

January 15, 2019

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400001.

**National Stock Exchange of India Ltd.,**  
Exchange Plaza, C/1, G Block,  
Bandra - Kurla Complex, Bandra (E),  
Mumbai - 400051.

**Scrip ID: KPIT**  
**Scrip Code: 532400**

**Symbol: KPIT**  
**Series: EQ**

**Kind Attn: The Manager,**  
Department of Corporate Services

**Kind Attn: The Manager,**  
Listing Department

**Subject:** - Investor release for Q3 FY 2019.

Dear Sir / Madam,

Please find enclosed the investor release for Q3 FY 2019.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For **KPIT Technologies Limited**

*Sneha Padve*



**Sneha Padve**  
**Company Secretary & Compliance Officer**

**Encl.:** - As mentioned above.

# **KPIT** Third Quarter Results FY 2019

**Investor Release** BSE: 532400 | NSE: KPIT

Board approves the Composite Scheme of Merger & Demerger, Effective Date Jan 15, 2019

YTD Q3FY19 Constant Currency Revenue growth of 9% over YTD Q3FY18

Q3FY19 Constant Currency revenue de-growth of 1.7% Q-o-Q

**Pune, January 15, 2019:** 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 third quarter and nine months ended December 31, 2018.

## **Highlights for the quarter ended December 31, 2018**

- USD Revenues grow 5.5% Y-o-Y, decline 2.3% Q-o-Q
- ₹ Revenue grows 16.27% Y-o-Y, decline of 1.63% Q-o-Q
- Net Profit for the quarter registers a Y-o-Y growth of 3.63 %,
- Operational EBITDA for YTD Q3FY19 at 13.8%, reported margins at 12.9%

## **Management comments**

**Commenting on the performance of Q3 FY19, Kishor Patil, Co-founder, CEO & MD, KPIT said,** "The Board has adopted the Composite Scheme of Merger and Demerger with Jan 15, 2019 as the Effective Date. We look forward to the exciting journey of focus and value creation in both the entities viz. Birlasoft in Enterprise Digital IT and KPIT in Automotive Engineering and Mobility Solutions. Though the current quarter revenue was affected by lower billing days and completion of a couple of large projects in IT, we are on track as regards the annual revenue guidance and are well ahead of the operational margins guidance."

**Sachin Tikekar, President and Board Member, KPIT said,** "We focused on the business familiarization and people integration for the IT Business and are reasonably satisfied with the results. Though this quarter was soft due to seasonality, our pipeline continues to be healthy. As we get ready to start a new journey, we believe both KPIT and Birlasoft look forward to the enthusing opportunities ahead."

## Quick Summary

### CHANGE IN THE FORMAT OF PUBLISHED RESULTS:

The format of the published results for KPIT has undergone a change this quarter in line with the regulations as per applicable law. The National Company Law Tribunal (NCLT) approved the composite scheme of merger and demerger and the written order for the same was received on December 18, 2018. Hence the results for the quarter, in the standard publish results format, are published only for the continuing business, which is Business IT and only the Profit Before Tax, Tax and Profit after Tax numbers are published for the discontinued business, which is the engineering business being demerged.

The snapshot of the results is as follows:

DETAILS (Q3FY19)	Unit	TOTAL	ENGINEERING	BUSINESS IT
Revenue	\$ M	149	70	79
Revenue	₹ M	10,613	4,976	5,637
Reported EBITDA	₹ M	1,382	640	742
Merger/Demerger Expenses	₹ M	3	1	2
Operational EBITDA	₹ M	1,385	641	744
Reported EBITDA %	%	13.0%	12.9%	13.2%
Operational EBITDA %	%	13.1%	12.9%	13.2%

DETAILS (YTD Q3FY19)	Unit	TOTAL	ENGINEERING	BUSINESS IT
Revenue	\$ M	452	200	252
Revenue	₹ M	31,540	13,916	17,624
Reported EBITDA	₹ M	4,076	1,542	2,534
Merger/Demerger Expenses	₹ M	283	94	189
Operational EBITDA	₹ M	4,359	1,636	2,723
Reported EBITDA %	%	12.9%	11.1%	14.4%
Operational EBITDA %	%	13.8%	11.8%	15.4%

The overall constant currency revenue during the quarter showed a decline of 1.7%. Business IT revenues were down 7.5% whereas engineering showed a growth of 5.7%. During the quarter, there was a loss of average 1.5 billing days per person due to furloughs and holidays. This had a negative impact of around 2.5% on IT revenues. We completed 2 large projects during the quarter, one of which was the largest implementation project delivered by us. The lower billing on these 2 projects during the quarter as compared to the last quarter had a negative impact of 3.5% on the IT Revenues. Engineering revenues continued their momentum during the quarter.

