

July 26, 2021

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

Scrip ID: KPITTECH
Scrip Code: 542651

Kind Attn: The Manager,
Department of Corporate Services

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

Symbol: KPITTECH
Series: EQ

Kind Attn: The Manager,
Listing Department

Subject: - Investor Update - Q1 FY 2022.

Dear Sir / Madam,

Please find enclosed the investor Update - Q1 FY 2022.

Kindly take the same on your records.

Thanking you.

Yours faithfully,

For KPIT Technologies Limited



Nida Deshpande
Company Secretary & Compliance Officer



Encl.: - As mentioned above.

KPIT

July 26, 2021

Investor Update Q1FY22



KPIT Technologies Ltd.

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 competitive market for the type of services and solutions that we offer, market conditions that could cause our clients 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



Performance Overview

- Q1FY22

Q1FY22 Performance Overview

**KPIT Q1FY22 USD Revenue grows 18.3% Y-o-Y
Comparable* Net Profit growth of 30% sequentially**

1

Q1FY22 EBITDA at 17.3% as compared to 17.2% last quarter.

2

Net Profit for the quarter at ₹ 602 million as against ₹ 525 million last quarter

3

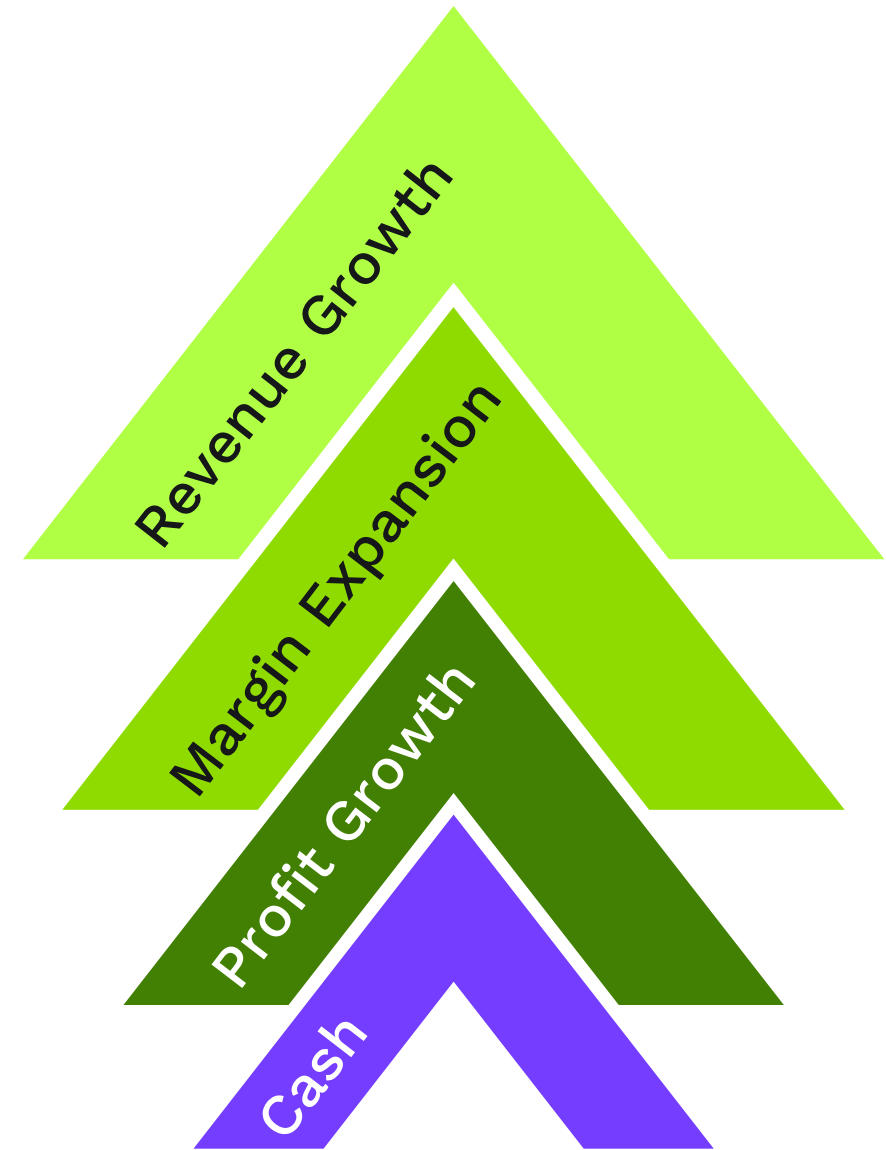
Q1FY22 reported revenue at USD 77.20 million, a CC growth of 4.3% Q-o-Q

