

KPIT Second quarter Results FY 2016

KPIT Q2FY16 \$ revenue at \$ 124.6 million, a Q-o-Q growth of 5.3%

EBITDA margins improve to 14 %, PAT grows by 69% Q-o-Q

Strong cash generation, DSO reduce by 3 days to 82

Investor Release BSE: 532400 | NSE: KPIT

Pune, October 21, 2015: KPIT (BSE: 532400; NSE: KPIT), a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy & Utilities and Life Sciences companies, today reported its consolidated financial results for the second quarter and half year ended September 30, 2015.

Highlights for the quarter ended September 30, 2015

- \$ Revenue stood at \$ 124.57 Million, a Q-o-Q growth of 5.3%
- In ₹ terms, revenue grew by 7.1% Q-o-Q and 7.2% Y-o-Y to ₹ 8,122.52 Million.
- EBITDA Margins improved by 441 bps to 14% after absorbing wage hikes.
- PAT stood at ₹ 750.88 Million, a Q-o-Q growth of 69.07% and Y-o-Y growth of 6.43%.

Management comments

Commenting on the performance of Q2 FY16, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said,

"The focus on profitability improvement over the last 6 months is showing good results, as we improved Q2FY16 EBITDA to 14%, despite wage hikes during the quarter. We will continue to work on profitability, predictability, people and growth during the remainder of the year, to further improve the operating metrics". He added, *"We are also investing in front-end account management and domain expertise to help holistically address our strategic customers."*

Kishor Patil, Co-founder, CEO & MD, KPIT said,

"The performance for the quarter has been satisfactory with good growth in Engineering and SAP and profitability improvement across all the SBUs. We are happy with the cash conversion during the quarter and intend to focus even more, on the same in the coming quarters." He added, *"Though there will be some impact due to lower billing days in Q3, we are confident about the sustainability of the operating performance and intend to improve further in the coming quarters."*

Update on Action Plans

We began the year, with a commitment to primarily work on four areas. Here is a brief overview of where we stand after completion of 2 quarters.

Profitability:

Profitability improvement was the number one priority for us in the last 6 months. We have made progress in the areas of Span of Control, People Pyramid, Fresh Graduate hiring, long tail customers and people utilization. Majority of the benefit on account of people related actions was reflected in the Q2 numbers. We will get some additional benefit in the next quarter also.

- During H1, the net reduction in number of people was 321 as compared with the closing number for Q4FY15. We added 170 fresh graduates in Q1 and 415 in Q2. Thus the total fresher addition for H1 was 585. Hence pyramid at the end of H1 was much better as compared to the one at the end of Q4FY15. People reduction and pyramid correction, led to gross margin expansion.
- We have also completed majority of the actions on closure of long tail customers.
- Hence, we believe, the margin expansion in Q2 is sustainable. Having said that, we need to do more work on people productivity improvement and that will be a major focus area in H2.

Predictability:

It was important to focus on predictability to help improve people utilization and reduce revenue leakage due to non-availability of people at the right time. We have done a lot of work on predictability in H1.

- We have taken actions on the revenue and cost predictability across all Industrial Business Units (IBUs), Strategic Business Unit (SBUs) and geographies.
- We have also standardized our operating frameworks and business reviews across all levels within the organization.
- Predictability has helped us improve revenue and project closure visibility on common platforms across the organization.

People:

The aim is to hire, retain and grow the right talent at the right time. The major areas of focus under this initiative were fresher recruitment and training, appraisal and promotion policy and training and certification.

- Majority of the work on the revamped KPIT Performance Management System (KPMS) has been done and the roll out of the same is in the final stages.
- We have also standardized the training and competency development framework to streamline the training requirements across various SBUs and levels within the organization
- We have revamped the internal certification and competency development framework to ensure continuous and broad based training.

Growth:

Growth was not a major focus area in H1 and will be the main focus area in H2.

- We have initiated some of the actions like investments in account managers, customer long tail and strong focus on Products & Platforms.
- In H2, we will continue to invest in account managers and will focus more on annuity revenues, engineering + IT solutions, IMS/AMS and acquisition of new enterprise accounts in our focus verticals.
- We have also invested a lot over the last 3-4 quarters on digital technologies and are seeing good traction in digital both in enterprise solutions as well as products & platforms.
- We believe most of these actions will be substantially completed in H2, providing us a sound platform for accelerated growth in FY17 and beyond.

