

KPIT First Quarter Results FY 2019

Investor Release BSE: 532400 | NSE: KPIT

USD revenues grow 12% Y-o-Y to reach USD 150.54 Million
Q1FY19 operational EBITDA at 13.2% against 12.7% last quarter
Constant Currency growth of 3.5% Q-o-Q on services business

Pune, July 25, 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 first quarter ended June 30, 2018.

Highlights for the quarter ended June 30, 2018

- ₹ Revenues grow 4.9% Q-o-Q and 16.5% Y-o-Y, cross the ₹1,000 Crore quarterly revenue milestone
- Net Profit for the quarter registers a Y-o-Y growth of 39.6%
- Reported EBITDA for the quarter at 12.1%, a Y-o-Y growth of 54.5%
- Net Cash position continues to improve, Net Cash at ₹3.5 Bn. as at the end of the quarter

Management comments

Commenting on the performance of Q1 FY19, Kishor Patil, Co-founder, CEO & MD, KPIT said, " We continue to focus on improving profitability and growth. We improved our operational margins by 50 bps during the quarter. We are on track with respect to the milestones on the proposed merger and then demerger of IT and Automotive Engineering businesses. We truly believe this will continue to be a significant value creator for all stakeholders as it has been in the last one year."

Sachin Tikekar, President and Board Member, KPIT said, " We witnessed a decent sequential constant currency growth of 3.5% in our services business, led by Engineering, Digital and Oracle, while the products revenue declined. Our strategic customers have contributed to a strong growth of 5.5% in CC terms, during the quarter. We have a robust pipeline in all our geographies and we are confident of profitable growth in the coming quarters."

Quick Summary

The growth during the quarter was led by the services business viz. engineering, digital technologies and Oracle. The Products business, as we have been saying is still in a nascent stage and hence we will witness quarterly fluctuations in the same.

We had a healthy operating margin improvement during the quarter led by operational efficiencies and aided a bit by the rupee depreciation. The reported EBITDA margin for the quarter was 12.11%. We incurred around ₹108 Million as expenses towards the Merger-Demerger transaction during the quarter. The operational EBITDA during the quarter, thus was as follows:

Details	Unit	Q1FY19	Q4FY18	FY18
Reported EBITDA	₹ M	1,228	1,098	3,785
Merger-Demerger Transaction Expenses	₹ M	108	129	169
Operational EBITDA	₹ M	1,336	1,227	3,954
Reported EBITDA Margin	%	12.11%	11.36%	10.33%
Operational EBITDA Margin	%	13.18%	12.70%	10.79%

The Profit for the quarter stood at ₹774.3 Million, registering a sequential growth of 1.9% and a year on year growth of 39.6%. Q4 FY18 being the last quarter of the year, had a very low effective tax rate (16.5%) due to write backs, basis actual tax returns filed. The effective tax rate for the quarter is at a normalized level of 22.6%. Thus, at the PBT level, there was a sequential growth of 6.2% and a year on year growth of 47%.

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

UPDATE ON PROPOSED MERGER-DEMERGER:

BACKGROUND:

Earlier in the year, we announced a transaction of merger and demerger involving KPIT and Birlasoft. Birlasoft is a part of the USD 1.6 billion diversified CK Birla Group.

- The merger of KPIT and Birlasoft will create a USD 700+ Million entity which will immediately demerge into two separate companies:
 - KPIT Technologies (USD 220+ Million revenue company, post-merger), a global leader in Automotive Engineering and Mobility Solutions, which will evolve from the existing Engineering business of KPIT.
 - Birlasoft (a USD 500+ Million revenue company, post-merger), a new Digital Business IT Services company, focusing on the mid-tier IT space formed by combining Birlasoft with the KPIT's IT business

The proposed structure is one of the most favorable structure from the taxation and company law perspective.

STATUS:

We are progressing well on the regulatory front as per the anticipated timelines. We received the approval from the Competition Commission of India (CCI) and filed the scheme with the National Company Law Tribunal (NCLT), Mumbai Bench, for their approval. The NCLT, by virtue of an order dated July 12, 2018, has directed a meeting to be held of the equity shareholders of KPIT for considering and if found fit, approving the proposed scheme of merger and demerger. In pursuance of the said order, the meeting will be held on August 29, 2018 at 1400 hrs. at the registered office of KPIT in Hinjawadi, Pune.

