

KPIT Second Quarter Results FY 2019

Investor Release BSE: 532400 | NSE: KPIT

Q2FY19 reported EBITDA at 13.6%, growth of 62.5% Y-o-Y, 19.3% Q-o-Q
Q2FY19 Constant Currency Revenue growth of 2.9% Q-o-Q,
Constant Currency Revenue growth of 9.8% in H1FY19 over H1FY18

Pune, October 24, 2018: KPIT (BSE: 532400; NSE: KPIT), a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy and Utilities companies, today reported its consolidated financial results for the second quarter and half year ended September 30, 2018.

Highlights for the quarter ended September 30, 2018

- ₹ Revenues grow 6.4% Q-o-Q and 17.8% Y-o-Y
 - Net Profit for the quarter registers a Y-o-Y growth of 37.4%
 - Operational EBITDA for the quarter at 15.2%
 - Reassuring increase in Pipeline, led by large deals in Engineering
 - BMW today announced KPIT as a technology partner for Autonomous Driving
- ([Please read the full release here](#))

Management comments

Commenting on the performance of Q2 FY19, Kishor Patil, Co-founder, CEO & MD, KPIT said, “The quarter gone by witnessed solid improvement in operating margins despite wage hikes, driven by operating efficiencies and better quality of revenues. We are on track to achieve our annual revenue guidance and exceed the annual operating margins guidance. The Merger Demerger process is progressing well, as per planned timelines.”

Sachin Tikekar, President and Board Member, KPIT said, “Engineering and Digital revenues continue to grow at a much faster rate for us. We expect the trend to continue during the remainder of the year. We are progressing well on the business familiarization process with Birlasoft and are happy with the cultural and value similarities between the two organizations.”

Quick Summary

The growth during the quarter was led by engineering, digital technologies and products & platforms.

We had a healthy operating margin improvement during the quarter led by operational efficiencies, change in business mix and aided by the rupee depreciation. The reported EBITDA margin for the quarter was 13.59% as against 12.11% last quarter. We incurred around ₹172 Million as expenses towards the Merger-Demerger transaction during the quarter as compared to ₹108 Million in last quarter. Majority of the Merger Demerger expenses have now been provided for and this number in Q3 will be substantially lower.

The operational EBITDA during the quarter, thus was as follows:

Details	Unit	Q2FY19	Q1FY19	FY18
Reported EBITDA	₹ Mn	1,466	1,228	3,785
Merger-Demerger Transaction Expenses	₹ Mn	172	108	169
Operational EBITDA	₹ Mn	1,638	1,336	3,954
Reported EBITDA Margin	%	13.59%	12.11%	10.33%
Operational EBITDA Margin	%	15.18%	13.18%	10.79%

The Profit for the quarter stood at ₹820.59 Million, registering a sequential growth of 6% and a year on year growth of 37.4%. The other income during the quarter was ₹70 Million as compared to ₹162 Million last quarter. There was also an increase in depreciation due to full capitalization of Phase III building in Pune.

We will continue with the profitability improvement measures to lead us to steady and sustainable improvement in the operating margins, during the remainder of the year.

UPDATE ON PROPOSED MERGER-DEMERGER:

On KPIT and Birlasoft merger/demerger front, the business familiarization process is progressing well with participation from focus teams from both the sides. The NCLT (National Company Law Tribunal) directed EGM for seeking shareholder approval for the Merger Demerger Scheme was scheduled on August 29, 2018. The shareholders overwhelmingly approved the scheme for the merger of KPIT with Birlasoft and the simultaneous demerger of KPIT Engineering business into a new company, to create two new public companies. The final petition is now filed with the NCLT for seeking final approval from NCLT which, as mentioned earlier, is expected in the next few months. Thus, so far, we are on course with respect to the originally planned legal timelines.

