KPIT Technologies | BUY

A strategic pivot

3QFY26 was largely in line; revenue growth beat expectations at 1.5% QoQ cc but was driven by inorganic contribution, organic growth was weak at c.-3.2% QoQ USD, impacted by a sharp decline in Asia/Japan (-7% QoQ USD). Ex-FX EBIT margin stood at 15.6%, slightly below expectations. Management announced a strategic pivot to solution- and AI-led delivery, taking end-to-end ownership of complex problems, which it sees as well suited to a speed-to-market and cost-constrained OEM environment. This pivot is expected to lift wallet share, drive market-share gains and structurally support margins. The transition is expected to play out over 12–18 months, with initial impact in 3-4 months, and will involve proactive cannibalisation of KPIT's and competitors' revenues. Near term, management expects Q4 to be the strongest quarter and FY27 growth to exceed FY26. While the strategy holds promise, cannibalisation, OEM adoption risk and competitors' response remain key risks. However, KPIT's deep mobility expertise, automotive focus and strong client relationships position it well to execute. Maintain BUY.

- **3QFY26- inline quarter, softness in organic business :** KPIT reported 1.5% cc QoQ revenue growth (USD +0.2% QoQ), ahead of JMFe: 1%, with growth driven by inorganic contribution, as Caresoft and N-Dream stake increased added c.3.4% QoQ USD, implying an organic decline of c.3.2% QoQ USD. Management attributed organic softness to delays in production programs, tapering of large engagements and continued pressure on passenger vehicle ER&D spends, particularly in Asia/Japan. By geography, Europe (+5% QoQ USD) grew, while US (-2% QoQ) and Asia (-7% QoQ) declined sequentially. Commercial/off-highway (+10% QoQ USD) grew while Pass cars (-1.2% QoQ) declined. By business unit, feature development (0.6% QoQ) and cloud-based connected services (1.3%) saw modest growth, while middleware (-2.3%) declined. Ex-FX EBITDA margin stood at c.20.6%, broadly in line, with margin pressure from annual wage increments, lower utilisation amid organic revenue decline and on-going investments (c.USD 3.8mn QoQ), partly offset by a higher fixed-price mix (66% of revenue) and improved revenue per employee. Ex-FX EBIT margin was c.15.6%, slightly below expectations. Headcount declined by 155 QoQ and the company announced dividend of INR 2.25.
- **Outlook- Recovery amidst a pivot:** Management expects Q4 FY26 to be the highest growth quarter of the year, and expressed confidence that FY27 growth will exceed FY26. Demand remains relatively resilient in Europe and commercial/off-highway, while passenger vehicle ER&D stays under pressure, particularly in Asia/Japan. OEM spend continues to be prioritised toward digital cockpit, cyber security, navigation/autopilot and multiple powertrains, with rising traction in trucks, off-highway and micro-mobility. KPIT continues to pivot toward a solution- and AI-led delivery model, where it takes end-to-end ownership of complex problem areas; management expects this transition- over 12–18 months-to drive higher wallet share, and medium-term market share gains. In the near term some cannibalization is expected. Deal wins were USD 202mn (book-to-bill 1.1x; -14% YoY/-13% QoQ), while LTM deal wins grew 5% YoY; management cited a satisfactory pipeline and expects pipeline conversion to support stronger FY27 growth. On margins, management guided for sequential improvement in Q4 despite continued investments, and reiterated confidence in medium-term margin expansion.
- **EPS cut 2-5%; Maintain BUY:** We cut FY27–28E growth estimates by 8–69bps, as growth may be impacted by proactive cannibalisation; FY27 growth to be better than FY26 offers limited comfort given a weak FY26. We raise margin estimates, reflecting margin expansion potential from AI-led, solution-driven delivery. We value KPIT at 35x 12M fwd EPS. Maintain BUY.