The operational EBITDA during the quarter was lower by 212 bps, largely due to revenue decline. In IT, the fall in operational margins was largely in proportion to the revenue fall, though some margin recovery was visible due to reduction in onsite employee costs. The engineering operational margins were up during the quarter leveraging the revenue growth.

At the beginning of the year, we had given a guidance of constant currency revenue growth of 8% - 10% and operational EBITDA ranging between 11.5% - 12.5%. With constant currency revenue growth of 9% in the first 9 months and operational EBITDA at 13.8%, we are ahead of the margin guidance and within the revenue growth guidance as at end of Q3FY19.

**UPDATE ON PROPOSED MERGER-DEMERGER:****A QUICK REFRESH:**

On January 29, 2018, 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 270+ 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 475+ 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 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 Mumbai Bench of NCLT vide its order dated November 29, 2018 has approved the composite scheme. The written order was received by KPIT on December 18, 2018. The appointed date for the scheme is January 01, 2019 and the effective date is January 15, 2019. Thus, Q4FY19 will be the first full quarter of independent quarterly reporting by KPIT (KPIT Engineering Business) and Birlasoft (Birlasoft + KPIT IT Business).

In view of the NCLT approval, the major milestones for the effectiveness of the NCLT approval are as follows:

Sr.	Key Milestone / Action	Likely Date / time-period
1.	KPIT Investor Conference Call for Q3FY19	January 16, 2019, 1600 hrs.
2.	Record Date for issuing KPIT shares to Birlasoft Promoters as a consideration for merger of Birlasoft into KPIT.	January 15, 2019
3.	Allotment of Shares to Birlasoft Promoters	January 18, 2019
4.	KPIT (to be renamed as Birlasoft) shares to start trading ex-engineering	January 24, 2019
5.	Record Date for issuing KPIT Engineering (to be renamed as KPIT Technologies) Shares* to every shareholder of KPIT (to be renamed as Birlasoft) in the ratio of 1:1	January 25, 2019
6.	KPIT Technologies name change to Birlasoft (India) Ltd.	1 <sup>st</sup> week of Feb, 2019
7.	KPIT Engineering to change name to KPIT Technologies Ltd.	2 <sup>nd</sup> week of Feb, 2019
8.	KPIT Technologies Ltd. (Engineering) to get listed on NSE and BSE	March 2019

*\*KPIT Engineering Shares will be frozen in the respective demat accounts of the shareholders and can be traded only from the first day of listing of KPIT Engineering.*

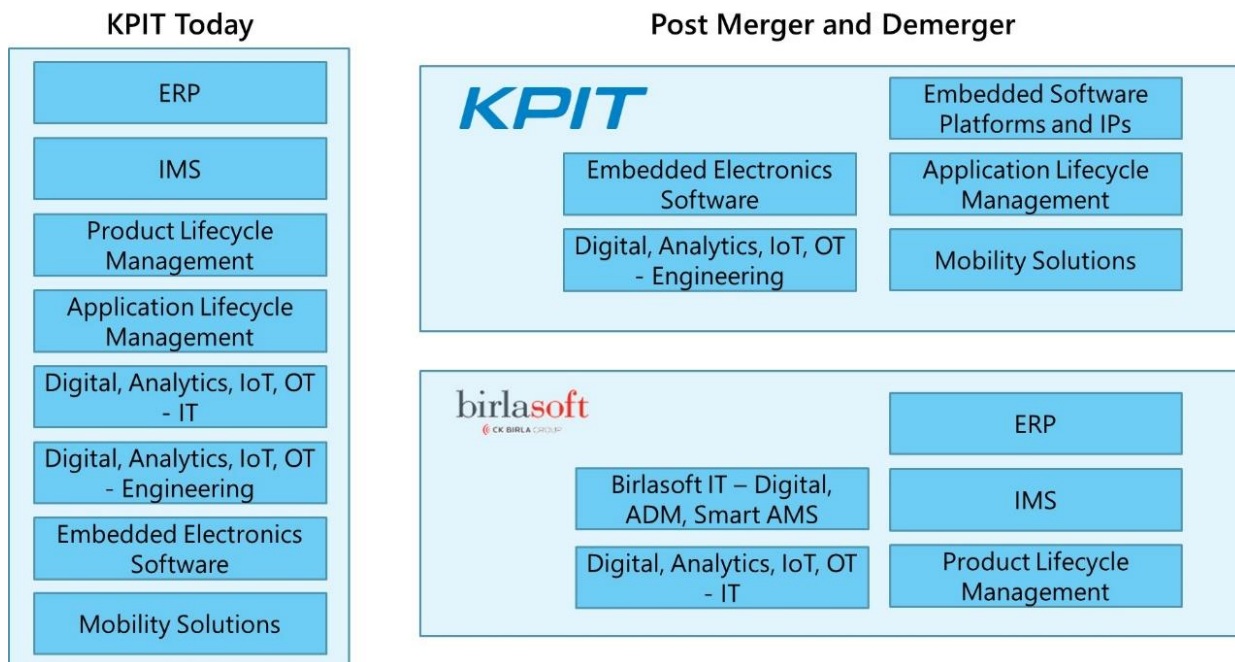
**BUSINESS SPLIT POST MERGER AND DEMERGER:**