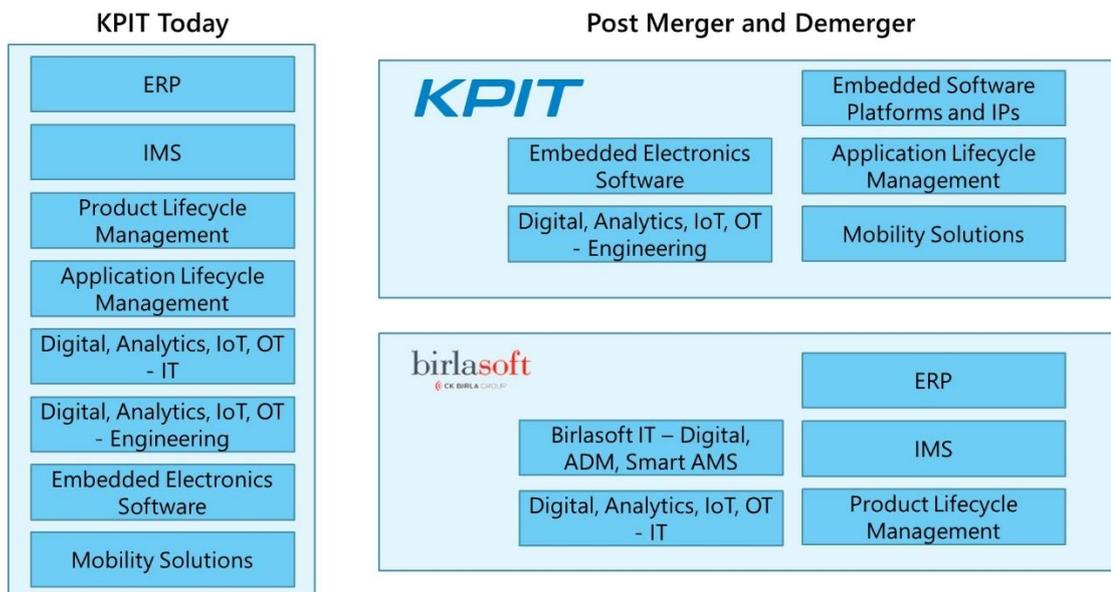
BUSINESS SPLIT POST MERGER AND DEMERGER:

As we are progressing well on the legal timelines, it is important to understand the split of the businesses and the resultant businesses of the individual entities.

The Engineering Business (KPIT Technologies post demerger) will mainly focus on Automotive Vertical with embedded software, digital technologies, mobility solutions and application life cycle management as the primary practices.

The Business IT Business (Birlasoft Ltd. post demerger) will mainly focus on the Manufacturing, BFSI and Media Verticals with ERP, digital technologies, product life cycle management, ADM and IMS as the primary practices.

The following diagram reflects the businesses as they would shape up post completion of merger and demerger.



SERVICES UPDATE

BUSINESS IT

IES SBU contributed 23.8% of the total revenue for the quarter. The New age technologies in Oracle and JDE around cloud have been growing well, albeit there is reduction in traditional ERP work resulting in a sequential decline of 6%. ePLM business which was included in IES SBU has been regrouped under Digital Technologies (DT) since it is more aligned to DT than Oracle.

SAP SBU contributed 17% of the total revenue for the quarter. The New age technologies in SAP around Cloud, HANA and Hybris have been growing well, albeit there is reduction in traditional ERP work resulting in a sequential decline of 2.6%.

We have gained significant recognitions in the newer technologies in both Oracle as well as SAP, as evidenced by the following recognitions:

- KPIT won the **“Oracle Excellence Award 2018”** in the **“SCM Cloud Partner of the Year”** category at the Oracle India Partner Forum FY19.
- KPIT won the **“Oracle Monetization Cloud” award in Asia Pacific** at the Oracle Communications “Customer Advisory Board” meeting held in Bangkok, Thailand.
- KPIT won the **“SAP Customer Experience Americas Service Delivery Partner for 2018”** award at the **SAP Customer Experience LIVE** event in Barcelona, Spain held between Oct 10-12, 2018.

ORACLE

- The Oracle business saw some softness during the quarter which we believe is limited to only this quarter. We are strengthening our relationship with Oracle and focusing on sales for platform services. We will continue to focus on cloud, though we are working on validating strategy changes, if any.
- Growth in IoT and Big Data with focus on smart data are the continuing trends. While majority of the customers are willing to move ERPs to the cloud, security on public cloud is the key restrictive parameter.
- JDE Upgrades, Infor, Oracle Cloud, JDE on Cloud, EBS upgrades and roll outs, Migration to cloud and Oracle SaaS product launches are the major areas of traction.
- KPIT has achieved Oracle Cloud Excellence Implementer (CEI) status in Oracle ERP Cloud in North America. We were already a CEI member having achieved CEI status in Supply Chain Management (SCM), Product Hub, Procurement and ERP Financial management.

