March 18, 2026

KPIT Technologies Limited: Ratings reaffirmed

Summary of rating action

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. 315.00 crore	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Long-term - Unallocated limits	$7.5 million	-	-
Long-term/short-term – Unallocated	-	Rs. 17.50 crore	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Total	**Rs. 265.00 crore and $7.5 million**	**Rs. 332.50 crore**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation for KPIT Technologies Limited (KPIT) factors in its established business profile with its niche offerings and healthy position in the automobile engineering & technology solutions space, supported by its established relationships with top global automotive players, and its strong financial profile as marked by stable earnings, net-debt free status and strong cash reserves. KPIT posted a revenue growth of 20% YoY in INR terms to Rs. 5,842.3 crore in FY2025 and 10% YoY in INR terms to Rs. 4,743.9 crore in 9M FY2026, supported by strong growth in key geographies of Europe and Asia and partly through inorganic growth initiatives. While some cost pressures and wage hikes resulted in slight moderation of the operating profit margins (OPM) to 19.7% in 9M FY2026 against 21.0% in FY2025, the company continued to generate healthy cash flow from operations, which, along with its net-debt free status leads to strong debt protection metrics.

ICRA notes KPIT's acquisition of Caresoft Global Technologies Inc. (Caresoft) completed in August 2025 for a revised consideration of $157 million, which is expected to be fully paid over the next 1-2 years. The synergies from this acquisition are expected to materialise over the next few quarters. The strong demand for electric vehicles (EVs) across geographies owing to country-wise regulations in the industry has resulted in increased IT spending on EVs, along with emerging technologies such as autonomous driving, and connected and shared mobility. This is expected to support the growth momentum for KPIT, going forward as well.

The ratings are, however, tempered by KPIT's revenue concentration from a few clients and a single vertical (automobiles).The company generates more than 85% of its revenue from its top 25 clients, exposing it to the client concentration risk to an extent, as the revenue loss from its top clients may impact its revenue and profitability. However, ICRA notes that KPIT's offerings are niche and focused on entrenched relationships with top global automobile players. Additionally, industry participants, including KPIT, continue to face challenges in the form of wage inflations, foreign exchange (forex) fluctuations, talent acquisition and retention. ICRA also notes the company's plans to grow inorganically through acquisitions in the short to medium term, funded by its sizeable cash and liquid investments. Any sizeable debt-funded acquisition can materially impact KPIT's financial risk profile and will be evaluated on a case-to-case basis. Moreover, ICRA remains cognisant of the evolving risks and opportunities arising from the growing adoption of Artificial Intelligence (AI)/ Generative AI (GenAI) in the broader IT services industry. The resulting shifts in delivery models, pricing and talent structures could pose execution and adoption risks, even as new revenue emerges to partially offset such disruptions. The impact of these developments on the company will be key monitorable factors.

The Stable outlook on the rating reflects ICRA's opinion that KPIT will maintain its strong credit profile and liquidity position, supported by healthy internal accrual generation and continued net-debt free status.

Key rating drivers and their description

Credit strengths

Healthy operational profile driven by niche offerings and strong relationships with top global automotive OEMs and Tier-I suppliers – KPIT enjoys a healthy operational profile with strong presence in the mobility industry aided by its niche offerings in power trains, autonomous and connectivity categories. The company offers software IP, software integration, feature development, and verification and validation services to global OEMs and Tier-I suppliers across its key practices. KPIT has deep-domain technical capabilities across its key practices. Further, it has an established client base, which includes most of the top 20 global OEMs, to which it offers multiple services.

Strong financial profile with stable earnings, net-debt free status and strong cash reserves – KPIT's revenues rose at a compounded annual growth rate (CAGR) of 22% over FY2022-FY2025 to Rs. 5,842.3 crore backed by its niche service offerings and strong relationships with its customers. The overall financial performance has remained strong with topline growth (in INR terms) of 20% and 10% in FY2025 and 9M FY2026, respectively, supported by healthy revenue expansion across key geographies of Asia and Europe and steady business from the off-highway segments. Moreover, inorganic growth initiatives have supported growth momentum in recent years. The OPM also remained largely stable with 19.7% in 9M FY2026 and 21.0% in FY2025 and is likely to be largely sustained at similar levels over the near term. KPIT also maintains a strong order book pipeline of $202 million in Q3 FY2026, providing healthy revenue visibility. The company's financial profile continues to be strong, aided by healthy cash flow generation, a comfortable capital structure with sizeable net worth of Rs. 3,459.6 crore and net-debt free status as on December 31, 2025. These factors have continued to result in robust debt protection metrics, which are expected to sustain over the near term, aided by strong cash flow generation and no major increase in debt levels.