Q2 Financial Update

REVENUE UPDATE

Our \$ revenue for the quarter grew by 5.3% Q-o-Q to \$124.57 Million. On a Y-o-Y basis there is marginal decline of 0.3%. In ₹ terms revenue stood at ₹ 8,122.52 Million, a Q-o-Q growth of 7.1% and Y-o-Y growth of 7.2%.

On a Q-o-Q basis, amongst the SBUs Products & Platforms (P&P) grew by 21.5% followed by SAP and Product Engineering Services (PES) with 9.4% and 9.2% respectively. There was a marginal decline of 0.1% in Integrated Enterprise Solutions (IES) and growth of 0.4% in Enterprise Solutions (ES). Broadly we saw growth across most of our service offerings.

In terms of geography, there was growth across all markets as Europe and APAC grew by 14.9% and 14.6% respectively followed by US with 1.2% growth.

Amongst the top customers, our top client grew by 5.4%, there was also growth of 3.1% in top 2 to 10 customers however there was a decline of 1.2% in the top 2 to 5 customers.

Our investments to develop capabilities in the areas of engineering, digital, IoT and IMS have started yielding results as we see very good traction across these offerings both in terms of deal wins and creating pipeline.

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

PROFITABILITY

EBITDA Margins for the quarter improved by 441 bps to 14.02%. We gave wage hikes during the quarter, averaging 8% for offshore and 2% for onsite employees. The gross impact of wage hikes during the quarter was in the range of 200 bps to 225 bps.

The increase in EBITDA margins can be contributed to 3 major factors:

1. Qualitative revenue growth
2. Improved people metrics (utilization, people pyramid, span of control at middle level)
3. Better average INR/USD rate for the quarter as compared to earlier quarter.

The realized rate for the quarter was ₹65.20/\$ as against ₹64.09/\$ in Q1 FY16. The positive impact of the rupee depreciation on EBITDA margins was around 60 bps to 70 bps during the quarter.

We believe the margin expansion during the quarter is sustainable and we will continue to work on areas viz. people productivity, span of control and employee pyramid to gain further expansion in margins.

Net profit for the quarter grew by 69.07% on a Q-o-Q basis and 6.43% on a Y-o-Y basis to ₹ 750.88 Million.

CASH FLOW

Details	₹ Million
Cash Profit for Q2FY16	918
Working Capital Adjustments	701
Cash Generated from Operations	1,619
Fixed Assets + ESOPs	290
Dividend	259
Balance Cash Flow	1,070
Debt Repayment	181
Total Surplus/(deficit) for the Quarter	889

- The Cash Balance as at September 30, 2015 stood at ₹ 4,402.38 Million as compared to ₹ 3,513.59 Million as on June 30, 2015 and the total debt was ₹ 4,478.40 Million. Thus the Net Debt on the books as at September 30, 2015 was ₹ 76 Million.
- We have got a board sanction for a new term loan, to be availed for construction of a new facility on our own land of 25 acres in Hinjewadi, Pune.
- The total quantum of loan will be around \$ 20M @ 2.25% pa interest rate, which post the completion of construction and capitalization in the books, will have an impact of ~ 0.1% on PAT margins. We anticipate this investment to be completed over the next 15-18 months and hence do not anticipate any cash flow / P&L impact either in FY16 or in FY17.
- We should be able to share more details on the planned investment by the end of the next quarter.

INDUSTRY UPDATE

We focus on 3 industry verticals viz. Automotive, Manufacturing and Energy & Utilities. Over the years we have created a niche positioning for ourselves in these industry verticals by creating domain specific specialized solutions both in engineering and business IT.

We are the largest 3rd party vendor for Automotive Electronics in India and work with all the major OEMs and Tier I suppliers across the globe. We have delivered more than 1,500 projects in the automotive vertical and are premium members of Global Standard setting bodies like AUTOSAR and JASPAR.

We are a global Oracle Platinum Partner and have achieved 5 Advanced Oracle Specializations, 24+ regular Oracle Specializations, and 10+ OIM Certified Solutions. Through these specializations, KPIT has been recognized by Oracle for its expertise in delivering services through competency development, business results and proven success in the focus verticals. KPIT has been identified as one of the few "Growth Partners" of Oracle. With this, KPIT has a dedicated Executive Relationship Sponsor to help jointly develop & implement the Diamond Partnership action plan.