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,310
Upside/(Downside)	25.7%
Previous Price Target	1,370
Change	-4.4%

Key Data – KPITTECH IN	
Current Market Price	INR1,042
Market cap (bn)	INR285.6/US$3.1
Free Float	54%
Shares in issue (mn)	270.8
Diluted share (mn)	272.1
3-mon avg daily val (mn)	INR910.9/US$9.9
52-week range	1,475/1,018
Sensex/Nifty	82,270/25,321
INR/US$	92.0

Price Performance			
%	1M	6M	12M
Absolute	-11.1	-15.0	-26.1
Relative*	-8.0	-16.8	-30.3

** To the BSE Sensex*

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	48,715	58,423	64,024	70,521	81,176
Sales Growth (%)	44.8	19.9	9.6	10.1	15.1
EBITDA	9,852	12,251	13,521	15,579	18,271
EBITDA Margin (%)	20.2	21.0	21.1	22.1	22.5
Adjusted Net Profit	5,945	8,241	8,091	8,976	10,569
Diluted EPS (INR)	21.9	30.3	29.7	33.0	38.8
Diluted EPS Growth (%)	55.5	38.4	-2.0	10.9	17.8
ROIC (%)	49.3	56.1	33.9	27.2	31.3
ROE (%)	31.3	32.6	25.4	24.0	24.4
P/E (x)	47.5	34.4	35.0	31.6	26.8
P/B (x)	13.3	9.8	8.2	7.1	6.2
EV/EBITDA (x)	27.8	21.8	20.9	17.7	14.9
Dividend Yield (%)	0.6	0.8	0.7	1.1	1.3

Source: Company data, JM Financial. Note: Valuations as of 30/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Management noted that demand trends remain mixed but are clearly reprioritizing, with OEMs redirecting spend toward fewer, high-impact programs. Leadership highlighted that while overall mobility ER&D budgets, especially in passenger vehicles, have contracted materially, spend is being channeled into priority areas such as digital cockpit, cybersecurity, navigation/autopilot, and multiple powertrains, where KPIT has deep domain strength. Europe and off-highway commercial emerged as demand bright spots during the quarter, while Asia (notably Japan/Korea) continues to see near-term softness due to delayed large programs, which management expects to normalize over the next few quarters. In the US, leadership emphasized urgency around time-to-market and quality, driving interest in KPIT's solution-led offerings that can accelerate production programs and reduce warranty risks. Management also underlined that KPIT has largely maintained or gained wallet share across key clients.

- **Outlook**: Management indicated a sequential improvement in performance ahead, with leadership expressing confidence that Q4 FY26 will be the strongest growth quarter of the year, supported by better conversion of ongoing programs and improved execution. Management noted that profitability is also expected to improve sequentially in Q4, despite sustained spending on AI, solutions development, and leadership additions, underscoring improving revenue quality. Looking beyond the near term, leadership highlighted that FY27 is expected to be better than FY26, driven by scale-up of solution-led engagements, higher wallet share, and traction in off-highway commercial, micro-mobility, and AI-infused solutions.

- **Margins:** Management indicated that margins and profitability in Q3 were temporarily suppressed due to one-off and investment-led factors rather than any deterioration in operating efficiency. Leadership highlighted that the quarter absorbed the impact of wage increments, and continued front-loaded investments in solutions and AI, all of which weighed on operating profitability. Commentary also clarified that depreciation has peaked in Q3, and is expected to stabilise from Q4 onwards. Management also noted that interest costs and acquisition-related charges are expected to stabilise, supporting profitability. Importantly, leadership guided that Q4 FY26 profitability will improve sequentially, even after factoring in ongoing investments, and reiterated confidence that margins will expand in the medium term.

- **Bookings:** Management noted that TCV stood at USD 202mn in Q3 FY26, with deal wins largely diversified across geographies, led by Europe, followed by the US, and incremental wins from China, including another engagement with a Chinese OEM. Leadership highlighted that Q3 typically sees shorter-tenure deal signings, as OEMs remain cautious on committing to long-duration contracts amid budget resets and macro uncertainty. Management emphasized that deal decision-making is increasingly driven by program prioritisation rather than spend cuts, with OEMs allocating budgets toward fewer, high-impact initiatives. Leadership also expressed confidence in the underlying pipeline.