4

Net Cash as at the quarter end stood at ₹ 8,786 Million as compared to ₹ 8,224 last quarter, ZERO DEBT

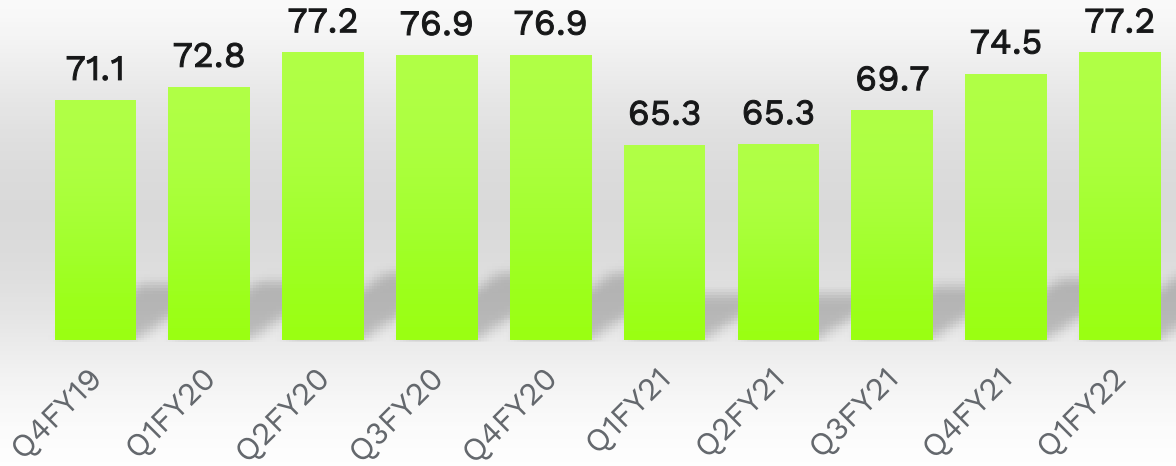
Q1FY22 Performance Highlights

- 01** Sequential CC growth of 4.3% across passenger cars and commercial vehicle verticals. Autonomous and Connected practices led the growth during the quarter
- 02** Operating Margin (EBITDA) expansion despite fresher addition and acquisition related expenses. Improvement in utilization, reduction in sub-contractor costs and revenue growth helped expand margins
- 03** Sequential comparable* net profit growth of ~30% aided by lower depreciation and higher other income due to rupee depreciation. Higher yield on cash for the quarter
- 04** High cash conversion continues with DSO at 50 days. 10th consecutive quarter of increase in net cash