As we are progressing toward the actual merger/demerger, it is important to understand the split of the businesses and the resultant businesses of individual entities. Hence we are repeating the business split information this quarter also.

The Engineering Business (KPIT Technologies post demerger) will mainly focus on Automotive Vertical with embedded software, digital technologies (cloud, IoT, analytics), 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 23.78% of the total revenue for the quarter. There has been a larger secular movement towards cloud adoption in Oracle and JDE and thus a proportionate movement away from traditional pool of services resulting in softness even this quarter, in terms of overall growth. To couple with this, there was a loss of around 1.5 billing days during the quarter. This resulted in a sequential decline of 2.4%.

Growth in IoT and Big Data with focus on smart data are the continuing trends. Datasets are now being designed to drive elements like security, compliance, governance etc. KPIT is being viewed by Oracle as the go to Cloud PDH partner. Traction with Oracle in Energy sector is improving. The traction seen in new age technologies, fresh upgrades, Multi-cloud models such as JDE cloud migration to OCI, AWS, and Azure as well as good reception of digital assistants in the ERP space such as Infor, augurs well for growth of our offerings in these areas.

SAP SBU contributed 14.28% of the total revenue for the quarter. There has been a considerable decline in sequential revenues of 18.1% owing to loss of billing days (1.5 billing days lower) and closure of the largest project delivered by us, during the quarter, resulting in lower billing for the quarter. With the quarter behind us now, we are ready for the future. We are fully aligned to SAP's areas of growth, investments and opportunities in its ecosystem.

We are aligning with SAP's focus on Digital Transformation with the launch of SAP Leonardo, including connected manufacturing, digital supply chain, and integrated business planning (IBP), intelligent ERP and connected logistics offerings. There is a good pipeline in place and we should start to see pay-offs of our investments in areas of Digital ERP, benefits of being early adopters of the Leonardo ecosystem, differentiated Industry specific solutions and accelerators. Opportunities for KPIT in SAP continue to grow around HANA, Cloud, Hybris and C4C Solutions.

IMS is gaining good traction in ITSM based Solutions incorporating technologies like ServiceNow, Remedy, Summit etc.

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. Similarly, there is good traction on the Transformation to Cloud scope of services. Customers are participating with us on multiple POC's additionally as roadmap planning.

### THOUGHT LEADERSHIP (BUSINESS IT)

- KPIT won the **Distinguished Partner Award** in the '**Process Innovation - Complement JDE with SaaS**' category at the 9<sup>th</sup> Annual Oracle JD Edwards Summit.

### DIGITAL TECHNOLOGIES

The overall digital revenues including ePLM and digital in SAP and Oracle are ~ 41% of the Business IT revenues (41% last quarter) of the company. DT SBU (which addresses DT and ePLM, outside of SAP and Oracle) constituted 14.78% of the total revenue for the quarter with sequential decline of 5.1%.

Promise of cloud, increasing productivity & reliability through Agile, DevOps, Low code / No Code platforms are driving next wave of modernization. KPIT through its Design Thinking workshops & Methodology is helping customers adopt this methodology and achieve pragmatic & design driven solutions. KPIT investing in specific solutions, which deliver higher technology value enhanced by AI for Manufacturing & Oil and Gas customers. KPIT with its IntelliAsset platform and Digital tools & accelerators is providing creative & flexible business models, helping customers validate technology & measure benefits; as they drive adoption & global rollouts. KPIT is partnering with customers helping them with Automation roadmap and execution starting from RPA based solutions all the way to intelligent automation.