- **Geographies:** Management noted that **Europe** continues to be the strongest geography, supported by vendor consolidation, traction in off-highway commercial programs, and OEMs increasingly shifting work from local vendors to global partners. In the **US**, leadership highlighted improving engagement quality, with OEMs prioritising solutions that can accelerate delayed vehicle programs, improve quality, and reduce warranty costs, though spending remains selective. **Asia** remained mixed: **Japan and Korea** saw near-term softness due to delays in large programs, which management expects to stabilise over the next few quarters, while **China** emerged as a positive with incremental wins from Chinese OEMs, reinforcing confidence in KPIT's competitive positioning. **India, Southeast Asia, and the Middle East** were highlighted as structurally strong growth markets, with management expressing particular optimism around India as both domestic and global OEMs increase focus on the region.

- **Solution-led transition:** Management highlighted that KPIT is at an inflection point in its shift from a services-led to a solutions-led business model, driven by structural changes in OEM requirements around speed, quality, and ownership. Management illustrated this through examples such as phone-as-a-key systems and AI-driven defect triaging, where KPIT's solutions reduce time-to-market, bottlenecks, and overall program risk for customers. Leadership emphasized that this approach enables KPIT to cannibalize fragmented vendor ecosystems, expand wallet share, and deliver outcomes that are cheaper, faster, and better for OEMs. While acknowledging that the transition will take 12–18 months to meaningfully reflect in financials, management expressed confidence that select high-potential solutions, particularly AI-led offerings, could begin contributing within the next 3–4 months, driving higher revenue per employee, improved margins, and more resilient growth over the medium term.

- **Acquisitions:** Management highlighted encouraging early traction from the Caresoft acquisition, particularly in off-highway and commercial vehicle segments, where OEM interest in cost reduction and complexity management remains strong. Leadership also pointed to N-Dream as a high-potential platform, currently deployed in ~2mn vehicles, expected to scale to ~3mn vehicles next year, with scope to layer additional services over time. Management emphasized that both acquisitions are strategically aligned with the solutions-led model.

Exhibit 1. 3QFY26 Result Summary

	3Q26 A	2Q26 A	*Change (QoQ)*	Estimate (JMFe)	*Variance (vs. JMFe)*	Estimate (Consensus)	*Variance (vs. consensus)*	*QoQ estimate*	
								JMFe	*Consensus*
USD-INR	89.21	87.78	*1.6%*	89.22	*0.0%*	89.22	*0.0%*	*1.6%*	*1.6%*
Revenue (USD mn)	181	181	*0.2%*	181	*0.3%*	181	*0.2%*	*-0.1%*	*0.1%*
QoQ cc	1.5%	0.3%	*120bp*	1.0%				*1.0%*	
Revenue (INR mn)	16,175	15,877	*1.9%*	16,123	*0.3%*	16,265	*-0.6%*	*1.5%*	*2.4%*
EBITDA (INRmn)	3,333	3,351	*-0.5%*	3,393	*-1.8%*	3,364	*-0.9%*	*1.3%*	*0.4%*
EBITDA margin	20.6%	21.1%	*-50bp*	21.0%	*-44bp*	20.7%	*-8bp*	*-6bp*	*-42bp*
EBIT (INR mn)	2,523	2,604	*-3.1%*	2,606	*-3.2%*	2,574	*-2.0%*	*0.1%*	*-1.1%*
EBIT margin	*15.6%*	*16.4%*	*-80bp*	*16.2%*	*-56bp*	*15.8%*	*-23bp*	*-24bp*	*-57bp*
PAT* (INR mn)	1,931	1,691	*14.2%*	1,639	*17.8%*	1,943	*-0.6%*	*-3.1%*	*14.9%*
EPS (INR)	6.51	6.18	*14.2%*	5.97	*18.1%*	7.08	*-0.3%*	*-3.4%*	*14.6%*

Note: *Excludes the one-time impact of new Labour Codes in 3Q26. Source: Company, JM Financial