WHY BIRLASOFT:

Birlasoft is a part of the renowned CK Birla Group. Hence we believe the group would have long-term interest in the company, which will take care of continuing interest of our customers and employees. Secondly, if we were to look at the offerings, both the organizations have very complementary offerings. In our case, the ERP revenues are 50%+ of our total revenues, whereas in their case the non-ERP revenues, especially the digital and application development revenues are 85% of their revenues. Thus, the two companies collectively in Business IT, will have a complete suite of end-to-end solutions in the IT services domain. We believe the knowledge and the depth that Birlasoft has in digital revenues will add more value to our digital technology revenues, thereby enhancing our credibility in that segment. Thirdly, the Industry Verticals of the two companies are also complementary. We work largely in the Manufacturing and Energy domain while Birlasoft mainly works in the BFSI and Media verticals, though they also have some Manufacturing revenues. We believe that the kind of technologies we have built over the years, will get a substantial boost, if we can give a consulting edge to it which gets facilitated by the complementary skillsets.

The scalable and proven leadership across both the organizations and the right size of the combined IT for customer attention, will create a compelling proposition for our customers with the right depth of domain, appropriate spread of offerings and the attention the customers seek.

SERVICES UPDATE**BUSINESS IT**

IES SBU contributed 30.3% of the total revenue for the quarter depicting a sequential growth of 2.7%.

SAP SBU contributed 17.7% of the total revenue for the quarter depicting a decline of 3.5%.

ORACLE

- Oracle is supporting JD Edwards (JDE) customers by extending the JDE 9.2 premier support till at least Dec 2030 and sustaining support indefinitely. This has boosted the number of customers looking to upgrade to the latest release E9.2. We see good traction for JDE on Oracle Cloud (OCI) and we are the Managed Service Provider (MSP) for Oracle cloud Infrastructure.
- With digital transformation, we are developing and enhancing several tools which will accelerate upgrade lifecycle like ProDart, REPLICA, Add-on-packs for IMPACTA among others.
- We continue to invest in EBS tool-sets and our strong capabilities in On-Premise combined with experience in Cloud ERP, EPM, SCM, HCM and CX positions us as an SI capable of providing full services.
- We are focused on delivery led growth and working with our Strategic Accounts to advise clients on their ERP and Cloud Strategy.

SAP

- The key areas where we see maximum traction are HANA, Cloud, Hybris and C4C Solutions.
- We are aligning with SAP's focus on Digital Transformation with the launch of SAP Leonardo, including connected manufacturing, digital supply chain, integrated business planning, intelligent ERP and connected logistics offerings.
- With SAP's partnership we also see momentum in new C/4HANA offerings like Gigya and Callidus.
- Our IP continues to gain recognition including HANA Toolkit, SimpleCommerce and Smart AMS.

IMS

- The major areas of traction are hybrid cloud and DevOps related opportunities, workplace automation and end-user experience enhancing tools, security related areas- GDPR assessment, cyber and data security and ERP hosting on public clouds.

- With focus on security, we have made significant investment in security domain in terms of partner ecosystem and COE setup.
- We are approaching clients with ITSM based value add solutions like chatbots and ServiceNow related automations.

ePLM

- There is growing focus on Global Product Registration Solution, role-based apps connecting to multiple enterprise system and PLM and ALM analytics.
- Our Global Product Registration Solution is available across PLM platforms while our PLM analytics solution is leveraging PTC Thingworx platform.
- During the quarter we closed deals in areas such as ALM implementation and digital transformation.

THOUGHT LEADERSHIP (BUSINESS IT)

- KPIT has formed a strategic collaboration with Kinetiq, the leader in life sciences and clinical research management consulting to deliver new life-sciences focused business technology applications. Kinetiq will provide professional regulatory compliance consulting capabilities to KPIT customers, including software solutions engagements that require a Part 11 audit, program development, and implementation. Whereas, KPIT will complement Kinetiq's management consulting services with value-added custom software development, systems integration, application and infrastructure support outsourcing, testing-as-a service (TaaS), and project management.
- KPIT was involved at the Oracle OpenWorld Brazil held between June 20-21, 2018 at Ibirapuera Park, São Paulo (Brazil) where it showcased its innovative solutions and capabilities within Oracle Business Suites.
- KPIT participated in SAPPHERE NOW and ASUG Annual Conference 2018 between June 5-7, 2018 at Orlando, Florida (U.S.A), where it presented solutions and customer success stories around SAP Business Suites.

