

May 15, 2025

KPIT Technologies Limited: Update on material event

Summary of rating(s) outstanding

Instrument*	Previous rated amount	Current rated amount	Rating action
Long-term/short-term – Fund based/non-fund based – Working capital facilities	Rs. 265.00 crore	Rs. 265.00 crore	[ICRA]AA (Stable)/ [ICRA]A1+; outstanding
Long-term - Unallocated limits	\$7.5 million	\$7.5 million	[ICRA]AA (Stable); outstanding
Total	Rs. 265.00 crore and \$7.5 million	Rs. 265.00 crore and \$7.5 million	

*Instrument details are provided in Annexure I

Rationale

Description of material event

On May 6, 2025, KPIT Technologies Limited (KPIT) announced the 100% acquisition of the engineering solutions business of Caresoft Global Technologies Inc. (Caresoft), a company headquartered in the US and focused on the off-highway, trucks and bus segments and manufacturing solutions for automotive original equipment manufacturers (OEMs) and suppliers. KPIT will also partner with Caresoft in their automotive benchmarking business for its existing customers. The total consideration payable is \$191 million, which includes \$25 million of variable consideration, based on achievement of revenue and other business synergy milestones, to be paid in multiple tranches over the next 1-4 years with cash and/or equity shares up to \$25 million.

Impact of the Material Event

This acquisition will enable KPIT to enhance its presence in the off-highway and commercial vehicles segments and cross-sell the engineering solutions to its strategic clients. Additionally, the acquisition will accelerate KPIT's foray into the Chinese market and gain access to the software benchmarking business for its existing customers. This acquisition is expected to be margin-accretive for KPIT. ICRA also notes that the acquisition is likely to be largely funded through internal accruals/surplus liquidity available. Given the company's healthy cash flow generation and capital structure, this event is unlikely to have a material impact on KPIT's credit profile. Nonetheless, the company's ability to successfully integrate the acquired business and achieve the desired synergies will remain monitorable.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of KPIT. The consolidated entities are all enlisted in Annexure-II.

About the company

KPIT is a technology company focused on automobile engineering and mobility solutions. The company offers technology solutions to automobile OEMs under different practices such as power trains (conventional and electrical), connectivity, autonomous (vision and control systems) and diagnostics. Each of its practice areas offers software IP, software integration, feature development, and verification and validation services. KPIT is globally present in 14 countries across the US, Europe and APAC.

Key financial indicators (audited)

KPIT – Consolidated	FY2024	FY2025
Operating income	4,871.5	5842.3
PAT	599.1	836.8
OPBDIT/OI	20.4%	21.0%
PAT/OI	12.3%	14.3%
Total outside liabilities/Tangible net worth (times)	0.9	0.7
Total debt/OPBDIT (times)	0.3	0.3
Interest coverage (times)	18.1	29.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)					Chronology of rating history for the past 3 years					
					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Working Capital Facilities	Long term and short term	Rs. 265.00 crore	Apr-08-25	[ICRA]AA (Stable)/[ICRA]A1+	-	-	Feb-05-24	[ICRA]AA (Stable)/[ICRA]A1+	-	-
			May-15-25	[ICRA]AA (Stable)/[ICRA]A1+	-	-	Apr-06-23	[ICRA]AA (Stable)/[ICRA]A1+	-	-
Unallocated Limits	Long term	US\$7.5 Million	Apr-08-25	[ICRA]AA (Stable)	-	-	Feb-05-24	[ICRA]AA (Stable)	-	-

May-15-25	[ICRA]AA (Stable)	-	-	Apr-06-23	[ICRA]AA (Stable)	-	-
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Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/Short Term - Fund based/Non-Fund Based-Working Capital Facilities	Simple
Long term-Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term/Short Term - Fund based/Non-Fund Based- Working Capital Facilities	NA	NA	NA	Rs. 265.00 crore	[ICRA]AA (Stable)/ [ICRA]A1+
NA	Long term-Unallocated Limits	NA	NA	NA	US\$7.5 Million	[ICRA]AA (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	KPIT's ownership	Consolidation approach
KPIT Technologies (UK) Limited	100%	Full Consolidation
KPIT (Shanghai) Software Technology Co. Limited	100%	Full Consolidation
KPIT Technologies Netherlands B.V.	100%	Full Consolidation
KPIT Technologies GmbH	100%	Full Consolidation
KPIT Technologias LTDA	100%	Full Consolidation
Microfuzzy Industry – Elektronik GmbH	100%	Full Consolidation
KPIT Technologies GK	100%	Full Consolidation
KPIT Technologies Inc.	100%	Full Consolidation
KPIT Technologies Holding Inc.	100%	Full Consolidation
KPIT Tech (Thailand) Co. Limited	100%	Full Consolidation
PathPartner Technology Private Limited	80%	Full Consolidation
PathPartner Technology Inc	80%	Full Consolidation
PathPartner Technology GmbH	80%	Full Consolidation
Somit Solutions Limited	100%	Full Consolidation
Somit Solutions Inc	100%	Full Consolidation
KPIT Technologies SAS	100%	Full Consolidation
Technica Engineering GmbH	100%	Full Consolidation
Technica Electronics Barcelona S.L	100%	Full Consolidation
Technica Engineering Spain S.L	100%	Full Consolidation
Technica Engineering Inc	100%	Full Consolidation
FMS Future Mobility Solutions GmbH	100%	Full Consolidation
Qorix GmbH	100%	Full Consolidation

Source: Company Annual Report FY2024

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