3QFY26 result review

Exhibit 2. Key Financials

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
Revenue (USD mn)	**165.0**	**173.2**	**176.1**	**177.3**	**177.8**	**180.9**	**181.3**
QoQ cc growth	4.7%	4.7%	2.0%	3.0%	-3.2%	0.3%	1.5%
Revenue (INR mn)	13,646	14,714	14,780	15,283	15,388	15,877	16,175
Employee benefit expenses	8,744	9,448	9,252	9,550	9,754	9,779	9,963
Other operating expenses	2,021	2,249	2,406	2,504	2,394	2,747	2,878
EBITDA	2,882	3,018	3,122	3,230	3,239	3,351	3,334
EBITDA Margin	**21.1%**	**20.5%**	**21.1%**	**21.1%**	**21.0%**	**21.1%**	**20.6%**
D&A expenses	525.1	560.8	584.4	579.2	628.8	747.1	810.1
EBIT	2,356	2,457	2,538	2,651	2,610	2,604	2,524
EBIT Margin	17.3%	16.7%	17.2%	17.3%	17.0%	16.4%	15.6%
Other income (Net)	417	417	92	370	-201	-71	-74
Profit Before Tax	2,774	2,874	2,629	3,020	2,409	2,533	2,450
Income tax expense	725	794	696	715	639	615	476
Net income from operations*	**2,048**	**2,080**	**1,933**	**2,306**	**1,770**	**1,918**	**1,973**
Diluted EPS	**7.46**	**7.76**	**6.83**	**8.93**	**6.27**	**6.17**	**4.86**
Growth	24.2%	4.0%	-8.3%	30.8%	-29.8%	-1.7%	-21.2%

Note: *Excluding JV minority interest and exceptional items. Q326 net income excludes INR 597mn impact from new Labour Codes.
Source: Company, JM Financial

Growth was driven by Europe and Commercial vehicles

EBIT margin declined 80 bps QoQ, due to INR 182mn of FX losses and was impacted by INR 38mn of additional amortisation on account of Caresoft acquisition.

PAT was impacted by INR 42mn loss from JV (vs. INR 227mn loss in 2Q), There was an INR 597mn one-time impact of new Labour Codes. OI aided PAT (INR 341mn in 3Q vs INR 236mn in 2Q). It includes a gain of INR 152mn through change in fair value of financial instrument.

Finance cost (INR 233.5mn in 3Q vs INR 162.5mn in 2Q) includes an additional charge of INR 33mn related to Caresoft acquisition.

Reported PAT was INR 1,334mn (-21% QoQ). Core business PAT was INR 1.97bn.

Exhibit 3. Deal metrics

	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
Deal TCV (USD mn)	207	236	280	241	232	202
Book-to-Bill (x)	1.2	1.34	1.6	1.4	1.3	1.1

Source: Company, JM Financial

Deal LTM TCV in 3Q reduced 14% YoY to USD 202mn.

Exhibit 4. Key Operating Metrics

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
Revenue mix							
By geography - (USD mn)							
USA	46.5	47.6	46.4	49.1	51.9	49.6	48.5
Europe	85.0	84.5	83.2	77.0	78.8	89.0	93.4
Rest of World	33.4	41.1	46.5	51.2	47.1	42.3	39.4
By verticals - (USD mn)							
Passenger cars	132.0	139.1	143.9	140.8	145.4	143.6	141.8
Commerical vehicles	27.9	28.7	26.9	27.1	26.3	31.4	34.7
By Practices - (USD mn)							
Feature Development & Integration	100.59	103.35	109.17	104.48	105.79	109.93	110.56
Architecture & Middleware Consulting	33.78	40.60	35.71	40.38	35.85	31.22	30.49
Cloud Based connected services	30.50	29.23	31.21	32.45	36.13	39.73	40.26
Employee Metrics							
Revenue per development employee (USD)	53,018	56,558	58,992	59,138	60,901	60,083	60,980
Employee							
Development	12,438	12,248	11,940	11,993	11,676	12,042	11,893
Enabling & Sales	815	839	855	880	869	837	831
Total	13,253	13,087	12,795	12,873	12,545	12,879	12,724

Source: Company, JM Financial

Maintain BUY, Revised TP of INR 1,310

We revise our cc growth estimates down by 8-69 bps over FY27-28E. Management guided for FY27 to be better than FY26. This gives little comfort as FY26 is expected to see just 5% USD growth. We however, largely maintained FY28E growth with expectations of market share gains through AI-led solution approach. We have raised our margin estimates for FY27-28E by 100-120bps as the company's shift to solution led approach has the potential to expand margins. Our PAT/EPS estimates sees cuts, EPS sees downgrades of 2%-5% over FY26-28E.