Connected products is a focus area for manufacturers launching new products to improve product design, customer service, increase support revenues and gain product insights through integration of ERP, MES, PLM, CRM. KPIT has a strong suite of offerings & mature processes and uses a 4M model (Model, Make, Move and Manage) across its Connected and Smart offerings to deliver such solutions.

### THOUGHT LEADERSHIP

- KPIT participated, and was part of a speaker session on 'Building a Smarter and Smarter Enterprise with Digital"; at Siemens PLM Europe, held at the Estrel Convention Centre, Berlin, Germany between 29-31 October 2018.
- KPIT was an exhibitor at the **AITalk** event in Berlin, Germany held between 15-16 November 2018. The delegation, led by KPIT experts showcased the organization's Intelligent Automation and Digital offerings to potential customers. KPIT, was also part of a speaker session on Intelligent Automation.

### ENGINEERING SERVICES

PES SBU contributed 43.19% of the total revenue for the quarter, depicting a sequential growth of 6.4%.

We have seen strong growth in the PES SBU over the last 2 years and expect the trend to continue going forward. From a 9M YTD perspective, the PES SBU has shown a growth of 31.2% which is among the highest in the Industry

KPIT continues to deliver Industry leading growth in engineering services driven by traction in deep domain expertise in automotive engineering in the areas of Electric Powertrain, Connected Vehicle, Autonomous driving, ADAS etc and increasing growth from our Top Accounts and these strategic customers will drive majority of the growth going forward. KPIT's experience, excellent rapport with customers and differentiated offerings in the above domains is helping us in gaining leadership position in the automotive industry

### THOUGHT LEADERSHIP (ENGINEERING)

- KPIT authored article on **"Intelligent Charging: Way Forward for EV Push in India"** in **Auto Tech Review**, a leading magazine covering all domains in automotive electronics.
- KPIT inaugurated Technology & Research Centre at Coventry University Technology Park, U.K..
- KPIT forged a Partnership with Udacity – a for-profit educational organization; for Autonomous Vehicle Talent generation

### PRODUCTS & PLATFORMS (P&P)

P&P SBU contributed 3.97% to the total revenue for the quarter and it saw a sequential decline of by 9.9%.

Our Strategy for the Products and Platforms continues 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.

## VERTICAL UPDATE

### AUTOMOTIVE AND TRANSPORTATION VERTICAL

Automotive vertical contributed 50.44% of total revenue for the quarter, registering a Q-o-Q growth of 2.76%.

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. Other trends in the Automotive Industry are personal transport to mass mobility, increasing regulatory requirements which provide additional areas of growth in the future.

ADAS, Electric Powertrain, 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. KPIT is positioned as solutions provider with scalability to leverage OEMs willing to source software independently in Systems/software engineering, integration and validation and Modular product/platform solutions. 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 25.93% of total revenue for the quarter, depicting a Q-o-Q decline of 6.28%.

The Life Sciences industry is witnessing transformational changes, leading to newer areas of technology led investments. IOT programs, especially in medical devices, compliance driven areas such as track and trace, MDM and PLM serve as good growth opportunities for KPIT. Connected patient initiatives are helping caregivers remotely monitor patient health and improve healthcare. Life sciences Industry will be increasing digitally driven and is rapidly adopting cloud related technologies leading to faster operationalization of industry trends.

The Consumer and Industrial Goods Industry continues to face cost and competitive pressures and faster new-age technology adoptions can be key source of differentiation as well as improved long term profitability for the Industry, Companies are adopting digital solutions such as AI /Machine learning driven shop floor predictive analytics, which helps

achieve asset optimization and lower maintenance costs, resulting in improved operational efficiency. KPIT seeks to transform these organizations' technology at its core and assist them keep pace in a fast-changing business environment.

High Tech companies, operating on the cutting edge of technology, are expected to face some headwinds, given new developments around trade wars and protectionist measures by governments of developed markets. The industry has also been witnessing a lot of consolidation through M&A.

## **ENERGY & RESOURCES VERTICAL**

Energy vertical contributed 13.16% of the total revenue for the quarter depicting a sequential growth of 0.19%.