SAP

- We have been witnessing some softness in SAP SBU over the last couple of quarters. We believe this will continue for another quarter. We have a good pipeline and believe we should be back on the growth path at the beginning of the next calendar year.
- Our key growth areas continue to be HANA, Cloud, Hybris and C4C Solutions.

IMS

- There is good traction on the Transformation to cloud scope of services and there are multiple cloud deals for ERP and business application hosting.
- Based on the customer interest, we are developing solutions and offering services in areas such as robotic process automation, Security, Hybrid Enterprise cloud transformation, smart workplace (digital and mobile technologies) and integrated tools stack.

THOUGHT LEADERSHIP (BUSINESS IT)

- KPIT - an Oracle Platinum Partner with a focus in Transportation Management, exhibited at the 2018 OTM User Conference in Philadelphia, Pennsylvania (USA) between August 5-8, 2018.
- KPIT was an exhibitor at the 2018 OTM User Conference in Bengaluru, Karnataka (India) held between September 6-7, 2018. The team presented KPIT's Logistics and Compliance Differentiators.
- KPIT was a Silver Sponsor and Exhibitor at SuccessConnect 2018 Las Vegas, Nevada (USA) – where it showcased services within the SAP Human Capital Management space

DIGITAL TECHNOLOGIES

The overall digital revenues including ePLM and digital in SAP and Oracle are ~ 41% of the Business IT revenues (39% last quarter) of the company. DT SBU (which addresses DT and ePLM, outside of SAP and Oracle) constituted 15.2% of the total revenue for the quarter with sequential growth of 1.7%.

- We see traction across Edge computing for IoT projects, BOT as a Service, Connected product initiatives mainly in medical device industry.
- As part of business strategy to speed up application development, get scale and reduce costs, customers are opting for Low-code or No-code platforms.
- There is also rise in pilot projects for digital transformation roll out.
- KPIT has launched Smart Accelerators for lights and meters. These accelerators are part of KPIT's Smart Cities and Utilities framework and are built on PTC's ThingWorx platform.

ePLM

- Smart Connected Product Design is a topic of interest amongst customers in line with their Digital engineering initiative.
- Regulation compliance is another area presenting growth opportunity mainly in the medical devices sector.
- During this quarter, majority of the deal wins were in areas of PLM & ALM implementation and support.

THOUGHT LEADERSHIP

- KPIT has become the first System Integrator (SI) in the aerosol industry to become the member of the Industrie-Gemeinschaft Aerosole e.V. (IGA) [Industrial Community Aerosol] consortium in Germany. The membership demonstrates KPIT's unparalleled expertise in technologies such as MES (Manufacturing Execution Systems) and Analytics for the aerosol industry.
- KPIT participated in the 3rd IOT Global Innovation Forum held between July 10-11, 2018 at Portland, Oregon (USA), and mentioned about success stories of customers who are leveraging IIoT, through a speaker session.
- KPIT has launched the first Centre of Excellence (CoE) showcasing PTC Technology in the US at KPIT's Raleigh, North Carolina location.

- KPIT's team of Digital Transformation experts exhibited at the Enterprise Wearable Technology Summit 2018 in Austin, Texas (USA) between October 9-11, 2018. The team displayed enterprise wearable solutions to help clients get an immersive experience across all close-loop manufacturing processes to help build productive and safer organizations.

ENGINEERING SERVICES

PES SBU contributed 39.7% of the total revenue for the quarter, depicting a sequential growth of 5.1%.

- We have seen strong growth in the PES SBU over the last 6+ quarters and expect the trend to continue going forward. Last financial year, we grew by 30%+ in PES and in H1 of FY19, growth has been 30%+ over H1 of FY18.
- We see increasing growth from our Top Accounts and these strategic customers will drive majority of the growth going forward.
- There is greater traction in Autonomous driving solutions, ePowertrain and AUTOSAR domains and majority of the deal wins during this quarter have been in the same space.