Exhibit 5. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	88.28	89.50	90.00	88.40	90.00	91.00	*0.1%*	*0.6%*	*1.1%*
Consolidated revenue (USD mn)	723	787	897	724	784	892	*0.2%*	*-0.5%*	*-0.5%*
CC Growth	1.1%	8.9%	13.9%	1.1%	8.2%	13.8%	*5bp*	*-69bp*	*-8bp*
Growth in USD revenues (YoY)	*4.6%*	*8.9%*	*13.9%*	*4.7%*	*8.2%*	*13.8%*	*18bp*	*-69bp*	*-8bp*
Consolidated revenue (INR mn)	63,825	70,455	80,715	64,024	70,521	81,176	*0.3%*	*0.1%*	*0.6%*
EBITDA margin	*21.1%*	*21.2%*	*21.4%*	*21.1%*	*22.1%*	*22.5%*	*0bp*	*89bp*	*110bp*
EBIT margin	*16.5%*	*16.5%*	*16.7%*	*16.6%*	*17.5%*	*17.9%*	*8bp*	*96bp*	*119bp*
Adjusted PAT (INR mn)	8,251	9,424	11,073	8,091	8,976	10,569	*-1.9%*	*-4.8%*	*-4.5%*
Adjusted EPS (INR)	30.3	34.6	40.7	29.7	33.0	38.8	*-1.9%*	*-4.8%*	*-4.5%*

Source: JM Financial estimates

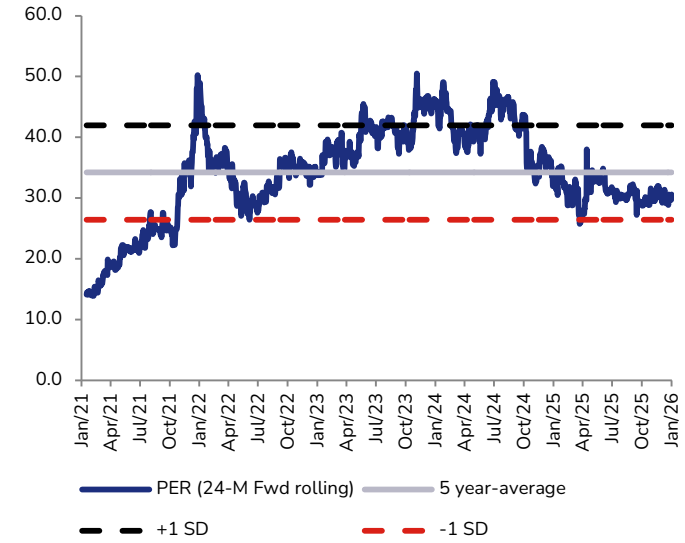
Exhibit 6. JMFe vs Consensus

	Consensus estimates			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	**713**	**813**	**932**	**724**	**784**	**892**	1.6%	-3.6%	-4.3%
Sales (INR mn)	64,332	73,364	84,125	64,024	70,521	81,176	-0.5%	-3.9%	-3.5%
EBITDA (INR mn)	13,435	15,580	18,152	13,521	15,579	18,271	0.6%	0.0%	0.7%
EBITDA margin	*20.9%*	*21.2%*	*21.6%*	*21.1%*	*22.1%*	*22.5%*	**23bp**	**86bp**	**93bp**
EBIT (INR mn)	10,471	12,349	14,624	10,610	12,315	14,547	1.3%	-0.3%	-0.5%
EBIT margin	*16.3%*	*16.8%*	*17.4%*	*16.6%*	*17.5%*	*17.9%*	**30bp**	**63bp**	**54bp**
EPS (INR)	26.7	33.1	40.0	29.7	33.0	38.8	11.5%	-0.4%	-2.8%

Note: Consensus estimates as of 12th Jan and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