The economic uncertainties and changing market dynamics in the Energy industry create several challenges and related opportunities. Companies are facing pressures related to margins and regulatory compliance, scarcity of resources and skilled people, and increasing operational costs, among others. KPIT provides 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. Energy vertical has unique requirements for supply chain, contracts, procurement, material planning, asset management and revenue accounting. Technologies that can bring a transformational change to the business span Cloud, Mobility, Internet of Things (IoT), Big Data and Analytics, PLM, M2M, GIS, Product and Portfolio Management, Asset Management, RFID and Barcoding, High Performance Computing, End User Computing, Portals, In-memory Database, Robotics/Drones, ERP, Social Media/Collaboration, CRM, and Modern Supply Chain solutions, among others

## **GEOGRAPHY UPDATE**

The US Geography continues to be the largest geography for us with a revenue share of 59.27% and it declined by 6.13% on a Q-o-Q basis, mainly due to lower billing days and project closures. We see an upward traction on the pipeline. We could complete large transformational programs in the US successfully, The growth forward will be driven from life sciences and Energy related customers followed by CPG and Hitech. There is strong traction in engineering services seen with good wins. On the business IT side, we see improved demand for SAP S/4, Oracle cloud and Infor platforms. Though the challenges on the Visa front continue, we have been successful to augment and build our local development centers. We have hired strong local capabilities in our Detroit and Raleigh centers for both Engineering and IT skills.

Europe geography with a revenue share of 26.44%, grew by 13.08% sequentially during this quarter. Europe has been at the forefront of growth for us, led by Investments in Auto engineering in Germany. Though Germany has seen a moderation of economic growth in the near term, the areas we work on are long term investment plays and there would be continued robust investments, which will help sustain our growth over a long period. 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 9.86% in Asia geography with a revenue share of 14.3%. 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 5 patents during the quarter in areas automotive (ADAS) domain, Autonomous Vehicle, Fuel cell and Electric Vehicle. We had filed for 58 unique patents as of end of Q2FY18. In the interim we have dropped 23 of our unique patent filings. Thus, as of Q3FY19 we have filed for 40 unique patents (33 with complete specifications and 7 with Provisional specifications)

We were also granted 1 patent during this quarter taking the total count of granted patents to 46 across geographies (The same patent if granted in 2 geographies is counted as 2 granted patents). The details of granted patent in Q3 FY19 is mentioned below:

Patent Number	Patent Title	Country	Domain
IN302847	Method of Converting Vehicle into Hybrid Vehicle	India	Hybrid

## Customer Highlights

- A global car-maker chose KPIT for its expertise in the Autonomous Driving space; considering our comprehensive AD and ADAS solutions.
- An American multinational corporation providing specialized service and solutions in the Oil & Gas industry chose KPIT for a JD Edwards rollout project
- A North American based, global provider of engineered industrial solutions and aftermarket solutions to various industries chose KPIT for a CPQ & JD Edwards integration project
- A leading multinational Bus-maker engaged with KPIT in the eMEDS space
- A leading Tier1 selected KPIT as its strategic engagement partner in the Vehicle Systems space
- The India operations of a retail giant, headquartered in Denmark chose KPIT for SAP Migration, AMS projects
- KPIT won a major deal with a leading Tier1 in the Powertrain space
- KPIT won a major telematics deal with a leading German Commercial Vehicle (CV) OEM for hardware, in India
- A North America-based analytical solutions provider chose KPIT for an AMS project
- KPIT was selected by a renowned America-based franchised distributor of a Japanese automotive brand, for an SAP S/4HANA implementation project
- An American software company specializing in software for CRM, digital process automation chose KPIT for an SAP Ariba implementation project

## Financial Update

### REVENUE UPDATE

Our \$ revenue for the quarter stood at \$149 Million, a Q-o-Q decline of 2.32% and Y-o-Y growth of 5.52%. In ₹ terms, revenue declined by 1.63% Q-o-Q while there was a growth of 16.27% Y-o-Y to ₹10,613.18 Million.

Amongst SBUs, On the engineering side there was a significant 6.4% Q-o-Q growth in PES SBU while P&P SBU declined by 9.9% sequentially. However, DT, IES, SAP showed a sequential decline of 5.1%, 2.4% and 18.1% respectively.

Among geographies, Europe registered Q-o-Q growth of 13.08% while US & APAC declined by 6.13% and 9.86% respectively.