DIGITAL TECHNOLOGIES

The overall digital revenues including digital in SAP and Oracle are ~ 31% of the Business IT revenues of the company. DT SBU (which addresses DT outside of SAP and Oracle) constituted 10.5% of the total revenue for the quarter with sequential growth of 2.2%.

- We see growing demand for services around mobile factory initiatives, cloud adoption and new edge technologies, Bot-as-a-service, connected product and factory initiatives.
- With augmented reality, our workwear platform is rapidly expanding its suite of applications to deliver faster time to market.
- We are leveraging our Akoya Platform to analyze and deliver analytics focusing on CRM Analytics space.
- Our Asset management solutions are helping customers to track their assets, improve their performance and predict maintenance needs.
- Our Joint go to market strategy and partnerships in IoT and AI areas is aimed at helping customers move towards a digital ecosystem.

THOUGHT LEADERSHIP

- KPIT participated at LiveWorx 2018 held between June 17-20, 2018 at Boston, Massachusetts (U.S.A), where the company's solutions for Smart Manufacturing and Connected Products built on PTC ThingWorx and Windchill platforms were presented.

ENGINEERING SERVICES

PES SBU contributed 38.2% of the total revenue for the quarter, depicting a sequential growth of 5.5%.

- The key practices with high traction includes Autonomous Driving Solutions (AD-ADAS), AUTOSAR, Connectivity (Infotainment) and ePowertrain (Electric Powertrain) and we have won a few deals across these domains during the quarter.

THOUGHT LEADERSHIP (ENGINEERING)

- KPIT demonstrated its expertise in the ePowertrain space at The Battery Show Europe 2018 between May 15-17, 2018 in Hanover, Germany.
- KPIT participated in Cognitive Vehicles 2018 event and shared its perspective on "Effective techniques for Ground Truth Creation in Autonomous Vehicles using Artificial Intelligence and Deep Learning".
- KPIT participated in a panel discussion on "Electrification at the core of future automotive transmissions – driving efficiency and performance" at Transmission.Tech 2018.
- KPIT has been a key contributor to the automotive industry in various forums. KPIT recently authored articles on "Smart Charging" and "Embedded Vehicle Diagnostics" in HANSER Automotive, a leading German magazine covering all domains in automotive electronics.

PRODUCTS & PLATFORMS (P&P)

P&P SBU contributed 3.3% to the total revenue for the quarter and it declined by 39.6%.

- The Skyline Pro-E electric buses powered by KPIT's innovative electrification technology 'REVOLO' commenced commercial operations for public transport in New Town Kolkata (India) on May 1, 2018.
- MaximusPro is listed on Amazon Launch Pad, which is an exclusive e-commerce platform from Amazon for products developed by startups. MaximusPro went live on 22nd June and within just 4-5 days of launch, it was listed in top 2-3 products amongst 40,000 odd products in the category of navigation devices.
- KPIT has been recognized with two Manufacturing Leadership Awards by Frost and Sullivan for its clean and Smart technology solutions in the urban mobility sector. KPIT's Integrated Intelligent Transport Systems and Revolo® have earned awards in the Smart Products and Services and Sustainability categories respectively.

THOUGHT LEADERSHIP

- NITI Aayog has constituted 'National Intelligent Transport System Committee' to work towards a coherent Intelligent Transportation System (ITS) Policy for the nation. The committee comprises of three working groups. KPIT has been invited to be a part of them and is actively contributing to the committee thus paving path for smart transportation in India.

VERTICAL UPDATE

AUTOMOTIVE AND TRANSPORTATION VERTICAL

Automotive vertical contributed 46.7% of total revenue for the quarter, registering a Q-o-Q growth of 2%.

- In the Automotive and Transportation vertical, we have a clear leadership and domain expertise in embedded electronics with focus on five main areas viz. Powertrain (Electric and Traditional), Autonomous Driving (AD-ADAS), Connected Vehicles (Infotainment), Vehicle Diagnostics, AUTOSAR and security. These are the very areas

where there are large investments being made and planned to be made by the global auto majors. We believe there is a huge growth opportunity in these areas in the next 3-5 years, if not more. We are committed to making technology investments to develop our own IPs, tools, software products and platforms to enhance our growth and fortify our leadership position in the Automotive and transportation vertical.