THOUGHT LEADERSHIP (ENGINEERING)

- KPIT recently **authored article on "Model & Network Based Diagnostics" in HANSER Automotive**, a leading German magazine covering all domains in automotive electronics.

PRODUCTS & PLATFORMS (P&P)

P&P SBU contributed 4.3% to the total revenue for the quarter and it grew sequentially by 33.7%.

- Our Strategy for the Products and Platforms going forward is to focus only on Software Platforms, Hardware Design and Software Integration with the Hardware. Wherever required, we will work with a hardware partner. This strategy will help us focus on our strength, which is software platforms. This focus, along with a strong hardware partner, if required will help us strengthen our go-to-market. We anticipate this transition to happen over the next 1-2 quarters. Once stabilized, this will reduce quarterly fluctuations and help improve the profitability of this business.
- KPIT won the award in EMobility India Week 2018 under the award category- **Electric Vehicle IT Innovation of the year** Award.

VERTICAL UPDATE

AUTOMOTIVE AND TRANSPORTATION VERTICAL

Automotive vertical contributed 47.9% of total revenue for the quarter, registering a Q-o-Q growth of 4.1%.

- Automotive Vertical continues to be one of the fastest growing verticals for us. Green, Autonomous and Connected are the mega trends in this vertical. 90%+ of the product innovations in new feature development are driven by electronics. With the increasing focus on electric vehicles and autonomous features, newer OEMs and ecosystem partnerships are increasing.
- ADAS, Infotainment, Diagnostics and AUTOSAR are the key areas of traction in the automotive vertical for us. We are engaging with customers in these strategic areas. We continue to build leadership, domain expertise and drive innovation in these key areas.
- We are investing in regional development centers and increasing our focus on global hiring of specific domain skills to further strengthen our positioning in this vertical.

MANUFACTURING VERTICAL

Manufacturing vertical contributed 27% of total revenue for the quarter, depicting a Q-o-Q decline of 6.9%.

- The Life Sciences industry is going through major changes and is subject to strict regulatory requirements. We see significant M&A and divestiture activities requiring agile corporate and IT strategies. The key trends here are convergence of Life Sciences and Healthcare, wide proliferation of connected devices, stringent statutory compliances, higher customer expectations and pressure to innovate. We provide a complete set of offerings across the entire value chain of Life Sciences and Medical Device companies - from discovery, trials, and production to sales and marketing, field service and support.
- The Key trends in the Consumer and Industrial Goods Industry are intense competitive pressures and cost reduction targets, supply chain optimization, agile IT to keep pace with fast changing business environment and corporate restructuring. We partner with customers in these verticals to help them reorganize their IT strategy, optimize the value chain and thus become more productive and standardize IT systems, infrastructure and data across global locations
- High Tech companies, operating on the cutting edge of technology, are reimagining their business models based on the nexus of IoT, Cloud, Analytics, Mobile and Social (iCAMS). Across the highly competitive global market, business consolidations are common, with companies positioning themselves as digital businesses and platform companies. KPIT provides offerings across the value chain - from product ideation to conceptualization, prototype, production to sales and aftermarket support.
- In the Manufacturing Verticals, we see traction in New age ERP, PLM Solutions, Digital, IoT, Big Data and cloud enablement.

ENERGY & RESOURCES VERTICAL

Energy vertical contributed 12.8% of the total revenue for the quarter depicting a sequential growth of 3.1%.

- Energy and Resources vertical is witnessing significant M&A activities, increasing global competition, variations in demand due to efficient vehicles and alternate fuel technologies, stricter regulatory compliances and pressure to innovate across processes, products, services and experience. We help Energy and Resources companies to deliver better experiences, improve operational efficiencies, optimize asset utilization and gain sustained performance. We see traction in cloud adoption, PLM, asset management, operational technologies and supply chain solutions.

UTILITIES VERTICAL

Utilities vertical contributed 5.3% of the total revenue for the quarter depicting a sequential decline of 7.3%.

- The major trends in the Utilities Industry today are convergence of information and operations technology, increased use of connected devices, increasing regulatory requirements, changing customer engagement models, focus on renewable energy generation and innovations in operations. We focus on Operations Excellence, Workforce Enablement, Business Transformation, Customer Experience, Digital Transformation and Technology expertise to serve our customers in the Utilities vertical. We bring a multidisciplinary approach synchronizing people, process and technology to deliver results across the entire value chain of Utilities, for regulated as well as deregulated Utilities.