In terms of industry verticals, there was a sequential growth of 2.76 % in Automotive vertical whereas Energy & Utilities vertical declined by 9.89 % and Manufacturing vertical declined by 6.28% on a Q-o-Q basis.

The 20 top strategic accounts constituted 49.87% of the total revenues and sequentially grew by 0.78%. Similarly, the 40 top strategic accounts constituted 64.1% of the revenues and had a Q-o-Q decline of 2.38%.

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

## PROFITABILITY

The realized rate for the quarter was ₹71.23/\$ against ₹70.73/\$ in Q2 FY19.

The operating margins for the quarter were 13.1% as against the reported margins of 13.0%. The operational EBITDA during the quarter was lower by 212 bps, largely due to revenue decline. In IT, the fall in operational margins was largely in proportion to the revenue fall, though some margin recovery was visible due to reduction in onsite employee costs. The engineering operational margins were up during the quarter leveraging the revenue growth.

The other income was significantly lower during the quarter as compared to last quarter. This 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.

## SUMMARIZED REPRESENTATIVE CASH FLOW

Details	₹ Million
<b>Cash Profit for Q3 FY19</b>	<b>933</b>
Working Capital Adjustments	(1,159)
<b>Cash Generated from Operations</b>	<b>(225)</b>
Fixed Assets	(292)
<b>Balance Cash Flow</b>	<b>(518)</b>
Investment in Subsidiary	(150)
Debt Repayment	(117)
<b>Total Increase/(Decrease) in cash balance</b>	<b>(785)</b>
<b>Total Net Cash balance as at Q3 FY19 end</b>	<b>2,644</b>

- The Cash Balance as at December 31, 2018 stood at ₹5,311 Million (₹6,096 Million as on September 30, 2018).
- The DSO were at 84 days, at the quarter end.
- As on December 31, 2018 our total debt stood at ₹2,667 Million (₹2,793 Million as of September 30, 2018) comprising of ₹868.57 Million of Term Loan and ₹1,798.43 Million of Working Capital Loan.
- Thus, the Net Cash Balance as at December 31, 2018 stood at ₹2,644 Million (₹3,303 Million as on September 30, 2018).

Income statement for quarter ended December 31<sup>st</sup>, 2018

₹ million	Q3 FY19	Q2 FY19	Q-o-Q Growth	Q2 FY18	Y-o-Y Growth
<b>Sales</b>	<b>10,613.18</b>	<b>10,788.69</b>	<b>(1.63%)</b>	<b>9,127.66</b>	<b>16.27%</b>
Employee Benefit Expenses	6,614.73	6,450.91	2.54%	5,707.63	15.89%
Cost of materials consumed	9.92	16.16	(38.61%)	62.63	-84.16%
Depreciation & Amortization Expenses	287.47	367.73	(21.83%)	203.61	41.19%
Other Expenses	2,767.73	2,855.78	(3.08%)	2,368.29	16.87%
<b>Total Expenses</b>	<b>9,679.85</b>	<b>9,690.58</b>	<b>(0.11%)</b>	<b>8,342.16</b>	<b>16.04%</b>
<b>Profit before Other Income, Finance costs &amp; Exceptional Item</b>	<b>933.33</b>	<b>1,098.11</b>	<b>(15.01%)</b>	<b>785.50</b>	<b>18.82%</b>
Other Income	2.61	70.01	(96.27%)	25.37	(89.71%)
<b>Profit before Finance costs &amp; exceptional Items</b>	<b>935.94</b>	<b>1,168.12</b>	<b>(19.88%)</b>	<b>810.87</b>	<b>15.42%</b>
Finance costs	51.49	56.59	(9.01%)	24.27	112.15%
<b>Profit after Finance costs &amp; before exceptional Items</b>	<b>884.45</b>	<b>1,111.53</b>	<b>(20.43%)</b>	<b>786.60</b>	<b>12.44%</b>
Exceptional Items	-	-	-	-	-
<b>Profit Before Tax</b>	<b>884.45</b>	<b>1,111.53</b>	<b>(20.4%)</b>	<b>786.60</b>	<b>12.44%</b>
Tax Expenses	228.34	235.13	(2.89%)	167.58	36.26%
<b>Net Profit from ordinary activities after Tax</b>	<b>656.11</b>	<b>876.40</b>	<b>(25.14%)</b>	<b>619.02</b>	<b>5.99%</b>
Extraordinary Items	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>656.11</b>	<b>876.40</b>	<b>(25.14%)</b>	<b>619.02</b>	<b>5.99%</b>
Share of profit from associate	(6.78)	(50.68)	-	-	-
Minority Interest	10.18	5.13	98.44%	2.24	354.46%
<b>PAT</b>	<b>639.15</b>	<b>820.59</b>	<b>(22.1%)</b>	<b>616.78</b>	<b>3.63%</b>
Other Comprehensive Income	(346.28)	444.07	-	(98.72)	-
Total Comprehensive income for the period	292.87	1,264.66	(76.84%)	518.06	(43.47%)
Paid up Capital	382.94	381.29	0.43%	378.03	1.30%
EPS (₹ 2/-Face Value each)					
- Basic	3.28	4.23	(22.46%)	3.20	2.50%
- Fully Diluted	3.21	4.11	(21.90%)	3.10	3.55%
<b>Common Size Analysis:</b>					
Gross Profit Margin	30.74%	33.33%	(2.59%)	30.71%	0.03%
SG&A / Revenue	17.68%	19.74%	(2.06%)	19.87%	(2.19%)
EBITDA Margin	13.00%	13.59%	(0.59%)	10.84%	2.16%
Net Profit Margin	6.02%	7.61%	(1.59%)	6.76%	(0.74%)

