix

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