GEOGRAPHY UPDATE

- The US Geography continues to be the largest geography for us with a revenue share of 61.7% and it declined by 1% on a Q-o-Q basis. The major areas of traction in the US Geography are Digital, ePLM, MES, S/4 and Oracle

Cloud. We also see good opportunities for JDE in certain areas. Life Sciences and Energy are the two leading verticals from the current opportunities point of view. We continue to invest in people and hire laterals as well as fresh graduates at our centers in Raleigh and Detroit.

- Europe geography with a revenue share of 22.8%, grew by 15.5% sequentially during this quarter. We see the growth in Europe geography sustain over a period, led by Germany and Auto Engineering. In Engineering we see greater opportunities in AD-ADAS, ePowertrain, Infotainment and AUTOSAR whereas in Business IT the major areas of traction are Digital Technologies, Infor and IMS. We continue to invest in our local delivery center in Munich to provide best in class solutions to our customers with a near shore presence and integrated global delivery model.
- During this quarter, we saw a decline of 6.8% in Asia geography mainly due to reduction in AIS 140 shipments and the cross-currency impact. The geography contributed 15.5% to the total revenues. We could see good traction for us around 'Mobility' and 'Electric Vehicles' market out of ASEAN region in Asia. Multiple countries in ASEAN region are looking at new 'National Car' programs and most of these initiatives are around Electric Vehicle platforms where KPIT can play a significant role as 'Technology partner'. We are working on some large deals in the Asian geography and expect closure on a few of them in the coming quarters.

**All the revenue growth numbers mentioned under IBU, Geography and SBU update are in equivalent \$ terms.*

Technology Update

- We have filed 1 patent during the quarter in automotive (ADAS) domain. With this the total number of patents filed as on Q2 FY19 end stood at 58, including 54 patents with complete specifications.
- We were also granted 1 patent during this quarter taking the total count of granted patents to 45. The details of granted patent in Q2 FY19 are mentioned below:

Patent Number	Patent Title	Country	Domain
10106066	Head Restraint System	US	Vehicle System

Customer Highlights

- An American multinational corporation in the Oil & Gas industry chose KPIT for an Oracle EBS AMS project.
- A leading global marine and offshore engineering company, based out of the Asia-Pacific region chose KPIT for a PeopleSoft rollout project.
- A Europe based company producing distilled beverages chose KPIT for a JD Edwards Upgrade project in the North American region.
- A Fortune 500 company headquartered in North America, operating across a gamut of industrial segments chose KPIT for a PLM Consolidation to Windchill project.
- The Europe arm of an Asia-Pacific headquartered company, specializing in wind energy solutions chose KPIT for PLM and ALM implementations.
- One of the world's largest manufacturers of doors and windows, based out of North America chose KPIT for an SAP Business Suite implementation project.
- KPIT was chosen by a Global carmaker for its expertise within the Autonomous Driving space.
- A leading multinational Automotive Tier 1 chose KPIT for its Adaptive AUTOSAR capabilities.
- A large Automotive OEM chose KPIT for its Electric Powertrain capabilities.
- KPIT was chosen by a major multinational Automaker as a strategic engagement partner in the Electro Mechanical Design Services (eMEDS) space.

Financial Update

REVENUE UPDATE

Our \$ revenue for the quarter stood at \$152.54 Million, a Q-o-Q growth of 1.3% and Y-o-Y growth of 7.6%. In ₹ terms, revenue grew by 6.4% Q-o-Q and 17.8% Y-o-Y to ₹ 10,788.69 Million.

Amongst SBUs, there was a significant 5.1% Q-o-Q growth in PES SBU while P&P SBU grew by 33.7% sequentially. DT SBU also registered Q-o-Q growth of 1.7%.

However, IES and SAP SBU declined sequentially by 6% and 2.6% respectively.

Among geographies, Europe registered Q-o-Q growth of 15.5% while US & APAC declined by 1% and 6.8% respectively.