Increased R&D expense by global auto companies provides growth opportunities – The global EV demand is increasing owing to high carbon emission by conventional vehicles, with Governments across countries offering incentives in electrical mobility. Moreover, the SDV concept is becoming increasingly popular in the automotive industry. This led to an increase in R&D expenses from OEMs and Tier-I suppliers on emerging technologies such as autonomous vehicles and EVs, addition of new features and functionality in vehicles to stay competitive in the industry. Thus, all these factors provide healthy revenue visibility for KPIT over the near-to-medium term.

Credit challenges

Client and segment concentration risks – KPIT derives its entire revenue from the automotive and mobility sector with its top 25 clients generating 86-87% of its revenues in recent quarters, thus exposing it to concentration risks. Consequently, any slowdown in the auto segment or decrease in technology spends by its top clients can have an adverse impact on the company's performance. However, the risk is mitigated to an extent by KPIT's established relationships with its top global auto OEM clients and its niche offerings/technological capabilities in mobility solutions. The company's strategy to focus on its top automobile clients (OEMs and Tier-I suppliers) is in line with the concentrated nature of the industry to drive revenues by offering multiple services.

Margins vulnerable to wage inflation and forex fluctuations – KPIT's profit margins are exposed to wage cost inflation as it operates in a highly labour-intensive business. Nonetheless, in line with its industry peers, the company's attrition rate has tapered in the recent quarters and is expected to remain at similar level over the near term. Also, KPIT is exposed to macroeconomic uncertainties and any adverse regulatory/legislative change in its key operating markets of the US and Europe, which generated 70-80% of its revenue in FY2025. Additionally, it remains exposed to hiring norms of its operational countries. Further, with most of its revenues generated by global clients in foreign currencies, the company is exposed to the forex risk. However, KPIT's hedging mechanism mitigates this risk to an extent.

Environment and social risks

Environmental considerations: Given the service-oriented business, KPIT's direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material.

Social considerations: Like other Indian IT service companies, KPIT faces the risk of data breaches and cyberattacks that could affect the large volumes of customer data that it manages. Any material lapses on this front could result in substantive liabilities, fines, or penalties and reputational impact. Also, the company remains exposed to the risk of changes in immigration laws in the key developed markets where it provides its services. While such changes would be motivated by those economies' own social and political considerations, they could heighten the competition among IT players for skilled workforce, resulting in higher attrition rates and may have an adverse impact on profitability. Managing various facets of human capital, including skills, compensation, and training, is in any case a key differentiating factor among IT companies.

Liquidity position: Strong

KPIT's liquidity is Strong, supported by steady increase in internal accrual generation and sizeable cash and investment of Rs. 1,348.1 crore and undrawn working capital limits of Rs. 315 crore as on December 31, 2025. The company will continue to scout for investment/acquisition opportunities to support its inorganic growth. The impact, if any, of the same on KPIT's credit and liquidity profile will depend on the ticket size of these investment/acquisition and their operational and financial synergies.

Rating sensitivities

Positive factors – ICRA could upgrade KPIT's ratings, if there is a sustained scale-up in revenues along with improvements in the margin, while maintaining its sizeable liquidity.

Negative factors – Pressure on KPIT's ratings could arise due to any impact on its revenue and profitability from the loss of any of its key clients or due to demand moderation in the auto industry. A specific credit metric for a downgrade is if Total Debt/OPBDITA is more than 1.5 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	IT - Software & Services Corporate Credit Rating Methodology
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 practice area 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	9M FY2026*
Operating income	4,871.5	5,842.3	4,743.9
PAT	599.1	836.8	506.5
OPBDIT/OI	20.4%	21.0%	19.7%
PAT/OI	12.3%	14.3%	10.7%
Total outside liabilities/Tangible net worth (times)	0.9	0.7	1.0
Total debt/OPBDIT (times)	0.3	0.3	0.7
Interest coverage (times)	18.1	28.9	18.1