We are a SAP Gold Partner, SuccessFactors sales, consulting and education partner, regional silver solution partner of Hybris and have 18 SAP qualified industry solutions in our focus industry verticals, including HANA, Mobile and CRM Mobile.

AUTOMOTIVE:

- Automotive vertical contributed 37.32% of the total revenues during the quarter, depicting a sequential growth of 7.65%.
- The major trends in the Automotive Industry are
 - Growing interest towards electric vehicles as both pure electric and plug in hybrids. According to Society for Motor Manufacturers and Traders (SMMT) there was a four-fold increase in the sales of electric vehicles.
 - Emphasis on autonomous cars driving a surge in partial autonomous vehicles, mainly featuring Advanced Driver Assistance Systems (ADAS).
 - Besides these two areas, consumers are also considering the longevity of the car and thus the price they are willing to pay for it. Thus, OEMs are looking at producing more economical cars to meet the market expectations and their sales target.
 - On the efficiency side, tighter Corporate Average Fuel Economy (CAFÉ) regulations in the US and other parts of the world are more expensive for OEMs to comply with.
 - There are also changes happening in their product mix as they are now using more light weight components while they are also standardizing the product platforms by increasing car models and reducing the vehicle architecture.
 - Overall increase in the software component in the car is an ongoing trend and will continue to be one in the near future.

We have been investing over the years in the above technologies both in terms of subject matter experts for domain expertise and patents for IP creation.

KPIT engineering practices of powertrain (fuel efficiency, emission reduction, alternate fuel technologies like hybrid & electric), safety, infotainment, diagnostics, body electronics, chassis and telematics are aligned towards these industry trends.

We see automotive vertical as one of the fastest growing verticals for us in the years to come.

MANUFACTURING:

- Manufacturing vertical contributed 33.25% of the total revenues during the quarter, depicting a marginal sequential decline of 0.4%.
- In the Manufacturing vertical, the sub-verticals we focus on are Hi-Tech, Industrials and Life Sciences (Med Equipment)
- The major trends in the Manufacturing Vertical are
 - Key focus on Internet of Things (IoT) which is enabling connected supply chain, driving automation, energy management, proactive maintenance and factory visibility. It translates into ensuring greater productivity and reliability, improved quality, cost savings and faster decision making.
 - The key drivers for IoT applications are low cost and smaller sensors and chips, advanced mobility and analytics capabilities and scalable and secure cloud architecture, in short digital technologies.
 - Cloud based business applications are transforming the traditional business processes of manufacturers and replicating best practices and technical advancements across their global enterprises.
 - Companies are adapting to technologies such as supply chain enabled PLM, Cloud based PLM applications and cloud computing in manufacturing operations and model based manufacturing.
 - Companies are working towards bringing forth the differentiation in their products as markets become competitive, while focusing on speed, profitability, quality and profitable outcomes
 - Similar to automotive, there is increased focus on software in the manufactured end product. It is expected that by 2016, 70% of global discrete manufacturers will offer connected products, driving increased software content in every sold product.

We are aligned to capture a good share of this spend, with more of our investments aligned towards engineering abilities (Digital Transformation in Product) and business IT expertise (Digital Transformation in Processes).

We are investing in strategic platforms, technologies and solution offerings aligned to the industry trends viz. IoT, Social ERP, P2P automation etc.

We are partnering with ERP product companies to deliver solutions for manufacturing industry in areas like cloud, field service and mobility.

ENERGY & UTILITIES:

- Energy & Utilities vertical contributed 21.26% of the total revenues during the quarter, depicting a sequential growth of 21.88%.
- The major trends in the Energy & Utilities Vertical are
 - Oil & gas companies are directing their efforts towards strengthening their supply chain and human capital management.
 - They are increasing investment in digital oilfield to properly track and manage the oilfield data.
 - Over the coming years, technological focus would be on increased recovery (ROI), developing cleaner and more efficient hydrocarbon technologies and new forms of energy provision
 - In utilities, the focus is on energy provisioning transformation and digitizing the communication platform for both employees and customers of utility companies.
 - The biggest investment areas for both energy and utility companies will be cloud, mobility, infrastructure and collaboration technologies.

