

Sep 01, 2016

Buy Around:	₹ 130
SL:	₹ 122
Target:	₹ 147
Upside:	13%
Horizon:	1 Month

VALUE PARAMETERS

Price (Rs)	127.45
52 W H/L(Rs)	196.60/98.00
Mkt. Cap.(Rs Cr)	2517.12
Latest Equity(Subscribed)	39.50
Latest Reserve (cons.)	1343.13
Latest EPS (cons.) -Unit Curr.	15.56
Latest P/E Ratio -cons	8.19
Latest Bookvalue (cons.) -Unit Curr.	70.01
Latest P/BV - cons	1.82
Dividend Yield -%	1.68
Face Value	2

STOCK DATA

BSE Code	532400
NSE Symbol	KPIT
Reuters	KPIT.BO
Bloomberg	KPIT IN

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2016
Foreign	60.62
Institutions	1.52
Govt Holding	0.00
Non Promoter Corp. Hold.	1.65
Promoters	16.72
Public & Others	19.50

The management of the company is very positive towards the growth in the second half of FY17 on account of growth investments and new offerings. According to that its pipeline of deals in products, enterprise and engineering segments is reasonable and would lead the financial growth.

Business Profile

KPIT Technologies Limited is engaged in providing software and information technology (IT) enabled services globally. The principal businesses of the Company are computer programming, consultancy and related activities. The Company operates as product engineering and IT consulting partner for automotive, manufacturing, and energy and utilities companies. The Company operates in the USA, UK & Europe and Rest of World segments and Its subsidiaries include KPIT Infosystems Inc., KPIT Technologies (UK) Limited and KPIT Infosystems ME FZE.

INVESTMENT RATIONALE

The Company has a global extended product lifecycle management (EPLM) practice, which offers consulting, platform based products, enterprise level analytics, application management services (AMS) and enterprise cost management solutions.

- During Q1 FY16, revenue from the US market grew 3 per cent while revenue from the UK and Europe rose 22 per cent and the rest of the world 9 per cent on a year on year basis. Moreover, it has reported nearly 30 per cent rise in consolidated net profit at Rs 55 crore and its income from operations rose nearly 6 per cent to Rs 803.2 crore as against Rs 759.3 crore in the year-ago period.
- According to the management of the company, due to top client challenges environment, margins of company has been affected during Q1FY17 but through restructuring its cost, expenses and steady recovery in revenue growth in H2FY17 would guide the growth of the company
- The company is going through internal changes in structure as well as external changes in the business environment and expecting good traction in the newer areas of cloud and digital technologies.

TECHNICAL TRENDS



We recommend a buy in the stock of KPIT TECHNOLOGIES LIMITED for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs98.00 and 52 week high of Rs 196.60. Buy around at 130 with a closing below stop loss of Rs.122 levels for the target of Rs.147.

Note:

- Follow Strict Stop Loss.

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