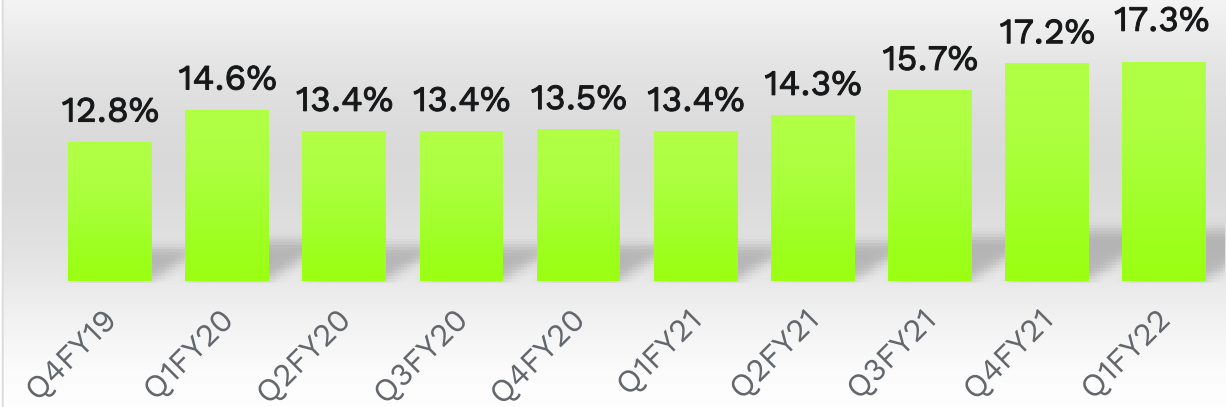


Additional facts - timeseries

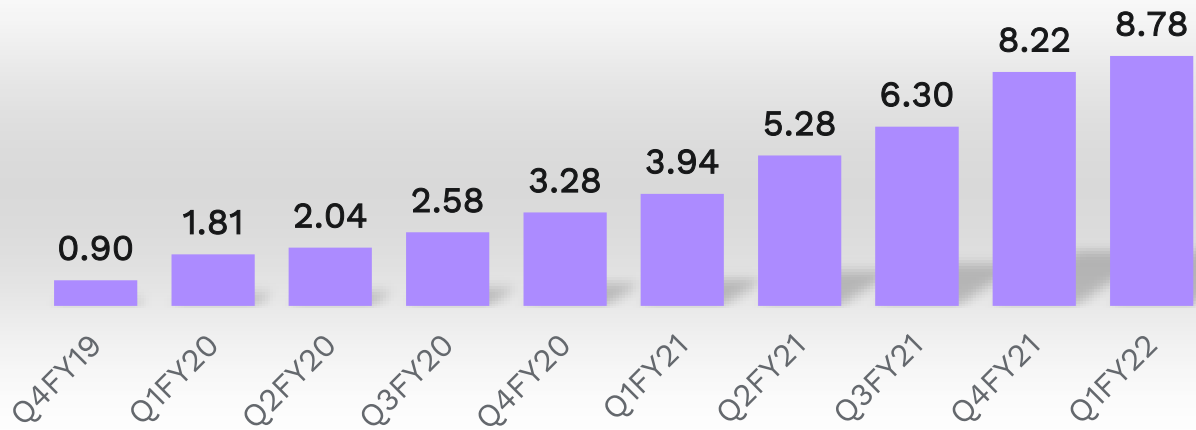
Revenue \$ M



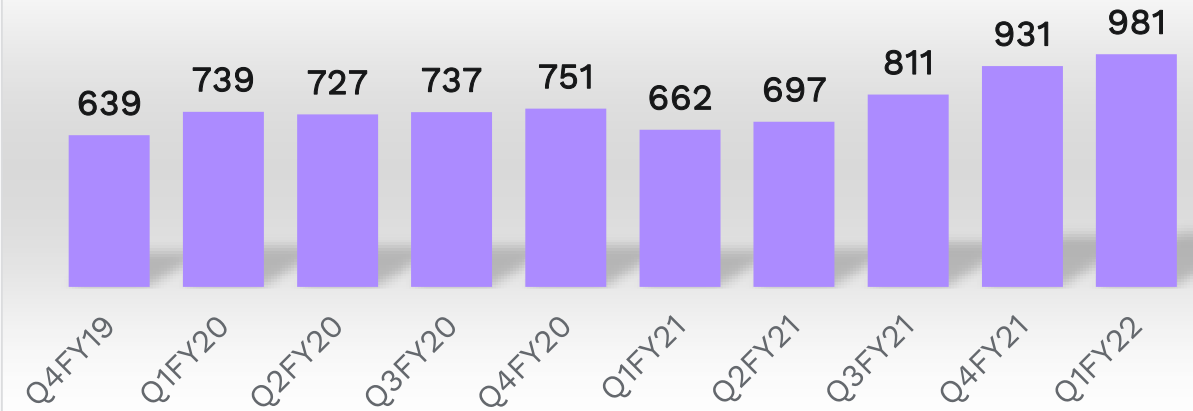
EBITDA %



Qtr End Net Cash ₹ B



EBITDA ₹ M



Management Quotes



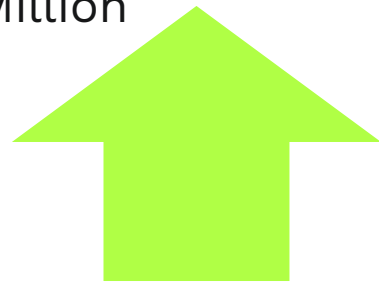
Kishor Patil, CEO and MD, KPIT said,” We started the year in line with our expectations on a strong note, delivering growth, expansion in operating margins and sharper growth in net profit. The Mobility Industry is buoyant with increased investments in electrification, autonomous and digital cockpit. We continue to be committed to Zero Defect Delivery by engraining the Culture of Excellence across the Organization. We are seeing improvements in all aspects over last 2 years. KPIT’s strong positioning as an Independent Software Integrator coupled with sustained investments in the new technology areas is enabling us to create better value for the Mobility Players. We remain confident on growth momentum with sustained margins during the remainder of the year”.