Our focus on SAP HANA, Cloud technologies in both SAP as well as Oracle, IoT solutions in the Automated Meter Reading (AMR) areas and smart metering solutions will enable us to get a good foothold in the expected utilities' spend.

We are working on cloud and mobility solutions with integration to legacy systems and infrastructure for improved asset utilization, compliance and security.

**All the revenue growth numbers mentioned under Industry update are in equivalent ₹ terms.*

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

IES SBU covers Oracle, Business Intelligence, IMS and PLM practices for us. During the quarter, IES contributed to 37% of the revenues showing a marginal sequential growth of 1.62%.

- There has been good traction in IES SBU during the quarter. We have closed deals across markets in the areas of JD Edwards, Oracle Transportation Management (OTM) and Oracle ERP implementations.
- We have been able to create a strong pipeline with several transformational deals underway. With significant momentum on cloud adoption, we continue to see an upward trend in Cloud deals, across the globe.
- There is a rise in discussions happening on Internet of Things (IoT) initiatives, coupled with tighter linkage to backend ERP systems. We are actively exploring opportunities in this space.
- We are continuously building capabilities in new age offerings and solutions. Our BI Practice team is working on Procurement & Spend Analytics Solution on Oracle Hyperion & PBCS. We are building an Oracle MDM cloud solution to cater to medical devices industry's UDI compliance requirement. Our SEANZ-OVI Certified solution for 'Endeca Extensions on JDE' is getting great traction in Australia with a clear go-to-market strategy in place with Oracle.
- Recently we got featured in Gartner's 2015 '**Magic Quadrant for Oracle Application Management Services, Worldwide**' in the '**niche players**' quadrant. The report evaluated 17 providers' worldwide capabilities to provide Oracle Application Management Services (AMS). The report assesses the ability to deliver a comprehensive set of Oracle AMS across the Oracle product line as well as ability to service multiple industries in multiple geographies. Our positioning in this Magic Quadrant is a reflection of our commitment to help customers succeed in the marketplace.
- Customers are aggressively investing and looking into Digital ventures resulting in strong demand for Cloud Based solutions. In IMS, we have brought in partners with whom the orchestration and integration for ITaaS is the prime driver. The Asia market is moving fast, specifically on offerings like Backup as a Service. There is good demand for System Integrators to work with the Global Data Center Service providers, in launching the new services. We are investing in people, developing practices and enabling technology leads within the SBU.
- In ePLM, we have won a few deals across different technology areas that we are working on. We also see a significant opportunity in the area of Application Lifecycle Management (ALM) and we have also won deals in this domain.

THOUGHT LEADERSHIP

- KPIT showcased its OTM capabilities at Oracle Transportation Management (OTM) User Conference held in Philadelphia, PA in August.

PRODUCT ENGINEERING SERVICES (PES) AND PRODUCTS & PLATFORMS (P&P) SBU

PES SBU covers embedded software practice and P&P SBU mainly deals with the products and platforms area. During the quarter, PES contributed to 26.92% of the revenues showing a sequential growth of 11.11%. The P&P SBU contributed to 4.87% of the revenues depicting a sequential growth of 23.58%.

- In PES there is good traction in Advanced Driver Assistance Systems (ADAS), AUTOSAR, Body & Chassis and Infotainment practices.
- Our investments in some of the consulting areas such as Enterprise cost management (ECM) and advanced simulation areas in Mechanical engineering are starting to generate results.
- Some other investments like Integrated Vehicle Health Management (IVHM) and Mechatronics have garnered customer interest due to our differentiated offerings.
- As part of the process to improve our internal productivity we have introduced technical audits to strengthen the internal quality of our deliverables and share the best practices. We intend to keep investing in newer domains to respond to market needs and get ourselves ready for scaling up.
- In Products & Platforms, we see a huge potential for Diagnostics on cloud and thereby we are introducing certain initiatives in this direction.
- We continue to see good traction in Infotainment, Konnect and Defense.
- We are working for the Smart Cities mission in India.
- We have been successful in stabilizing Autosar 4.0.3 OS with significant changes made to the tool. Also, as we head towards the big release for 4.2.1, we are having deep focus on OEM assessment of the stack.
- In the space of Diagnostics, POCs are being done for large adaptations with multiple customers.
- We see huge momentum in our focus areas and we are also preparing ourselves to scale up and meet the market needs, in the IoT space.
- In order to speed up product roll-outs we have created agile methodology across Products & Platforms, along with the initiative to launch agile training programs.