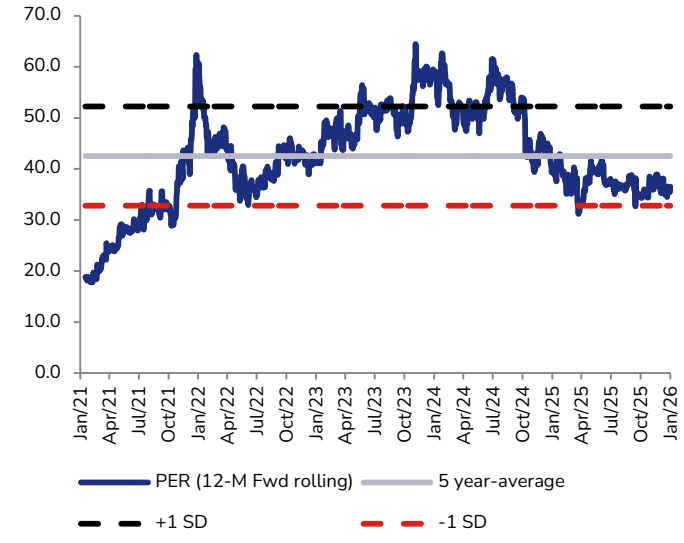
Valuation Table

Exhibit 7. KPIT PER – 24M Forward



Source: Bloomberg, JM Financial

Exhibit 8. KPIT PER – 12M Forward



Source: Bloomberg, JM Financial

Exhibit 9. ERD – Valuation Comp

Company	CMP (LC)	Mcap (USD m)	P/E FY26	P/E FY27	P/E FY28	PEG	EV/EBITDA FY26	EV/EBITDA FY27	EV/EBITDA FY28	EV/Sales FY26	EV/Sales FY27	EV/Sales FY28
India												
Tata Tech	648	2,858	38.9x	32.2x	27.7x	1.7x	29.9x	23.5x	20.4x	4.7x	4.1x	3.7x
KPIT	1,042	3,108	38.2x	30.3x	25.5x	1.4x	20.8x	18.x	15.4x	4.3x	3.8x	3.3x
Tata Elxsi	5,300	3,591	50.4x	39.2x	33.2x	1.7x	38.2x	30.x	25.3x	8.5x	7.5x	6.7x
L&T TS	3,720	4,289	29.9x	25.2x	21.7x	1.4x	18.2x	15.7x	13.7x	3.1x	2.8x	2.6x
Cyient	1,116	1,349	21.8x	17.1x	14.7x	.8x	11.7x	9.4x	8.1x	1.6x	1.4x	1.3x
Average			**35.8x**	**28.8x**	**24.5x**		**23.8x**	**19.3x**	**16.6x**	**4.4x**	**3.9x**	**3.5x**
Global												
Alten	71	2,294	11.6x	10.x	9.3x	.9x	6.3x	5.8x	5.3x	.6x	.6x	.6x
Bertrandt	20	184	10.5x	5.4x	4.4x	.1x	3.8x	3.x	2.8x	.3x	.3x	.3x
EDAG	4	86	-4.1x	17.3x	5.3x	NA	-8.8x	5.3x	4.1x	.4x	.4x	.4x
Desay SV	122	10,158	27.5x	21.7x	17.6x	.9x	21.6x	17.2x	14.1x	2.3x	1.9x	1.6x
AFRY	143	1,700	14.9x	11.3x	9.4x	.4x	9.4x	7.9x	7.x	.9x	.8x	.8x
Etteplan	9	220	18.x	14.4x	11.5x	.6x	8.3x	7.2x	6.3x	.9x	.8x	.8x
Assytem	47	678	20.2x	17.3x	15.5x	1.2x	12.x	10.6x	10.x	1.x	1.x	.9x
Thundersoft	75	4,831	65.8x	51.6x	42.8x	2.1x	33.2x	27.1x	22.3x	4.3x	3.6x	3.x
Arcsoft	51	2,856	84.1x	62.7x	45.2x	1.7x	65.1x	49.x	36.4x	18.6x	14.7x	11.6x
Average			**18.x**	**17.3x**	**11.5x**		**9.4x**	**7.9x**	**7.x**	**.9x**	**.8x**	**.8x**