Sachin Tikekar, President and Whole-time Director, KPIT said,” Our engagements with our T25 clients continue to get deeper and more strategic. Our aim has been to help our clients in their software led transformation through profound expertise in relevant practices and create greater value to them through our PTAs (Platforms, Tools and Accelerators). We are investing more in our employees in order for them to realize their true potential, making KPIT the Best Place to Grow. We are in serious discussion with larger and longer-term engagements with our strategic clients as they accelerate their initiatives towards CASE (Connected, Autonomous, Shared and Electric). Our operating metrics are reflective of the above points, depicting continual improvement, every passing quarter”.

Cash Flow – Major Movement

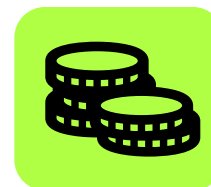
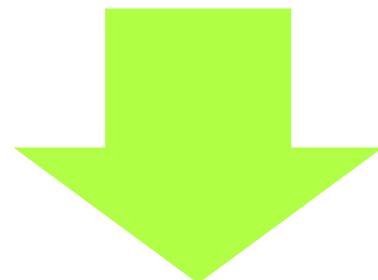
INR Million



Decrease in Working Capital – 228

Capex – 159

MicroFuzzy Balance stake purchase - 240



Q-o-Q Increase in Net Cash : INR 562 Million

Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	4,746
In Investment Accounts (outside India)	2,620
In Operating Accounts	1,420
TOTAL	8,786

NET CASH (INR Mln)	Q1FY22	Q4FY21
Gross Cash	8,786	8,224
Long Term Debt	NIL	NIL
Short Term Debt	NIL	NIL
NET CASH	8,786	8,224

New Engagements

T25 Engagements, broad based across geographies



A leading European Car Manufacturer selected KPIT for multiple strategic engagements in the Autonomous Driving domain



A leading Asian Car Manufacturer selected KPIT for a large program in the in-vehicle architecture domain



A leading European Car Manufacturer selected KPIT for a program in the Vehicle Diagnostics area



A leading European Tier I selected KPIT for a key engagement in the Autonomous Driving domain



A leading American Tier I selected KPIT for a program in the Powertrain domain

FY22 – Focus Areas

PLATFORMS AND PRACTICES

We will invest in the right practices and new technologies relevant to our strategic clients to further differentiate KPIT as a Software Integration Partner

ZERO DEFECT DELIVERY

Our processes are aligned to ensure first time right delivery to our clients. Focus on Engineering Productivity improvement.

BEST PLACE TO GROW

FY21 had low attrition, we expect the same to go up in H1 and stabilize in H2 in FY22. We continue to invest in net talent creation, individual career development, top talent retention & overall employee well being

T25 Clients

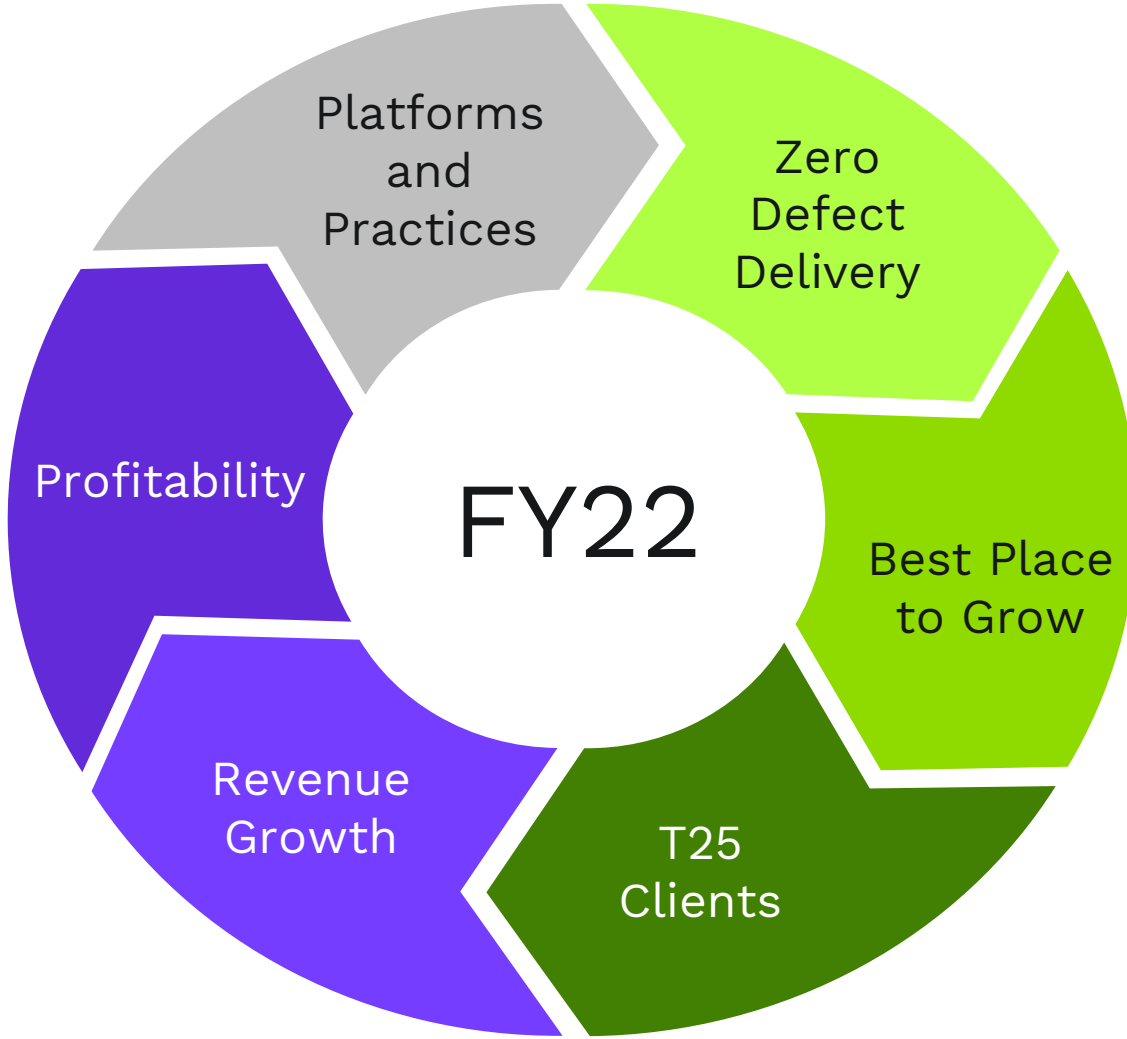
We will continue to deepen our Client Engagements and improve on the overall Client Engagement Framework