THOUGHT LEADERSHIP

- KPIT participated as a partner member in the TU-Automotive event held at Detroit, June 03-04, 2015 as a part of TI showcase and presented its ADAS capabilities.
- KPIT conducted a workshop of AUTOSAR at Novi, Michigan, USA, September 21-22, 2015 to provide a comprehensive overview to American automobile OEMs and Tier 1s to help them leverage the benefits of AUTOSAR.
- KPIT was invited for Customer Keynote Address at Mathworks Seminar on Automotive System Design and Analysis using MATLAB & Simulink, held on September 03, 2015 at Pune, India.
- As part of Smart cities initiative KPIT exhibited at Smart City Summit by FICCI (October 05, 2015) and NITI Aayog Workshop (September 02, 2015).
- KPIT participated at the ASRTU Golden Jubilee Event (International Conference & Exhibition on Public Transport Innovation) held in New Delhi, August 13-14, 2015 and showcased its capabilities of Intelligent Transport Systems and Hybrid conversion technology systems that were installed and demonstrated to visitors exclusively on 'Navi Mumbai Municipal Corporation Transport (NMMT)' bus.
- KPIT was invited to ITS World Congress, Bordeaux, France (October 05-09, 2015) and UITP Asia Pacific assembly, Shenzhen, China (September 23-24, 2015) to share views on Intelligent Transportation technologies of the future.
- KPIT participated in the 'North Tech Symposium 2015' based on the theme 'Capability enhancement of field Army through infusion of technology-based innovations to meet challenges of modern warfare' organized under the aegis of HQ Northern Command (HQ NC), Udhampur.

SAP SBU

SAP SBU covers the full spectrum of SAP applications. During the quarter, SAP contributed to 21.94% of the revenues showing a sequential growth of 11.34%.

- In SAP we are transforming our revenue mix from traditional ERP to more innovative solutions in cloud such as CEC, Hybris, SuccessFactors and other innovative solutions such as HANA, among others.
- We are positioning Value Harvesting and AMS capabilities to help customers realize large measurable cost savings.

- We won deals in Hybris, HANA and AMS along with traditional ERP and upgrade opportunities during the quarter.
- Another significant achievement in SAP SBU has been our ability to cross sell amongst the existing customers. During this quarter we have registered some good wins with existing JDE customers who are either moving to SAP or coexisting with SAP. In line with this strategy, we have identified existing SAP customer accounts where we are working towards cross selling IMS, ePLM, Digital transformation and AMS offerings.

THOUGHT LEADERSHIP

- KPIT was a Gold sponsor at the eighth annual SAP for Utilities conference in Huntington Beach, CA in September 2015.
- KPIT sponsored the ASUG SAP BusinessObjects Analytics Conference in Austin in August and received significant traction from customers.

ENTERPRISE SOLUTIONS (ES) SBU

ES SBU covers the areas of Consulting, vertical specific solutions, bespoke development and product alliances. During the quarter, ES contributed to 9.27% of the revenues, showing a sequential growth of 2.12%.

- With digital transformation gaining ground there is increased momentum in mobile application development. We have won an engagement to develop and integrate tablet based applications, while many customers are evaluating our varied mobility solutions.
- We see traction in Infor M3 implementations in North America and APAC.
- We are developing capabilities in salesforce CRM service and to migrate Lotus notes application to SharePoint- Nintex.
- With user experience gaining customer interest, our ability to bring not only web, mobile and tablet devices but also IoT and automotive devices, is working as a differentiator.
- We have started making investments in – modern application development methods like Continuous build automation, DevOps, Cloud, social coding and micro-services, integrating IT applications with IoT and hardware devices with the vision of digital manufacturing/smart factory.

THOUGHT LEADERSHIP

- KPIT showcased its Infor capabilities at the recent Infor Day event in the US which was well received by the audience.
- KPIT was a Gold Sponsor in the recently concluded Infor Next ASEAN event that spanned five Far East countries including Singapore, Philippines, Thailand, Indonesia and Malaysia, to reinforce its presence as the number one solution provider for Infor products.

**All the revenue growth numbers mentioned under SBU update are in equivalent ₹ terms.*

Digital @ KPIT

The digital transformation practices at KPIT are focused on Cloud, Social, Big Data & Analytics and Internet of Things (IoT) / Machine to Machine Communication (M2M).