MANUFACTURING VERTICAL

Manufacturing vertical contributed 29.3% of total revenue for the quarter, depicting a Q-o-Q growth of 3.3%.

- In Life sciences industry, we see growing momentum for IoT programs for service enablement, while there is higher adoption of cloud solutions in regulatory compliance sensitive areas like track and trace, MDM, PLM. Technologies enabling modern/ connected/ IoT Manufacturing 4.0 are also gaining pace. Some of the key areas where we are investing and developing offerings include cold chain management, Blockchain, integrated smart glass applications, DaaS and CPQ cloud solution for medical device manufacturers.
- In Hi-Tech industry, there is emergence of new business models and supporting technologies. The industry has been witnessing frequent M&As, which emphasize the need for right solutions and joint GTM strategy. There is also growing opportunity with complex supply chain networks. We are offering solutions to address these trends- PLM/ ALM solutions, IoT, Big Data and Analytics solutions/ CPQ, Cloud readiness, Data Quality and MES Solution/ Stratos M&A, HighTECH Edge/ Channel management, Remote Service and Warranty Analytics/ Global Trade management, among others
- The Consumer and Industrial Goods industry faces numerous challenges due to volatility in global markets, intense competition, cost pressures, changing business models, and ever changing expectations of consumers. However, amidst these challenges lie many opportunities that are largely led by technological advancements. We provide services, best practices, deep knowledge and expertise in Industrial Goods domain to help clients optimize value chain and become more productive.

ENERGY & RESOURCES VERTICAL

Energy vertical contributed 12.6% of the total revenue for the quarter depicting a sequential growth of 9.1%.

- The economic uncertainties and changing market dynamics in the Energy industry create several challenges and related opportunities. Companies face pressure related to margins and regulatory compliance, scarcity of resources and skilled people, and increasing operational costs, among others. We provide ways to modernize business processes, better connect systems with newer technologies, gain insights for quick and better decision making, and optimally utilize resources and skills.

UTILITIES VERTICAL

Utilities vertical contributed 5.8% of the total revenue for the quarter depicting a sequential decline of 7.3%.

- The modern Utility faces an array of challenges due to growing demand, stricter regulations, environmental mandates, and consumer expectations. These challenges require strategic technology investment and innovation. The major trends in the 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 enable organizations in the

Utilities industry to excel by focusing on innovative technology, synchronizing people, process and technology and streamlining business processes across a full breadth of applications.

GEOGRAPHY UPDATE

- The US Geography continues to be the largest geography for us with a revenue share of 63.1% and it grew by 2.8% on a Q-o-Q basis. The major growth areas for us in the US geography are Engineering, PLM & Digital. We are witnessing good traction around manufacturing 4.0, analytics and automation using artificial intelligence. Customers are looking at embracing Bimodal approach – consolidating & reducing costs while focusing on strategic programs around Digital. In the US, we are hiring local professionals laterally and freshers at our centers in Raleigh and Detroit.
- Europe geography with a revenue share of 20%, declined by 3.4% sequentially during this quarter. Europe geography saw the IT revenue holding up with all the major customers stable or growing. Auto Engineering showed very good traction in all practices, particularly ePowertrain, AD-ADAS and diagnostics. We are implementing new channels of recruitment and looking at building near shore delivery capabilities to address the issue of onsite resource constraints in Germany. We expect the Europe geography to continue growing at a quick pace, especially Germany and are planning to invest in a consolidated office campus in Munich, Germany
- During this quarter, we saw a decline of 4.4% in Asia geography, while it contributed 16.8% to the total revenues. Asia has been growing well for us and the decline this quarter is because of the decline in our products revenues. We see good traction in the areas of IOT and Digital Transformation. While Logistics & Supply chain still a focus industry for us, we could see number of Commercial Fleet OEMs and Fleet operators investing in 'Connected Vehicle' roadmap with us. We are also seeing good traction in the market from our installed base of JD Edwards, where there is keenness to further improve the ROI by adopting innovative cloud based solutions. We could also see good interest from local bus manufacturing companies for our REVOLLO EV technology and have already initiated working on few programs locally in ASEAN region.