Income statement for 9 months ended December 31<sup>st</sup>, 2018

₹ million	9M FY19	9M FY18	Y-o-Y Growth
<b>Sales</b>	<b>31,540.27</b>	<b>26,991.50</b>	<b>16.85%</b>
Employee Benefit Expenses	19,376.37	16,832.84	15.11%
Cost of materials consumed	76.2	365.66	(79.16)%
Depreciation & Amortization Expenses	925.68	586.59	57.81%
Other Expenses	8,172.78	7,087.40	15.31%
<b>Total Expenses</b>	<b>28,551.03</b>	<b>24,891.33</b>	<b>14.70%</b>
<b>Profit before Other Income, Finance costs &amp; Exceptional Item</b>	<b>2,989.24</b>	<b>2,100.17</b>	<b>42.33%</b>
Other Income	234.66	259.90	(9.71)%
<b>Profit before Finance costs &amp; exceptional Items</b>	<b>3,223.90</b>	<b>2,360.07</b>	<b>36.60%</b>
Finance costs	161.67	75.77	113.37%
<b>Profit after Finance costs &amp; before exceptional Items</b>	<b>3,062.23</b>	<b>2,284.3</b>	<b>34.06%</b>
Exceptional Items	-	25.55	-
Share of profit from associate	(97.06)	-	-
<b>Profit Before Tax</b>	<b>2,965.17</b>	<b>2,309.85</b>	<b>28.37%</b>
Tax Expenses	704.17	532.16	32.32%
<b>Net Profit from ordinary activities after Tax</b>	<b>2,261.00</b>	<b>1,777.69</b>	<b>27.19%</b>
Extraordinary Items	-	-	-
<b>Net Profit for the Period</b>	<b>2,261.00</b>	<b>1,777.69</b>	<b>27.19%</b>
Minority Interest	26.93	9.18	193.36%
<b>PAT</b>	<b>2,234.07</b>	<b>1,768.51</b>	<b>26.32%</b>
Other Comprehensive Income	298.44	32.89	-
Total Comprehensive income for the period	2,532.51	1,801.40	40.59%
Paid up Capital	382.94	378.03	1.3%
EPS (₹2/-Face Value each)			
- Basic	11.50	9.19	25.35%
- Fully Diluted	11.19	8.88	25.90%
<b>Common Size Analysis:</b>			
EBITDA Margin	12.92%	9.95%	2.97%
Net Profit Margin	7.08%	6.55%	0.53%