FY22 – Revenue and Profitability

REVENUE GROWTH

The revenue growth momentum will continue in FY22. The growth is expected to be broad based across practices and clients. We have a healthy order book and decent medium-term visibility, giving us confidence of **growth in mid-teens for FY22**



PROFITABILITY

FY22 will see steeper wage hikes, fresher additions, higher operating costs & market facing investments. Offshoring, productivity improvement, employee pyramid and fixed cost leverage will help us neutralize & better cost increases. We expect **FY22 EBITDA to be in the 16.5% - 17.0% range.**



Other Updates

Recognition



KPIT wins the multiple awards at the NASSCOM Engineering & Innovation Excellence Awards 2021 in the category - 'Service Delivery Excellence of the Year'

KPIT is delighted and humbled to have won the 'Service Delivery Excellence of the Year' Award in the inaugural edition of NASSCOM's Engineering R&D Showcase 2021 for 2 projects:

- KPIT powered L3 autonomy for Automotive OEM, within Autonomous Driving
- Software for next-generation EVs, within Electric Powertrain

KPIT is proud to be part of the NASSCOM engineering community.

Thought Leadership Updates



Mr. Ravi Pandit shares insights at WRI India's virtual panel discussion on 'India's Energy Transition Towards a Green Hydrogen Economy'

Mr. Pandit shared his insights on the transformational change needed on a national level for India, to switch to Hydrogen economy and what it means for us as companies, individual users and as a country.

He highlighted KPIT's passion for clean mobility, highly efficient electric powertrain, its work within fuel cell technology, that is completely developed within India and KPIT's consistent contribution that combines passion with a purpose for a better world



'KPIT is back on the highway' - Feature in Business India Magazine

The feature highlights how KPIT has made its value proposition for the automotive industry which is in urgent need of deep software competence from the twin perspectives of scale and expertise.

Also, it discusses how KPIT's deep understanding of the automotive industry and the CASE domain plays an important role in positioning it as an Independent Software Integration Partner to Global Automotive Leaders.

Other Updates



Vaccination Drive @ KPIT

KPIT has begun the Vaccination drive for its employees and their families globally. KPITians have started taking vaccination shots at KPIT's offices in Pune and Bangalore in India and Munich office in Germany. In the coming days, more KPITians and their families will benefit from these vaccination drives.



KPIT Lends a helping hand in India's fight against COVID

Mr. Ravi Pandit, Chairman, KPIT along with Mr. Pankaj Ballabh, Head of CSR, The Bajaj Group on behalf of all the donors of PPCR (Pune Platform for COVID-19 Response) and MCCIA (Maharatta Chamber of Commerce, Industries and Agriculture, Pune) handed over a set of BiPAPs and Oxygen concentrators to the Divisional Commissioner of Pune, Shri Saurabh Rao.