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

Technology Update

- We have filed 4 patents during the quarter in automotive and medical domain. With this the total number of patents filed as on Q1 FY19 end stood at 60, including 55 patents with complete specifications.
- We were also granted 4 patents during this quarter taking the total count of granted patents to 44. The details of granted patents in Q1 FY19 are mentioned below:

Patent Number	Patent Title	Country	Domain
IN295396	A Motor Mounting and Transmission System	India	Hybrid
JP 2016-524942	A Dynamically Adjustable Suspension Device	Japan	Chassis
33705	Retrofit system for converting a vehicle into one of a hybrid electric vehicle (HEV) and electric vehicle (EV)	Colombia	Electric Vehicle
10-2012-7009598	Method of Converting Vehicle into Hybrid Vehicle	South Korea	Hybrid

Customer Highlights

- KPIT was chosen by a global automobile maker for its expertise within the Autonomous Driving space.
- KPIT has begun an engagement with a leading multinational Tier1 within the Vehicle Electrification space.
- KPIT was selected as a strategic engagement partner by a major multinational automobile maker within the Infotainment and Connectivity space.
- An American multinational oil and gas corporation selected KPIT for a JD Edwards rollout extension project.
- A Fortune 500 medical technologies firm selected KPIT for a JD Edwards AMS extension project within the Asia-Pacific region.
- A Middle East-based shipping and logistics conglomerate selected KPIT for an Oracle Cloud technologies implementation project.
- An electricity supplier from the North American region selected KPIT for SAP S/4HANA implementation and upgrades projects.
- A North America headquartered management services company selected KPIT for SAP SuccessFactors implementations in the European Union and Americas regions.
- A North America-based multinational aerospace and transportation company selected KPIT for an Application Lifecycle Management implementation project.

Other Highlights

- KPIT was awarded the FKCCI CSR awards 2018 by the Federation of Karnataka Chambers of Commerce and Industry (FKCCI). The award for **CSR Excellence in the Basic Education category** for KPIT's contribution via the Chhote Scientists project was presented by Hon'ble Deputy Chief Minister of Karnataka, Mr. G. Parameshwara, at the FKCCI CSR Conference and Awards – 2018 held in Bengaluru.
- KPIT was recently honored with the prestigious award under the category of "**Outstanding Course Team**" at the **Annual Coventry University Excellence Awards** for its Master's degree programs in Automotive Electronics and Strategic Engineering Management for employees, in collaboration with Coventry University.
- The Maharashtra Best Employer Brand Awards - celebrates Best Employer Brand Award in several geographic regions as a build-up to the Global Employer Brands which are a part of the World HRD Congress which is into its 27th Edition in 2019. KPIT was felicitated with a citation at the 1st edition of the event, celebrating the foresight and acumen of leaders at the organization, who are iconic, and devised strategies that execute the vision and mission of KPIT.

Financial Update

REVENUE UPDATE

Our \$ revenue for the quarter stood at \$150.54 Million, a Q-o-Q growth of 0.2% and Y-o-Y growth of 12%. In ₹ terms, revenue grew by 4.9% Q-o-Q and 16.5% Y-o-Y to ₹10,138.4 Million.

Amongst SBUs, there was a significant 5.5% Q-o-Q growth in PES SBU while IES and DT SBU grew by 2.7% and 2.2% respectively. In SAP SBU there was sequential decline of 3.5% while P&P SBU declined by 39.6% during the quarter. We expect the softness in SAP SBU to continue for another quarter and expect growth to be back in H2 for SAP.

Amongst geographies, there was a Q-o-Q growth of 2.8% in US whereas Europe and APAC declined by 3.4% and 4.4% respectively. There was a negative impact of cross currency rates on the USD reported revenues of Europe geography. In constant currency terms, the geography was flattish as compared to last quarter.

In terms of industry verticals, there was a sequential growth of 3.3% in manufacturing and Energy & Utilities vertical respectively while Automotive vertical saw a Q-o-Q growth of 2% during the quarter.

The 20 top strategic accounts constituted 52.5% of the total revenues and grew by 1.7%. Similarly, the 40 top strategic accounts constituted 65.1% of the revenues and had a Q-o-Q growth of 3.4%.

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

PROFITABILITY

The realized rate for the quarter was ₹67.35/\$ against ₹64.35/\$ in Q4 FY18.

The operating margins for the quarter were 13.3% as against the reported margins of 12.1%, the delta being the ongoing merger-demerger transaction expenses. The services growth during the quarter was led by onsite revenues, even in engineering. We also hired 381 fresh graduates during the quarter resulting in a temporary drop in offshore utilization, during the quarter. We will see the same picking up in the coming quarters. The rupee depreciation helped negate the cost impact of freshers hired during the quarter.

