Dated: 1 July 2026

KPIT Technologies (KPITTECH) - SELL

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs672	**Rs.520**

Rationale:

- KPIT provided an update on the outlook of the June 2026 quarter and for FY27E.
- Revenue miss likely due to a shortfall in another large account.
- Abrupt revenue shortfall drives sharply lower profitability.
- Multiple client-specific issues imply limited growth avenues.
- Cut FY27-29E EPS by 12-14% and FV to Rs520; maintain SELL.
- We lower our valuation multiple to 18x (from 21x) FY28E PE to arrive at a revised FV of Rs520 (Rs675 earlier).

Positives:

- Deal TCV increased by 25% yoy to US$34.9 cr; book-to-bill at 1.9x.
- Revenue per development employee rises to US$63.2k, up 6.8% yoy.
- Sequential revenue growth is likely to resume in Q4FY27.

Negatives:

- We forecast 4.3% c/c organic revenue decline & 14.8% EBIT margin in FY27E & 3.9% organic c/c revenue CAGR during FY26-29E.
- T21 clients' revenue mix declined by 310 bps qoq to 84.6%.
- Among German OEMs, BMW issued a profit warning, while media reports suggest sharp cost reductions by Mercedes Benz and VW.
- VW is likely to lower its investments in the current five-year planning round to EUR13,000 cr (from EUR16,500 cr in CY25).

(EPS: Earnings Per Share, TCV: Total Contract Value, C/C: Constant Currency, CAGR: Compound Annual Growth Rate, EBIT: Earnings Before Interest and Tax, T21: Top 21, PE: Price To Earnings, OEM: Original Equipment Manufacturer)

Holding Period: 12 months

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RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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