KPIT relaunches its COVID care center in Pune

KPIT re-launched its COVID Care Center with an increased capacity of a 600-bed facility in Pune. KPIT has partnered with the Pune Municipal Corporation, Jan Kalyan Samithi (an NGO based in Pune) & Sahyadri Hospital, Pune for setting up this center and is providing financial support. This facility is for patients who have been advised home quarantine but are not equipped to do so.

Alternate Fuel Technologies Update (1/2)

In the year 2019-20, KPIT sharpened its business focus to work only in the field of the automotive embedded software development and integration. In that year, KPIT decided to sell off all other activities which involved development of hardware/ software composite products. As a part of this initiative, KPIT sold off the following businesses which had fully developed Hardware+software products – Intelligent Transportation Solutions (ITS), Functional Safety Product Business, Defense related Hardware Business and Bus Entertainment Solutions.

KPIT was also engaged in development of technologies for generation of hydrogen from bio-mass, non-lithium battery chemistry which could be safe and affordable as well as fuel cells. None of these products were in the new focus that the company had decided for itself since they had minimal embedded software content. Moreover, these products were in the initial R and D stage and so the technologies were not saleable. The Company also did not have the ability to continue to invest in these non-strategic technologies and did not wish to incur any future losses on these areas. However, considering the potential positive environmental impact of these technologies, the founders decided to continue to invest in these non-software areas out of their own funds through a separate R and D company for bringing the technologies to prototype levels

Alternate Fuel Technologies Update (2/2)

Sentient Labs Pvt Ltd is a research and development focused company funded by Proficient, one of the promoter entities of KPIT. From the beginning of the year 2020-21, Sentient took over the further development of the above hardware-led research activities. Sentient would now be actively seeking different models for monetization, including bringing a majority investment from operating or financial investors. Sentient along with the new investors will decide on the appropriate way forward, either as a complete product licensing or outright sale to third parties or other monetization opportunities. The new majority investor or operating partner along with Sentient will explore appropriate options for building an independent management team, along with new investors.

KPIT has not made any investments in these non-software research areas since 2020-21 either by itself or through Sentient. All Investments made before 2021 have been fully written off .Having said that, if Sentient is able to register profits either by licensing or outright sale or any other monetization model, a majority of those gains will flow to KPIT through a separate royalty arrangement with KPIT, subsequently. Since the technologies are still not fully ready for commercialization and relate to new areas, there is a lot of uncertainty of outcome and it is difficult to put a value on the potential future upside that KPIT can enjoy through this stream of income. On other hand, consistent with KPIT strategy, KPIT will have no expenses, investments and any liabilities on account of these activities.



Financial and Operational Data

- Snapshot

Profit & Loss Account Snapshot

INR MN

DETAILS	Q1FY22	Q4FY21	Q1FY21
Revenue from Operations	5,673.81	5,403.27	4,927.10
Other Income	99.76	51.53	25.17
Total Income	5,773.57	5,454.80	4,952.27
Operating Expenses	4,692.65	4,527.68	4,283.19
EBITDA	981.16	930.96	662.37
Depreciation	286.46	309.09	330.03
EBIT	694.70	621.87	332.34
Finance Costs	40.10	39.69	49.31
Change in FMV of Investments	21.60	11.56	3.21
Profit Before Exceptional Items	775.96	589.90	292.95
Exceptional items	-	-	-
PBT	775.96	589.90	292.95
Tax	173.50	62.39	50.70
PAT	602.46	527.51	242.25
Profit Attributable to owners of company	602.46	524.59	240.17
Profit Attributable to non-controlling interest	-	2.92	2.08

This includes forex loss of ₹ 18.46 Million which is excluded in EBITDA computation

Balance Sheet Snapshot

INR MN

ASSETS	Q1FY22	Q4FY21
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	1,909.14	1,968.11
Right-of-use Assets	2,438.75	2,505.07
Other Tangible Assets	158.80	117.90
Goodwill & Other Intangibles	1,370.56	1,298.75
Other Non-Current Assets	869.47	814.03
TOTAL NON-CURRENT	6,746.72	6,703.86
<u>CURRENT ASSETS</u>		
Inventories	NIL	NIL
Cash and Cash Equivalents	8,786.36	8,224.57
Trade Receivables	3,186.99	3,083.47
Other Current Assets	1,805.02	1,663.49
TOTAL CURRENT	13,778.37	12,971.53
TOTAL ASSETS	20,525.09	19,675.39