CASH FLOW

Details	₹ Million
Cash Profit for Q1 FY19	1,045
Working Capital Adjustments	(238)
Cash Generated from Operations	807
Fixed Assets	(498)
Balance Cash Flow	309
Investment in Subsidiary (Net)	32
Debt Repayment	(74)
Total Increase/(Decrease) in cash balance	267
Total Net Cash balance as at Q1 FY19 end	3,498

- The Cash Balance as at June 30, 2018 stood at ₹6,533 Million (₹6,266 Million as on March 31, 2018).
- The DSO were at 73 days, at the quarter end.
- As on June 30, 2018 our total debt stood at ₹3,035 Million (₹3,088 Million as of March 31, 2018) comprising of ₹1,023 Million of Term Loan and ₹2,012 Million of Working Capital Loan.
- Thus, the Net Cash Balance as at June 30, 2018 stood at ₹3,498 Million (₹3,178 Million as on March 31, 2018).

Income statement for quarter ended June 30th, 2018

₹ million	Q1 FY19	Q4 FY18	Q-o-Q Growth	Q1 FY18	Y-o-Y Growth
Sales	10,138.40	9,664.32	4.91%	8,703.61	16.48%
Employee Benefit Expenses	6,310.73	6,088.39	3.65%	5,386.99	17.15%
Cost of materials consumed	50.12	184.22	(72.79%)	119.35	(58.01%)
Depreciation & Amortization Expenses	270.48	256.41	5.49%	190.37	42.08%
Other Expenses	2,549.27	2,293.43	11.16%	2,402.35	6.12%
Total Expenses	9,180.60	8,822.45	4.06%	8,099.06	13.35%
Profit before Other Income, Finance costs & Exceptional Item	957.80	841.87	13.77%	604.55	58.43%
Other Income	162.04	190.52	(14.95%)	120.53	34.44%
Profit before Finance costs & exceptional Items	1,119.84	1,032.39	8.47%	725.08	54.44%
Finance costs	53.59	28.55	87.71%	25.60	-
Profit after Finance costs & before exceptional Items	1,066.25	1,003.84	6.22%	699.48	52.43%
Exceptional Items	-	-	-	25.55	-
Profit Before Tax	1,066.25	1,003.84	6.22%	725.03	47.06%
Tax Expenses	240.70	165.38	45.54%	169.80	41.76%
Net Profit from ordinary activities after Tax	825.55	838.46	(1.54%)	555.23	48.69%
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	825.55	838.46	(1.54%)	555.23	48.69%
Share of profit from associate	(39.60)	(72.48)	(45.36%)	-	-
Minority Interest	11.62	5.95	95.29%	0.70	-
PAT	774.33	760.03	1.88%	554.53	39.64%
Other Comprehensive Income	200.65	144.57	38.79%	48.58	-
Total Comprehensive income for the period	974.98	904.60	7.78%	603.11	61.66%
Paid up Capital	379.86	379.03	-	376.76	-
EPS (₹ 2/-Face Value each)					
- Basic	4.00	3.93	1.70%	2.89	38.62%
- Fully Diluted	3.88	3.81	1.69%	2.78	39.28%
Common Size Analysis:					
Gross Profit Margin	32.01%	31.30%	0.71%	26.70%	5.30%
SG&A / Revenue	19.89%	19.93%	(0.04%)	17.57%	2.32%
EBITDA Margin	12.12%	11.36%	0.75%	9.14%	2.98%
Net Profit Margin	7.64%	7.86%	(0.23%)	6.37%	1.27%