Note: Median used for multiple averages of global ER&D companies. Bloomberg estimates as on 29Th Jan 2026. Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Sales	48,715	58,423	64,024	70,521	81,176
Sales Growth	*44.8%*	*19.9%*	*9.6%*	*10.1%*	*15.1%*
Other Operating Income	0	0	0	0	0
Total Revenue	**48,715**	**58,423**	**64,024**	**70,521**	**81,176**
Cost of Goods Sold/Op. Exp	584	558	846	806	1,045
Personnel Cost	31,120	36,993	39,529	42,355	48,119
Other Expenses	7,160	8,622	10,128	11,781	13,740
EBITDA	**9,852**	**12,251**	**13,521**	**15,579**	**18,271**
EBITDA Margin	*20.2%*	*21.0%*	*21.1%*	*22.1%*	*22.5%*
EBITDA Growth	*58.8%*	*24.4%*	*10.4%*	*15.2%*	*17.3%*
Depn. & Amort.	1,958	2,250	2,911	3,264	3,724
EBIT	7,894	10,002	10,610	12,315	14,547
Other Income	664	1,720	305	361	429
Finance Cost	548	424	750	934	1,109
PBT before Excep. & Forex	8,010	11,297	10,165	11,742	13,867
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	8,010	11,297	10,165	11,742	13,867
Taxes	2,025	2,929	2,437	2,936	3,467
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	40	127	-363	-169	-169
Reported Net Profit	5,945	8,241	8,091	8,976	10,569
Adjusted Net Profit	**5,945**	**8,241**	**8,091**	**8,976**	**10,569**
Net Margin	*12.2%*	*14.1%*	*12.6%*	*12.7%*	*13.0%*
Diluted Share Cap. (mn)	271.2	271.7	272.1	272.1	272.1
Diluted EPS (INR)	**21.9**	**30.3**	**29.7**	**33.0**	**38.8**
Diluted EPS Growth	*55.5%*	*38.4%*	*-2.0%*	*10.9%*	*17.8%*
Total Dividend + Tax	2,187	2,780	2,292	3,929	4,584
Dividend Per Share (INR)	6.6	8.4	6.9	11.9	13.9

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Profit before Tax	5,980	10,600	7,728	8,807	10,400
Depn. & Amort.	1,958	2,250	2,911	3,264	3,724
Net Interest Exp. / Inc. (-)	436	274	445	573	680
Inc (-) / Dec in WCap.	871	2,167	2,001	830	78
Others	119	-71	0	0	0
Taxes Paid	-1,371	-2,049	-2,437	-2,936	-3,467
Operating Cash Flow	**7,993**	**13,170**	**10,648**	**10,539**	**11,416**
Capex	-1,549	-1,273	-3,268	-3,417	-6,600
Free Cash Flow	*6,444*	*11,897*	*7,380*	*7,122*	*4,816*
Inc (-) / Dec in Investments	-455	-1,442	0	0	0
Others	-3,634	-3,356	-22,427	361	-1,846
Investing Cash Flow	**-5,638**	**-6,072**	**-25,695**	**-3,056**	**-8,446**
Inc / Dec (-) in Capital	0	0	8	-169	-169
Dividend + Tax thereon	-1,287	-1,928	-1,920	-3,293	-3,809
Inc / Dec (-) in Loans	-3	-2	4,420	0	0
Others	-1,109	-1,495	-669	-934	-859
Financing Cash Flow	**-2,400**	**-3,424**	**1,839**	**-4,396**	**-4,836**
Inc / Dec (-) in Cash	**-45**	**3,674**	**-13,208**	**3,087**	**-1,867**
Opening Cash Balance	2,009	2,009	2,009	2,009	2,009
Closing Cash Balance	1,964	5,682	-11,199	5,096	142