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

Status of non-cooperation with previous CRA: Not applicable Any

other information: Not applicable

Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
						FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Mar 18, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Working Capital Facilities	Long term and short term	Rs. 315.00 crore	[ICRA]AA (Stable)/ [ICRA]A1+	Apr-08-2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	Feb-05-2024	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
				May-15-2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	Apr-06-2023	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
Unallocated Limits	Long term	-	-	Apr-08-2025	[ICRA]AA (Stable)	-	-	Feb-05-2024	[ICRA]AA (Stable)	-	-
				May-15-2025	[ICRA]AA (Stable)	-	-	Apr-06-2023	[ICRA]AA (Stable)	-	-
Unallocated Limits	Long term and short term	Rs. 17.50 crore	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/Short Term - Fund based/Non-Fund Based- Working Capital Facilities	Simple
Long Term/Short 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. 315.00 crores	[ICRA]AA (Stable)/ [ICRA]A1+
NA	**Long Term/Short Term-Unallocated Limits**	NA	NA	NA	Rs. 17.50 crores	[ICRA]AA (Stable)/ [ICRA]A1+

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 – Elektronic 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	100%	Full Consolidation
PathPartner Technology Inc	100%	Full Consolidation
PathPartner Technology GmbH (liquidated on 2 October 2024)	100%	Full Consolidation
Somit Solutions Limited	100%	Full Consolidation
Somit Solutions Inc	100%	Full Consolidation

Company name	KPIT's ownership	Consolidation approach
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 (merged with KPIT Technologies GmbH with effect from 3 September 2024)	44.44%	Full Consolidation
KPIT Technologies Limited Employee Welfare Trust (ESOP Trust)	44.44%	Full Consolidation
KPIT Engineering SUARL	26%	Full Consolidation
Caresoft Engineering Services Limited (with effect from 15 August 2025)	100%	Full Consolidation
Caresoft Global Technologies Inc. (with effect from 15 August 2025)	100%	Full Consolidation
CAREGLOTECH, S. de R.L. de C.V. (with effect from 15 August 2025)	100%	Full Consolidation
OXI SRL (with effect from 10 October 2025)	100%	Full Consolidation
N-Dream AG (upto 07 October 2025)	100%	Full Consolidation
N-Dream AG (with effect from 07 October 2025)	100%	Full Consolidation
Qorix GmbH	100%	Full Consolidation
Qorix India Private Limited	100%	Full Consolidation

Source: Results

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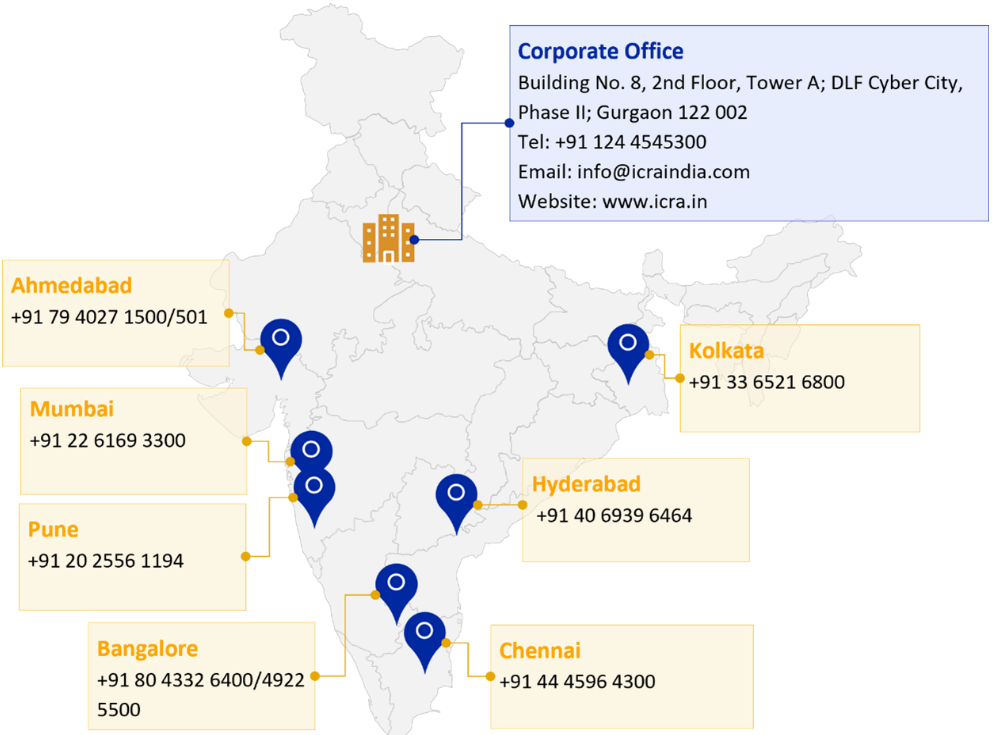

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