Performance Metrics for quarter ended June 30th, 2018

	Q1 FY19	Q4 FY18	Q-o-Q Growth	Q1 FY18	Y-o-Y Growth
Revenue Spread – Geography					
USA	63.12%	61.54%	7.59%	63.91%	15.04%
Europe	20.04%	20.79%	1.12%	18.82%	24.05%
Rest of World	16.84%	17.67%	0.01%	17.27%	13.59%
Revenue Spread – Verticals					
Automotive & Transportation	46.67%	45.84%	6.80%	41.88%	29.80%
Manufacturing	29.27%	28.39%	8.14%	30.74%	10.92%
Energy & Utilities	18.42%	17.87%	8.13%	17.60%	21.85%
Others	5.64%	7.90%	(25.03%)	9.77%	(32.74%)
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	30.28%	29.56%	7.46%	31.47%	12.08%
Product Engineering Services	38.23%	36.31%	10.46%	31.61%	40.89%
Products & Platforms	3.26%	5.41%	(36.82%)	5.50%	(31.01%)
SAP	17.70%	18.39%	0.96%	21.61%	(4.60%)
Digital Transformation [^]	10.53%	10.33%	6.94%	9.81%	25.04%
Customer details					
No. of Customers Added	3	4	-	2	-
No. of Active Customers	244	241	-	230	-
Customers with run rate of >\$1Mn	93	94	-	90	-
Strategic Top 20 Clients	52.51%	51.76%	6.44%	51.56%	18.65%
Strategic Top 40 Clients	65.06%	63.08%	8.21%	60.63%	25.00%
Onsite / Offshore Split					
Onsite Revenues	54.20%	52.47%	8.36%	53.10%	18.90%
Offshore Revenue	45.14%	46.52%	1.79%	43.64%	20.49%
SI [#]	0.66%	1.01%	(31.45%)	3.26%	(76.42%)
Revenue by Contract Type					
Time and Material Basis	59.78%	60.61%	3.47%	61.90%	12.50%
Fixed Price / Time Basis	39.55%	38.38%	8.10%	34.84%	32.23%
SI [#]	0.66%	1.01%	(31.45%)	3.26%	(76.42%)
Debtors (days)					
	73	70	-	76	-

Human Resources – Details	Q1 FY19	Q4 FY18	Q-o-Q Growth	Q1 FY18	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,856	1,764	-	1,692	-
Development Team - Offshore(Avg.)	9,965	9,712	-	9,608	-
Onsite FTE	1,734	1,643	5.55%	1,513	14.59%
Offshore FTE	7,098	7,085	0.19%	6,614	7.32%
Total FTE	8,832	8,655	1.20%	8,127	8.67%
Development (at Quarter end)	12,040	11,626	-	11,368	-
Gen Management / Support (at Quarter end)	651	645	-	635	-
Marketing (Subsidiaries) (at Quarter end)	260	256	-	258	-
Total (at Quarter end)	12,951	12,527	-	12,261	-
Onsite utilization	93.42%	93.12%	-	89.43%	-
Offshore utilization	71.23%	72.95%	-	68.84%	-

*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)

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 June 2018 : \$45.80 Million
- These hedges are maturing in the next 2 quarters and average rate for these hedges is ₹67.34/\$

Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Jun 30, 2018	Mar 31, 2018
Assets:		
Non-current Assets:	10,889.29	10,756.77
Fixed Assets	4,562.07	4,334.61
Goodwill	4,400.16	4,275.06
Other Non-current assets	1,927.06	2,147.10
Current Assets:	17,568.53	16,572.17
Inventories	263.30	238.77
Trade Receivables	8,427.97	8,057.00
Cash & bank balances	4,881.75	5,049.30
Other Current Assets	3,995.51	3,227.10
Total Assets	28,457.82	27,328.94
Equity & Liabilities:		
Equity:	19,226.89	18,204.83
Share Capital	379.86	379.03
Other Equity	18,800.07	17,790.13
Non-controlling Interest	46.96	35.67
Non-current Liabilities:	1,624.31	1,505.85
Financial liabilities	859.41	818.20
Provisions	764.65	687.44
Deferred tax liabilities	0.25	0.21
Current Liabilities:	7,606.62	7,618.26
Short term borrowings	1,993.06	2,109.09
Trade Payables	1,665.45	1,587.16
Other Current liabilities	3,948.11	3,922.01
Total Equity & Liabilities	28,457.82	27,328.94

Conference Call Details

Conference name : KPIT Q1 FY2019 Conference Call
 Date : July 26, 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

<http://services.choruscall.in/diamondpass/registration?confirmationNumber=5995186>

[Copy and paste the above link in your internet browser to access the Diamond Pass.]

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
<p>Sunil Phansalkar Email: sunil.phansalkar@kpit.com Tel. (Direct): +91 20 6652 5014 Tel. (Board): +91 20 6652 5000 Tel. (Cell): +91 98509 66011</p>	<p>Suma Nair Email: suma.nair@kpit.com Tel. (Board): +91 22 2778 3185 Tel. (Cell): +91 98330 84449</p>
<p>Lipika Bisht Email: lipika.bisht@kpit.com Tel. (Cell): +91 98108 80578</p>	