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Shareholders' Fund	21,459	29,122	34,699	40,044	46,467
Share Capital	2,712	2,717	2,721	2,721	2,721
Reserves & Surplus	18,746	26,405	31,978	37,323	43,745
Preference Share Capital	0	0	0	0	0
Minority Interest	171	0	4	-165	-334
Total Loans	445	15	4,435	4,435	4,435
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	**22,075**	**29,136**	**39,138**	**44,314**	**50,568**
Net Fixed Assets	19,734	19,812	42,901	43,054	45,930
Gross Fixed Assets	2,395	2,344	2,646	2,798	2,899
Intangible Assets	17,339	17,468	40,256	40,256	43,031
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	0	0	0	0	0
Current Assets	21,945	30,517	19,036	25,748	32,132
Inventories	902	847	960	1,058	1,624
Sundry Debtors	7,489	7,548	8,420	8,694	10,008
Cash & Bank Balances	8,959	15,865	4,859	10,713	14,419
Loans & Advances	0	0	0	0	0
Other Current Assets	4,594	6,258	4,797	5,283	6,082
Current Liab. & Prov.	19,604	21,193	22,799	24,489	27,494
Current Liabilities	14,681	17,203	15,710	17,399	20,155
Provisions & Others	4,923	3,990	7,089	7,089	7,339
Net Current Assets	2,341	9,324	-3,763	1,260	4,638
Total – Assets	**22,075**	**29,136**	**39,138**	**44,314**	**50,568**

Source: Company, JM Financial

Dupont Analysis					
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Margin	12.2%	14.1%	12.6%	12.7%	13.0%
Asset Turnover (x)	1.4	1.4	1.3	1.2	1.2
Leverage Factor (x)	1.8	1.6	1.6	1.6	1.5
RoE	31.3%	32.6%	25.4%	24.0%	24.4%

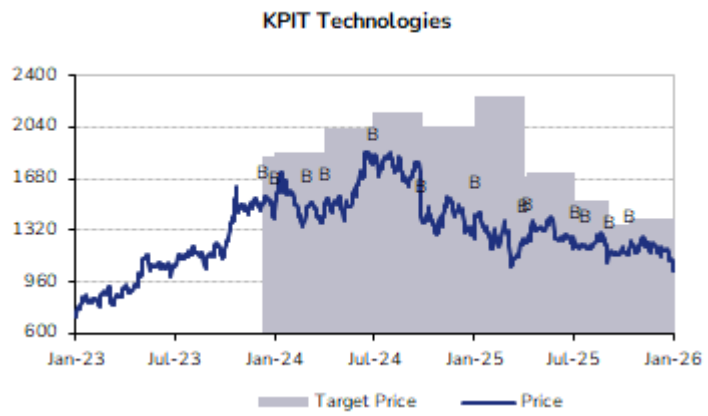
Key Ratios					
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
BV/Share (INR)	78.4	106.3	126.4	145.9	169.3
ROIC	49.3%	56.1%	33.9%	27.2%	31.3%
ROE	31.3%	32.6%	25.4%	24.0%	24.4%
Net Debt/Equity (x)	-0.4	-0.5	0.0	-0.2	-0.2
P/E (x)	47.5	34.4	35.0	31.6	26.8
P/B (x)	13.3	9.8	8.2	7.1	6.2
EV/EBITDA (x)	27.8	21.8	20.9	17.7	14.9
EV/Sales (x)	5.6	4.6	4.4	3.9	3.4
Debtor days	56	47	48	45	45
Inventory days	7	5	5	5	7
Creditor days	23	14	22	23	25

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
8-Jan-24	Buy	1,830	
30-Jan-24	Buy	1,860	1.6
27-Mar-24	Buy	1,860	0.0
30-Apr-24	Buy	2,030	9.1
25-Jul-24	Buy	2,140	5.4
24-Oct-24	Buy	2,040	-4.7
30-Jan-25	Buy	2,250	10.3
29-Apr-25	Buy	1,700	-24.4
7-May-25	Buy	1,720	1.2
31-Jul-25	Buy	1,530	-11.0
19-Aug-25	Buy	1,530	0.0
1-Oct-25	Buy	1,360	-11.1
10-Nov-25	Buy	1,400	2.9

Recommendation History



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	**Meaning**
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ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
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