In terms of industry verticals, there was a sequential growth of 4.1% in Automotive vertical whereas Energy & Utilities vertical declined by 0.2% and Manufacturing vertical declined by 6.9% on a Q-o-Q basis.

The 20 top strategic accounts constituted 52.7% of the total revenues and grew by 1.8%. Similarly, the 40 top strategic accounts constituted 64.9% of the revenues and had a Q-o-Q growth of 1.1%.

**All the revenue growth numbers mentioned under revenue update are in equivalent \$ terms.*

PROFITABILITY

The realized rate for the quarter was ₹70.73/\$ against ₹67.35/\$ in Q1 FY19.

The operating margins for the quarter were 15.18% as against the reported margins of 13.59%. During the quarter there was an impact of wage hikes to the tune of around 220 bps. The increase in operating margins from 13.2% last quarter to 15.2% this quarter was mainly because of operational efficiencies and better revenue mix which led to an increase of around 300 bps. The rupee depreciation this quarter as compared to last quarter on an average realized rate basis was around 5% which aided the margins by around 120 bps.

The other income was lower by ₹92 Million which is a cumulative effect of translation of foreign currency denominated assets and liabilities, the realized gain on debtors and the realized loss on forward contracts, among other factors. The depreciation was higher by ₹97 Million, mainly because of full capitalization of new building at MIDC Phase III, in Pune.

SUMMARIZED REPRESENTATIVE CASH FLOW

Details	₹ Million
Cash Profit for Q2 FY19	1,188
Working Capital Adjustments	(553)
Cash Generated from Operations	635
Fixed Assets	(269)
Balance Cash Flow	366
Dividend Payment	(554)
Debt Repayment	(249)
Total Increase/(Decrease) in cash balance	(438)
Total Net Cash balance as at Q2 FY19 end	3,303

- The Cash Balance as at September 30, 2018 stood at ₹6,096 Million (₹6,533 Million as on June 30, 2018).
- The DSO were at 77 days, at the quarter end.
- As on September 30, 2018 our total debt stood at ₹2,793 Million (₹3,035 Million as of June 30, 2018) comprising of ₹902 Million of Term Loan and ₹1,891 Million of Working Capital Loan.
- Thus, the Net Cash Balance as at September 30, 2018 stood at ₹3,303 Million (₹3,498 Million as on June 30, 2018).

Income statement for quarter ended September 30th, 2018

₹ million	Q2 FY19	Q1 FY19	Q-o-Q Growth	Q2 FY18	Y-o-Y Growth
Sales	10,788.69	10,138.40	6.41%	9,160.23	17.78%
Employee Benefit Expenses	6,450.91	6,310.73	2.22%	5,738.22	12.42%
Cost of materials consumed	16.16	50.12	(67.76%)	183.68	(91.20%)
Depreciation & Amortization Expenses	367.73	270.48	35.95%	192.61	90.92%
Other Expenses	2,855.78	2,549.27	12.02%	2,335.60	22.27%
Total Expenses	9,690.58	9,180.60	5.55%	8,450.11	14.68%
Profit before Other Income, Finance costs & Exceptional Item	1,098.11	957.80	14.65%	710.12	54.64%
Other Income	70.01	162.04	(56.79%)	114.00	(38.59%)
Profit before Finance costs & exceptional Items	1,168.12	1,119.84	4.31%	824.12	41.74%
Finance costs	56.59	53.59	5.60%	25.90	-
Profit after Finance costs & before exceptional Items	1,111.53	1,066.25	4.25%	798.22	39.25%
Exceptional Items	-	-	-	-	-
Profit Before Tax	1,111.53	1,066.25	4.25%	798.22	39.25%
Tax Expenses	235.13	240.70	(2.31%)	194.78	20.72%
Net Profit from ordinary activities after Tax	876.40	825.55	6.16%	603.44	45.23%
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	876.40	825.55	6.16%	603.44	45.23%
Share of profit from associate	(50.68)	(39.60)	27.98%	-	-
Minority Interest	5.13	11.62	(55.85%)	6.24	(17.75%)
PAT	820.59	774.33	5.97%	597.20	37.41%
Other Comprehensive Income	444.07	200.65	-	83.03	-
Total Comprehensive income for the period	1,264.66	974.98	29.71%	680.23	85.92%
Paid up Capital	381.29	379.86	-	377.15	-
EPS (₹ 2/-Face Value each)					
- Basic	4.23	4.00	5.65%	3.11	36.09%
- Fully Diluted	4.11	3.88	5.95%	3.00	36.84%
Common Size Analysis:					
Gross Profit Margin	33.33%	32.01%	1.32%	28.07%	5.26%
SG&A / Revenue	19.74%	19.89%	(0.15%)	18.22%	1.53%
EBITDA Margin	13.59%	12.12%	1.47%	9.85%	3.73%
Net Profit Margin	7.61%	7.64%	(0.03%)	6.52%	1.09%