EQUITY & LIABILITIES	Q1FY22	Q4FY21
Equity Share Capital	2,691.54	2,690.44
Other Equity	9,857.96	9,377.97
Equity attributable to owners	12,549.50	12,068.41
Non-controlling interests	-	28.74
TOTAL EQUITY	12,549.50	12,097.15
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	1,857.09	1,900.56
Other Non-Current Liabilities	480.64	401.00
TOTAL NON-CURRENT	2,337.73	2,301.56
<u>CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Trade Payables	1,802.46	1,352.42
Lease Liabilities	351.51	367.86
Others	3,483.89	3,556.40
TOTAL CURRENT	5,637.86	5,276.68
TOTAL EQUITY AND LIABILITIES	20,525.09	19,675.39

Revenue Break-up

USD MN

Geography	Q1FY22	Q4FY21	Q1FY21	Q-o-Q	Y-o-Y
US	31.76	31.34	27.45	1.3%	15.7%
Europe	30.37	29.77	25.74	2.0%	18.0%
Asia	15.07	13.38	12.06	12.6%	25.0%
TOTAL	77.21	74.48	65.25	3.7%	18.3%

Verticals	Q1FY22	Q4FY21	Q1FY21	Q-o-Q	Y-o-Y
Passenger Cars	58.40	56.68	50.76	3.0%	15.1%
Commercial Vehicles	17.95	16.65	13.55	7.8%	32.5%
Others	0.85	1.15	0.94	(26.9)%	(10.6)%
TOTAL	77.21	74.48	65.25	3.7%	18.3%

Practices	Q1FY22	Q4FY21	Q1FY21	Q-o-Q	Y-o-Y
Powertrain	28.05	30.12	23.92	(6.9)%	17.3%
AD-ADAS	15.77	13.80	14.37	14.2%	9.7%
Connected Vehicle	9.07	7.99	8.24	13.6%	10.1%
Others	24.31	22.58	18.72	7.7%	29.9%

P&L Metrics (Quarterly)

	Q1FY22	Q4FY21	Q1FY21	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	43.6%	45.4%	48.2%	(0.5)%	6.9%
Fixed Price Basis	56.4%	54.6%	51.8%	7.1%	29.0%
Clients					
Strategic T21 Client Revenue	84.62%	85.64%	86%	2.4%	16.4%
Active Clients	55	55	55		
Revenue per Devp. Employee USD	51,257	50,946	41,394		
EBITDA Margin	17.3%	17.2%	13.4%		
EBIT Margin	12.2%	11.5%	6.7%		
PAT Margin	10.6%	9.7%	4.9%		
Effective Tax Rate	22.4%	10.6%	17.3%		
EPS (Basic)	2.24	1.95	0.89		
EPS (Diluted)	2.21	1.93	0.89		