As mentioned under the individual SBU updates, digital is one of the leading growth areas for us across the SBUs, especially in SAP, Oracle and P&P. We have invested a lot in Digital Technologies both for customer solutioning as well as internally in KPIT.

During Q2, digital revenues contributed to around 88% of P&P revenues, 22% of SAP revenues, 5% of IES revenues and 5% of ES revenues. Thus on an overall basis, digital revenues were 12% of the total revenues.

Technology Update

During this quarter we have filed 4 provisional patents for which the complete specifications are yet to be filed. The total number of patents as on September 2015 quarter end stood at 60 including 46 patents with complete specifications filed.

We published two papers titled 'A Reliable Method for Detecting Road Regions from a Single Image Based on Color Distribution and Vanishing Point' and 'Background Modelling for Moving Camera' at the icacci2015-workshop on Signal Processing, Image Processing and Pattern Recognition (SIPR'15).

Customer Highlights

- A leading North American company selected KPIT for a global implementation of Oracle ERP.
- A leading Asia-pacific based manufacturer selected KPIT for two major multi-country JD Edwards rollouts.
- KPIT went live with its first 'OTM on Cloud' at a multinational consumer goods company in India and also helped a leading oil and natural gas service company build a Digital Enterprise Hub for rapid delivery across business processes.
- KPIT was selected by leading US & India based Tier1 for engagement in Infotainment and Body & Chassis.
- One of the largest global Tier 1 companies selected KPIT for its expertise in ADAS domain involving ADAS application development and ADAS Validation.
- KPIT was selected by one of the largest manufacturers of hygiene and paper products in the U.S. for an engagement in AMS.
- A large global manufacturing company producing analytical instruments, software and services selected KPIT for its capabilities in HANA.
- KPIT was selected by the Upper Peninsula Power Company (UPPCO) of Michigan to deliver new SAP® software implementation and electric utility transformation project.
- A leading American automobile manufacturer engaged with KPIT for its AMS capabilities.

Income statement for quarter ended September 30th, 2015

₹ million	Q2 FY16	Q1 FY16	Q-o-Q Growth	Q2 FY15	Y-o-Y Growth
Sales	8,122.52	7,583.24	7.11%	7,574.10	7.24%
Employee Benefit Expenses	4,845.61	4,782.46	1.32%	4,134.27	17.21%
Cost of materials consumed	39.82	53.15	(25.09%)	290.93	(86.31%)
Depreciation & Amortization Expenses	167.33	163.90	2.09%	244.54	(31.57%)
Other Expenses	1,186.07	1,082.43	9.57%	1,075.27	10.30%
Professional fees Subcontractor	918.54	944.44	(2.74%)	1,070.28	(14.18%)
Total Expenses	7,157.37	7,026.38	1.86%	6,815.29	5.02%
Profit before Other Income, Finance costs & Exceptional Item	965.15	556.86	73.32%	758.81	27.19%
Other Income	86.21	106.09	(18.74%)	42.01	105.20%
Profit before Finance costs & exceptional Items	1,051.37	662.95	58.59%	800.82	31.29%
Finance costs	44.19	47.28	(6.52%)	32.80	34.72%
Profit after Finance costs & before exceptional Items	1,007.18	615.67	63.59%	768.02	31.14%
Exceptional Items	-	-	-	-	-
Profit Before Tax	1,007.18	615.67	63.59%	768.02	31.14%
Tax Expenses	256.30	171.54	49.41%	62.50	-
Net Profit from ordinary activities after Tax	750.88	444.13	69.07%	705.52	6.43%
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	750.88	444.13	69.07%	705.52	6.43%
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	750.88	444.13	69.07%	705.52	6.43%
Paid up Capital	374.47	376.48	-	373.83	-
EPS (₹₹ 2/-Face Value each)					
- Basic	3.93	2.33	68.87%	3.72	5.50%
- Fully Diluted	3.76	2.22	69.37%	3.52	6.77%
Common Size Analysis:					
Gross Profit Margin	32.11%	28.08%	4.03%	29.71%	2.39%
SG&A / Revenue	18.09%	18.47%	(0.39%)	16.39%	1.70%
EBITDA Margin	14.02%	9.61%	4.41%	13.33%	0.69%
Net Profit Margin	9.24%	5.86%	3.39%	9.31%	(0.07%)

- Q-o-Q or 'sequential' growth refers to growth during the quarter compared to the immediately preceding quarter.
- Y-o-Y growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year.