Income statement for half year ended September 30th, 2018

₹ million	H1 FY19	H1 FY18	Y-o-Y Growth
Sales	20,927.09	17,863.84	17.15%
Employee Benefit Expenses	12,761.64	11,125.21	14.71%
Cost of materials consumed	66.28	303.03	(78.13%)
Depreciation & Amortization Expenses	638.21	382.98	66.64%
Other Expenses	5,405.05	4,737.95	14.08%
Total Expenses	18,871.18	16,549.17	14.03%
Profit before Other Income, Finance costs & Exceptional Item	2,055.91	1,314.67	56.38%
Other Income	232.05	234.53	(1.06%)
Profit before Finance costs & exceptional Items	2,287.96	1,549.20	47.69%
Finance costs	110.18	51.50	-
Profit after Finance costs & before exceptional Items	2,177.78	1,497.70	45.41%
Exceptional Items	-	25.55	-
Profit Before Tax	2,177.78	1,523.25	42.97%
Tax Expenses	475.83	364.58	30.51%
Net Profit from ordinary activities after Tax	1,701.95	1,158.67	46.89%
Extraordinary Items	-	-	-
Net Profit for the Period	1,701.95	1,158.67	46.89%
Share of profit from associate	(90.28)	-	-
Minority Interest	16.75	6.94	-
PAT	1,594.92	1,151.73	38.48%
Other Comprehensive Income	644.72	131.61	-
Total Comprehensive income for the period	2,239.64	1,283.34	74.52%
Paid up Capital	381.29	377.15	-
EPS (₹2/-Face Value each)			
- Basic	8.23	5.99	37.31%
- Fully Diluted	7.98	5.78	38.02%
Common Size Analysis:			
EBITDA Margin	12.87%	9.50%	3.37%
Net Profit Margin	7.62%	6.45%	1.17%

Performance Metrics for quarter ended September 30th, 2018

	Q2 FY19	Q1 FY19	Q-o-Q Growth	Q2 FY18	Y-o-Y Growth
Revenue Spread – Geography					
USA	61.67%	63.12%	3.98%	63.69%	14.04%
Europe	22.84%	20.04%	21.26%	18.46%	45.72%
Rest of World	15.49%	16.84%	(2.11%)	17.85%	2.23%
Revenue Spread – Verticals					
Automotive & Transportation	47.95%	46.66%	9.35%	43.99%	28.36%
Manufacturing	27.03%	29.43%	(2.28%)	30.41%	4.69%
Energy & Utilities	18.14%	18.41%	4.82%	17.37%	22.96%
Others	6.89%	5.49%	33.41%	8.23%	(1.41%)
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	23.81%	25.65%	(1.24%)	26.99%	3.89%
Product Engineering Services	39.66%	38.23%	10.40%	33.71%	38.59%
Products & Platforms	4.30%	3.26%	40.37%	4.17%	21.39%
SAP	17.02%	17.70%	2.30%	20.51%	(2.30%)
Digital Transformation ^	15.22%	15.16%	6.83%	14.62%	22.56%
Customer details					
No. of Customers Added	4	3	-	4	-
No. of Active Customers	248	244	-	234	-
Customers with run rate of >\$1Mn	93	93	-	93	-
Strategic Top 20 Clients	52.75%	52.51%	6.90%	49.61%	25.25%
Strategic Top 40 Clients	64.90%	65.06%	6.14%	59.82%	27.77%
Onsite / Offshore Split					
Onsite Revenues	54.13%	54.20%	6.29%	55.15%	15.60%
Offshore Revenue	45.76%	45.14%	7.87%	42.72%	26.14%
SI#	0.11%	0.66%	(82.15%)	2.13%	(93.83%)
Revenue by Contract Type					
Time and Material Basis	56.87%	59.78%	1.23%	61.63%	8.68%
Fixed Price / Time Basis	43.02%	39.55%	15.74%	36.24%	39.80%
SI#	0.11%	0.66%	(82.15%)	2.13%	(93.83%)
Debtors (days)					
	77	73	-	73	-