Currency wise revenues, Hedging Details

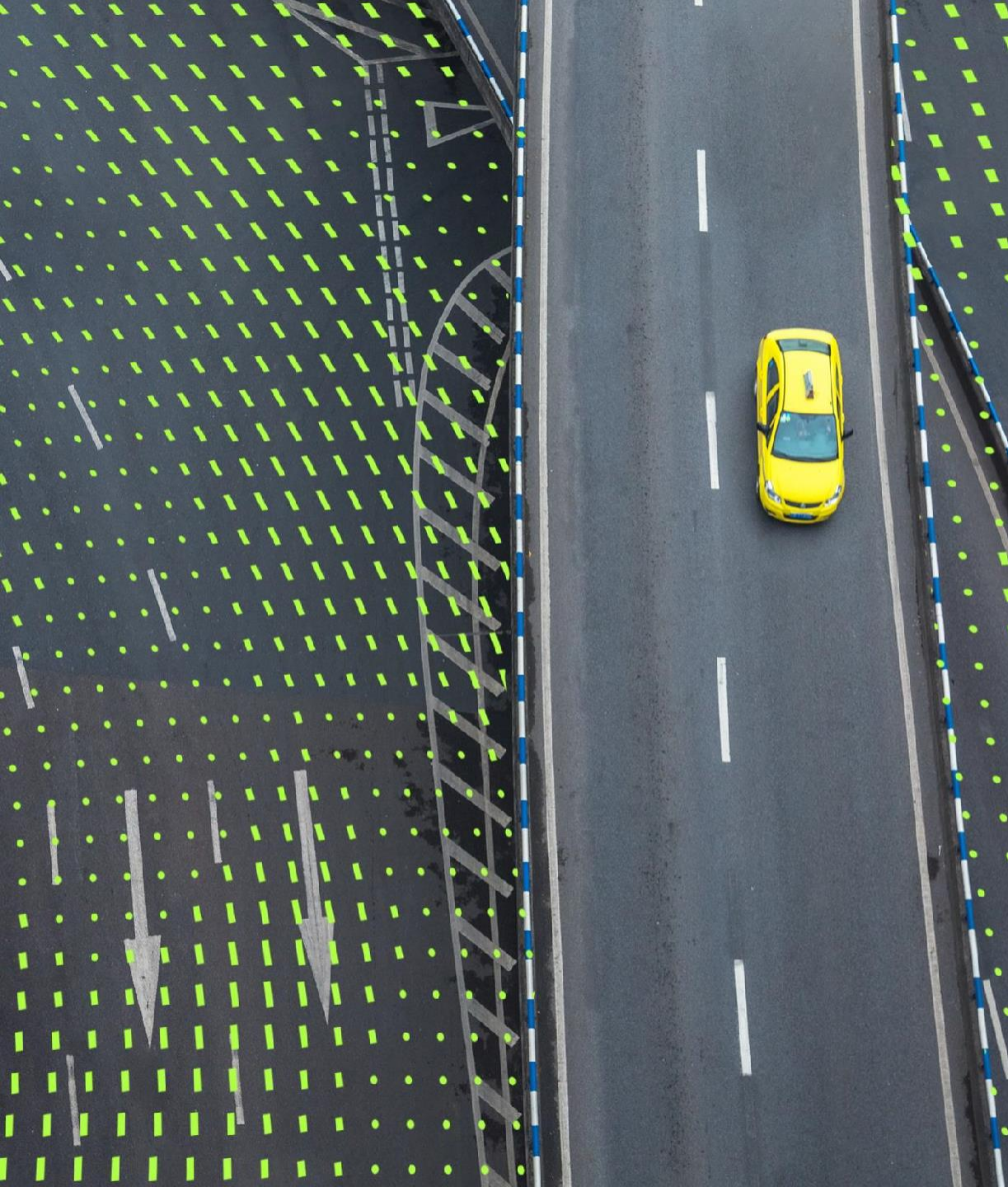
Currency wise revenue	Q1FY22	Q4FY21	Q1FY21
USD	41.7%	43.5%	43.1%
EUR	33.0%	33.9%	34.8%
GBP	5.7%	5.2%	4.2%
JPY	10.2%	8.9%	9.4%
INR	4.9%	4.6%	5.3%
Others	4.6%	3.8%	3.2%

Realized Rate	Q1FY22	Q4FY21	Q1FY21
INR/USD	73.49	72.55	75.51

O/s Hedge Details	Q1FY22
Hedge Rates	
USD/INR	75.87
EUR/INR	92.69
GBP/INR	104.31
Hedge Amounts(Mn)	
USD/INR	19.35
EUR/INR	6.95
GBP/INR	4.45

Headcount Data

Period End Headcount	Q1FY22	Q4FY21	Q1FY21	Q-o-Q	Y-o-Y
Development	6,025	5,848	6,305	-	-
Enabling & Sales	539	518	501	-	-
Total	6,564	6,366	6,806	-	-



Contact us

- Contact

Conference Call Details

Conference name	: KPIT Technologies Q1 FY2022 Post Earnings Conference Call
Date	: Tuesday July 27, 2021
Time	: 1600 Hrs.
Participants	: Mr. Kishor Patil, Co-founder, CEO & MD Mr. Sachin Tikekar, President & Board Member Mrs. Priya Hardikar, SVP & Head of Finance Mr. Sunil Phansalkar, Head-IR
Dial-in Numbers for all participants	
Primary number	: +91 22 6280 1116
Local Access	: +91 22 7115 8017
International Numbers	: USA - 1 866 746 2133 UK - 0 808 101 1573 Singapore - 800 101 2045 Hongkong - 800 964 448

About KPIT Technologies

KPIT (BSE: 542651; NSE: KPITTECH), KPIT is a global technology company with software solutions that will help mobility leapfrog towards autonomous, clean, smart and connected future. With 6,250+ Automobelievers across the globe, specializing in embedded software, AI & Digital solutions, KPIT enables clients accelerate implementation of next generation mobility technologies. With development centers in Europe, USA, Japan, China, Thailand and India – KPIT works with leaders in mobility and is present where the ecosystem is transforming.

For more information, visit <http://www.kpit.com>

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Thank You