Income statement for half year ended September 30th, 2015

₹ million	H1 FY16	H1 FY15	Y-o-Y Growth
Sales	15,705.75	14,471.10	8.53%
Employee Benefit Expenses	9,628.06	8,090.92	19.00%
Cost of materials consumed	92.97	366.71	(74.65%)
Depreciation & Amortization Expenses	331.23	407.02	(18.62%)
Other Expenses	2,268.50	2,050.76	10.62%
Professional fees Subcontractor	1,862.98	2,132.34	(12.63%)
Total Expenses	14,183.75	13,047.75	8.71%
Profit before Other Income, Finance costs & Exceptional Item	1,522.00	1,423.35	6.93%
Other Income	192.31	149.88	28.31%
Profit before Finance costs & exceptional Items	1,714.31	1,573.23	8.97%
Finance costs	91.47	75.07	21.84%
Profit after Finance costs & before exceptional Items	1,622.84	1,498.15	8.32%
Exceptional Items	-	-	-
Profit Before Tax	1,622.84	1,498.15	8.32%
Tax Expenses	427.83	284.64	50.31%
Net Profit from ordinary activities after Tax	1,195.01	1,213.51	(1.52%)
Extraordinary Items	-	-	-
Net Profit for the Period	1,195.01	1,213.51	(1.52%)
Share of profit from associate	-	-	-
Minority Interest	-	-	-
PAT	1,195.01	1,213.51	(1.52%)
Paid up Capital	374.47	373.83	-
EPS (₹₹ 2/-Face Value each)			
- Basic	6.26	6.42	(2.46%)
- Fully Diluted	5.98	6.06	(1.32%)
Common Size Analysis:			
EBITDA Margin	11.89%	12.72%	(0.83%)
Net Profit Margin	7.61%	8.39%	(0.78%)

Performance Metrics for quarter ended September 30th, 2015

	Q2 FY16	Q1 FY16	Q-o-Q Growth	Q2 FY15	Y-o-Y Growth
Revenue Spread – Geography					
USA	66.99%	69.70%	2.94%	66.47%	8.08%
Europe	18.23%	16.71%	16.85%	13.73%	42.42%
Rest of World	14.78%	13.59%	16.55%	19.81%	(19.95%)
Revenue Spread – Verticals					
Automotive & Transportation	37.32%	37.13%	7.65%	37.14%	7.74%
Manufacturing	33.25%	35.76%	(0.40%)	31.60%	12.84%
Energy & Utilities	21.26%	18.69%	21.88%	21.69%	5.15%
Others	8.17%	8.42%	3.86%	9.57%	(8.45%)
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	36.99%	38.99%	1.62%	38.05%	4.26%
Product Engineering Services	26.92%	25.96%	11.11%	19.41%	48.78%
Products & Platforms	4.87%	4.22%	23.58%	10.66%	(50.99%)
SAP	21.94%	21.10%	11.34%	22.59%	4.16%
Enterprise Solutions	9.27%	9.73%	2.12%	9.29%	6.99%
Customer details					
No. of Customers Added	2	2	-	2	-
No. of Active Customers	212	210	-	203	-
Customers with run rate of >\$1Mn	88	87	-	84	-
Top Client – Cummins	14.18%	14.17%	7.20%	14.90%	2.04%
Top 5 Clients	29.72%	30.73%	3.60%	32.08%	(0.64%)
Top 10 Clients	41.51%	42.06%	5.70%	42.80%	3.99%
Onsite / Offshore Split					
Onsite Revenues	55.10%	55.29%	6.75%	51.07%	15.71%
Offshore Revenue	44.09%	43.73%	7.99%	43.66%	8.29%
SI [#]	0.81%	0.98%	(11.38%)	5.27%	(83.50%)
Revenue by Contract Type					
Time and Material Basis	72.13%	72.85%	6.06%	65.09%	18.84%
Fixed Price / Time Basis	27.06%	26.17%	10.75%	29.64%	(2.09%)
SI [#]	0.81%	0.98%	(11.38%)	5.27%	(83.50%)
Debtors (days)					
	82	85	-	80	-