Human Resources – Details	Q2 FY19	Q1 FY19	Q-o-Q Growth	Q2 FY18	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,886	1,856	-	1,751	-
Development Team - Offshore(Avg.)	10,251	9,965	-	9,469	-
Onsite FTE	1,775	1,734	2.38%	1,621	9.53%
Offshore FTE	7,459	7,098	5.08%	6,648	12.19%
Total FTE	9,234	8,832	4.55%	8,269	11.67%
Development (at Quarter end)	12,244	12,040	-	11,070	-
Gen Management / Support (at Quarter end)	663	651	-	630	-
Marketing (Subsidiaries) (at Quarter end)	262	260	-	246	-
Total (at Quarter end)	13,169	12,951	-	11,946	-
Onsite utilization	94.12%	93.42%	-	92.56%	-
Offshore utilization	72.76%	71.23%	-	70.21%	-

*The SBU revenues have been re-classified based on new organizational changes and previous period figures have been restated for comparison.

Products & Platforms SBU revenue has been separated from Product Engineering Services SBU.

^ Digital Transformation SBU (erstwhile Enterprise Solutions SBU) also includes ePLM SBU

SI represents the revenues for our Telematics, EV and KIVI Bus Entertainment solutions.

Hedging details

The currency market has been extremely volatile in the recent period and the company has major exposure in 3 currencies- USD, Euro and GBP. As per our hedging policy, we cover 75% of the net exposure through forward contracts for the next two quarters.

Total Outstanding Hedges:

- Total amount of USD hedges as on 30th September 2018 : \$49.05 Million
- These hedges are maturing in the next 2 quarters and average rate for these hedges is ₹70.42/\$

Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Sep 30, 2018	Jun 30, 2018
Assets:		
Non-current Assets:	11,086.15	10,889.29
Fixed Assets	4,464.27	4,562.07
Goodwill	4,613.11	4,400.16
Other Non-current assets	2,008.77	1,927.06
Current Assets:	18,401.73	17,568.53
Inventories	151.93	263.30
Trade Receivables	9,827.45	8,427.97
Cash & bank balances	4,261.03	4,881.75
Other Current Assets	4,161.32	3,995.51
Total Assets	29,487.88	28,457.82
Equity & Liabilities:		
Equity:	20,025.36	19,226.89
Share Capital	381.29	379.86
Other Equity	19,589.27	18,800.07
Non-controlling Interest	54.80	46.96
Non-current Liabilities:	1,541.08	1,624.31
Financial liabilities	737.72	859.41
Provisions	800.72	764.65
Deferred tax liabilities	2.64	0.25
Current Liabilities:	7,921.44	7,606.62
Short term borrowings	1,874.76	1,993.06
Trade Payables	1,488.32	1,665.45
Other Current liabilities	4,558.36	3,948.11
Total Equity & Liabilities	29,487.88	28,457.82

Conference Call Details

Conference name : KPIT Q2 FY2019 Conference Call
 Date : Oct 25, 2018
 Time : 1600 Hours (IST)

Dial-in Numbers for all the participants

Primary number : +91 22 6280 1325/ +91 22 7115 8226
 Local access Number : +91 70456 71221

Toll free Number : USA- 1 866 746 2133
 UK- 0 808 101 1573
 Singapore- 800 101 2045
 Hongkong- 800 964 448

About KPIT Technologies

KPIT (BSE:532400, NSE: KPIT) is a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy & Utilities and Life Sciences companies. Together with its customers and partners, it creates and delivers technologies to enable creating a cleaner, greener and more intelligent world that is sustainable and efficient. For more information, visit <http://www.kpit.com>

Forward Looking Statements

Some of the statements in this update that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce Their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

Contact Details

For Investor Queries	For Media Queries
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