Performance Metrics for quarter ended December 31<sup>st</sup>, 2018

	Q3 FY19	Q2 FY19	Q-o-Q Growth	Q3 FY18	Y-o-Y Growth
<b>Revenue Spread – Geography</b>					
USA	59.27%	61.67%	(5.46%)	63.68%	8.22%
Europe	26.44%	22.84%	13.88%	19.88%	54.64%
Rest of World	14.30%	15.49%	(9.22%)	16.45%	1.09%
<b>Revenue Spread – Verticals</b>					
Automotive & Transportation	50.44%	47.95%	3.49%	44.72%	31.17%
Manufacturing	25.93%	27.03%	(5.61%)	28.60%	5.41%
Energy & Utilities	16.73%	18.14%	(9.25%)	18.31%	6.25%
Others	6.89%	6.89%	(1.54%)	8.37%	(4.25%)
<b>Revenue Spread – by SBU*</b>					
Integrated Enterprise Solutions	23.78%	23.81%	(1.75%)	26.88%	2.84%
Product Engineering Services	43.20%	39.66%	7.15%	34.50%	45.60%
Products & Platforms	3.96%	4.30%	(9.21%)	3.84%	20.03%
SAP	14.28%	17.02%	(17.48%)	19.98%	(16.93%)
Digital Transformation <sup>^</sup>	14.78%	15.22%	(4.44%)	14.79%	16.17%
<b>Customer details</b>					
No. of Customers Added	3	4	-	3	-
No. of Active Customers	251	248	-	237	-
Customers with run rate of >\$1Mn	96	93	-	92	-
Strategic Top 20 Clients	49.87%	48.68%	0.78%	42.90%	35.17%
Strategic Top 40 Clients	64.11%	64.61%	(2.38%)	61.25%	21.71%
<b>Onsite / Offshore Split</b>					
Onsite Revenues	56.35%	54.13%	2.41%	55.96%	17.09%
Offshore Revenue	43.46%	45.76%	(6.57%)	43.19%	17.00%
SI <sup>#</sup>	0.19%	0.11%	69.92%	0.85%	(74.01%)
<b>Revenue by Contract Type</b>					
Time and Material Basis	55.82%	56.87%	(3.45%)	61.11%	6.19%
Fixed Price / Time Basis	43.99%	43.02%	0.60%	38.04%	34.48%
SI <sup>#</sup>	0.19%	0.11%	69.92%	0.85%	(74.01%)
<b>Debtors (days)</b>	84	77	-	71	-

Human Resources – Details	Q3 FY19	Q2 FY19	Q-o-Q Growth	Q3 FY18	Y-o-Y Growth
Development Team – Onsite (Avg.)	2,089	1,886	-	1,762	-
Development Team - Offshore(Avg.)	10,353	10,251	-	9,438	-
Onsite FTE	1,883	1,775	6.06%	1,643	14.55%
Offshore FTE	7,255	7,459	-2.72%	6,683	8.56%
Total FTE	9,138	9,234	-1.04%	8,326	9.75%
Development (at Quarter end)	12,654	12,244	-	11,234	-
Gen Management / Support (at Quarter end)	665	663	-	636	-
Marketing (Subsidiaries) (at Quarter end)	265	262	-	251	-
Total (at Quarter end)	13,584	13,169	-	12,211	-
Onsite utilization	90.12%	94.12%	-	93.27%	-
Offshore utilization	70.08%	72.76%	-	70.81%	-

\*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 31<sup>st</sup> December 2018 : \$ 43.05 Million
- These hedges are maturing in the next 2 quarters and average rate for these hedges is ₹72.43 /\$

## Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Dec 31, 2018	Sep 30, 2018
<b>Assets:</b>		
Non-current Assets:	10,925.91	11,086.15
Fixed Assets	4,469.17	4,464.27
Goodwill	4,445.89	4,613.11
Other Non-current assets	2,010.85	2,008.77
Current Assets:	18,344.55	18,401.73
Inventories	168.85	151.93
Trade Receivables	10,360.32	9,827.45
Cash & bank balances	4,943.89	4,261.03
Other Current Assets	2,871.49	4,161.32
<b>Total Assets</b>	<b>29,270.46</b>	<b>29,487.88</b>
<b>Equity &amp; Liabilities:</b>		
Equity:	20,250.59	20,025.36
Share Capital	382.94	381.29
Other Equity	19,835.76	19,589.27
Non-controlling Interest	31.89	54.80
Non-current Liabilities:	1,583.29	1,541.08
Financial liabilities	843.43	737.72
Provisions	739.20	800.72
Deferred tax liabilities	0.66	2.64
Current Liabilities:	7,436.58	7,921.44
Short term borrowings	1,781.44	1,874.76
Trade Payables	1,774.19	1,488.32
Other Current liabilities	3,880.95	4,558.36
<b>Total Equity &amp; Liabilities</b>	<b>29,270.46</b>	<b>29,487.88</b>

## Conference Call Details

Conference name : KPIT Q3 FY2019 Conference Call  
 Date : Jan 16, 2019  
 Time : 1600 Hours (IST)

### Dial-in Numbers for all the participants

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## 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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