Human Resources – Details	Q2 FY16	Q1 FY16	Q-o-Q Growth	Q2 FY15	Y-o-Y Growth
Development Team – Onsite (Avg)	1,568	1,564	-	1,456	-
Development Team - Offshore(Avg)	8,416	8,514	-	7,518	-
Onsite FTE	1,430	1,362	5.01%	1,327	7.82%
Offshore FTE	5,870	5,654	3.82%	5,383	9.05%
Total FTE	7,301	7,016	4.05%	6,710	8.81%
Development (at Quarter end)	9,883	10,062	-	9,191	-
Gen Management / Support (at Quarter end)	578	585	-	572	-
Marketing (Subsidiaries) (at Quarter end)	198	192	-	170	-
Total (at Quarter end)	10,659	10,839	-	9,933	-
Onsite utilization	91.23%	87.10%	-	91.12%	-
Offshore utilization	69.75%	66.41%	-	71.60%	-

*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.

SI represents the revenues for our Telematics solution.

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 2015 : \$ 38.70 Million
These hedges are maturing in FY16 and average rate for these hedges is ₹ 66.69.

Balance sheet details

- The Cash Balance as at September 30, 2015 stood at ₹ 4,402.38 Million as compared to ₹ 3,513.59 Million as on June 30, 2015.
- Capital expenditure for the quarter stood at ₹ 290 Million including CWIP.
- As on September 30, 2015 our total debt was ₹ 4,478.40 Million (₹4,591.11 Million as of June 30, 2015) comprising of ₹ 821.77 Million of Term Loan, ₹ 3,656.63 Million of Working Capital Loan.

Balance Sheet Summary: As at (₹ Million)	Sep 30, 2015	Jun 30, 2015
Equity & Liabilities:		
Shareholders' Funds	14,271.55	13,517.71
Share Application Money pending allotment	11.44	8.00
Non-Current Liabilities:	1,011.24	1,109.75
Long Term Borrowings	511.24	634.21
Long Term Provisions	500.00	475.54
Current Liabilities:	8,440.02	8,183.70
Short term borrowings	3,639.78	3,378.52
Trade Payables	1,214.06	1,117.78
Other Current Liabilities	3,586.19	3,687.40
Total Equity & Liabilities	23,734.25	22,819.17
Assets:		
Non-Current Assets:	10,308.51	10,074.12
Fixed Assets	2,652.98	2,529.90
Goodwill on consolidation	5,462.11	5,293.48
Other Non-Current Assets	2,193.41	2,250.75
Current Assets:	13,425.74	12,745.05
Current Investments	635.41	639.38
Inventories	401.44	396.01
Trade Receivables	7,642.55	7,661.12
Cash & Cash equivalents	3,628.28	2,747.81
Other Current Assets	1,118.06	1,300.73
Total Assets	23,734.25	22,819.17

Conference Call Details

Conference name : KPIT Q2 FY2016 Conference Call
 Date : October 23, 2015
 Time : 1600 Hours (IST)

Dial-in Numbers for all the participants

Primary number : +91 22 3960 0888
 Secondary number : +91 22 6746 5988
 Local access : 6000 1221
 Available in - Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Delhi, Goa, Guntur, Gurgaon, Hyderabad, Indore, Jamshedpur, Kanpur, Kochi/Cochin, Kolhapur, Kolkata, Nagpur, Noida, Patna, Pune, Raipur, Rajkot, Surat, Trivandrum, Vadodara, Vijayawada
 Accessible from all major carriers except BSNL/MTNL.

: 3940 3977
 Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Cochin, Gurgaon (NCR), Hyderabad, Kochi, Kolkata, Lucknow, Pune
 Accessible from all carriers.

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

You can access the playback of this conference call until October 26, 2015 at:

India : +91 22 3065 2322/ +91 22 6181 3322
 Playback id : 76970

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
Sunil Phansalkar Email: sunil.phansalkar@kpit.com Tel. (Direct): +91 20 6652 5014 Tel. (Board): +91 20 6652 5000 Tel. (Cell): +91 98509 66011	Richa Bakshi Email: richa.bakshi@kpit.com Tel. (Board): +91 20 6652 5000 (Extn. 3204) Tel. (Cell): +91 99224 49750
Lipika Bisht Email: lipika.bisht@kpit.com Tel. (Cell): +91 98108 80578	