KPIT

KPIT Second Quarter Results FY 2017

Q2FY17 Revenues grow 3.77% Q-o-Q in CC terms, 3.05% USD growth
Q2FY17 Revenues at USD 123.43 million
Q2FY17 EBITDA grew by 6.7% Q-o-Q, EBITDA Margin at 11%

Investor Release BSE: 532400 | NSE: KPIT

Pune, October 19, 2016: KPIT (BSE: 532400; NSE: KPIT), a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy and Utilities companies, today reported its consolidated financial results for the second quarter and half year ended September 30, 2016.

Highlights for the quarter ended September 30, 2016

- In ₹ terms, revenue grew by 3.45% Q-o-Q to ₹ 8,309.84 million
- $ revenue grew by 3.05% Q-o-Q
- EBITDA margins for the quarter at 11%
- PAT for the quarter stood at ₹ 561.8 million, a Q-o-Q growth of 2.05%

Management comments

Commenting on the performance of Q2 FY17, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said," Over the last one year we have been investing in growth, specifically in account management and new sales. We are also investing in creation of technologies for software automation, digital technologies and industry specific solutions in engineering and business IT. We are beginning to see the reflection of these efforts into our quarterly numbers and we are confident of seeing more of it in the coming quarters."

Kishor Patil, Co-founder, CEO & MD, KPIT said," The quarter performance has been slightly better than our expectations with growth being led by Products & Platforms, Engineering and Digital Transformation. Though the ERP business was flattish during the quarter, we are seeing good traction in newer areas like SAP HANA, S4 HANA, SFSF and Oracle Cloud. In Products & Platforms, we are near to the end of our investment phase for existing products. We are finding greater acceptance for our products in the market which are at the cusp of profitable growth in this business."

Quick Summary

Our business can be broadly divided into two buckets – Services and Solutions Business (S&S) which is ~ 95% of the total business with a EBITDA of 12.5% and Products & Platforms (P&P) which is ~ 5% of the total business with current quarter EBITDA of (25%). The S&S Business can be further divided into Engineering (~ 35% of the S&S business) has an EBITDA margin of 20% and Business IT (~ 65% of the S&S Business) which operates at an EBITDA of 10%. If we further look into the Business IT revenues, then Digital revenues are ~ 23% of the Business IT revenues whereas annuity revenues constitute ~ 45% of the Business IT revenues. The overall company EBITDA at 11% is after write off of R&D investments to the P&L to the tune of 0.8% of the total revenue.

At the beginning of the quarter we had stated it to be a flattish quarter, both on the revenues and profitability front. However, we are happy to report better than expected growth during this quarter driven by good momentum in our traditional leadership area of engineering services, higher growth in new areas such as digital technologies and strong traction in our products business. We have also seen good growth in the top customer account during this quarter.

Our key focus for the remainder of the year is to continue with the growth momentum, improve operating profitability and continuing investment in building technologies in automation, digital transformation and automotive engineering.

AUTOMOTIVE AND TRANSPORTATION VERTICAL

- Automotive vertical contributed 40.7% of total revenue for the quarter, registering a Q-o-Q growth of 8.88%.
- In the Automotive vertical, on the technology front, autonomous driving, safety, alternate fuel technologies, connectivity and infotainment continue to be foremost areas of R&D investments. There has been constant stream of announcements by OEMs and suppliers relating to autonomous driving and alternate fuel technologies. There is an increased thrust by OEMs to control key software content and hence specialist 3rd party vendors are increasingly being preferred over traditional suppliers. Consumer demand and regulation requirements are driving the automotive ecosystem to invest further into more convenient, safe and green technologies.
- At KPIT, we continue to enhance our overall capabilities and efficiencies in different engineering practices such as Connected Vehicle, Autonomous Vehicles, Powertrain (traditional IC engines and alternate fuel technologies), Software Architecture Standardization and Diagnostics. Apart from engineering, we are seeing good traction in ePLM and Oracle, in our existing automotive accounts.
- Recently we launched an **ADAS Experience Center in Bangalore** which showcases our comprehensive ADAS capabilities in the form of live demos.

MANUFACTURING VERTICAL

- Manufacturing vertical contributed 34.8% of total revenue for the quarter, depicting a Q-o-Q decline of 4%.
- There is an emergence and consolidation of digital businesses in the manufacturing industry. Companies are transforming their business models due to nexus of IoT, Big Data, Mobility and Robotics.
- Under manufacturing we focus on 3 sub-verticals viz. Life Sciences, Hi-Tech and Industrial & Consumer goods.
- In these sub verticals, the major market trends include rising operations costs, product and service innovation as companies are investing in initiatives enabled by smart devices, IoT, big data analytics and regulatory compliance and reforms. We have developed various solutions in this space which are cost effective in nature in terms of using pre-configured and per-certified solutions, focusing on reducing SG&A costs and measuring operations effectiveness. To bring in innovation, we are largely focusing on areas such as improving customer engagement, after sales services, management of embedded software and cloud based competencies.

UTILITIES VERTICAL

- Utilities vertical contributed 3.3% of the total revenue for the quarter depicting a sequential decline of 23%. We had a major SAP project milestone billed for in Q1FY17 and we expect a similar milestone in Q3FY17.

- With growth in IT/OT convergence and increasing significance of mobile devices, utility companies are moving from software platform alignment to best of breed and disparate solutions. The availability of real-time information is driving agility into their operations and enabling new insights.
- We are offering best fit solutions for the industry leveraging our engineering and Business IT capabilities. In mobility space we have capabilities to deliver custom and off the shelf mobile solutions catering to all needs. We are already recognized as a leader in solutions such as SAP HANA for the utilities vertical.

ENERGY & RESOURCES VERTICAL

- Energy vertical contributed 11.1% of the total revenue for the quarter depicting a sequential decline of 1.5%.
- The energy vertical is marred by lower crude prices for the past one plus year. To add to this, the skilled manpower is aging and asset turnover ratios are pretty low. Newer and stricter environmental laws and increasing competition is putting further pressure on the operations of energy companies.
- We have developed industry specific solutions for the energy vertical and collaborate with our customers to help improve operation efficiency, optimize asset utilization and gain sustained performance. Apart from our JDE, Oracle, SAP and DT offerings for energy, we have started our first engagement in the engineering domain for one of our existing large energy customer.
- We have signed a large multi-year deal with an existing energy customer and there are a couple of large deals in the pipeline. We are confident of good traction in the energy vertical in the quarters to come.

GEOGRAPHY UPDATE

- During the quarter, we witnessed a sequential growth of 21.2% in the APAC geography and a 3.08% growth in the US Geography. There was a sequential decline of 8.8% in Europe geography.
- On a Y-o-Y basis, APAC grew by 14.5% and US grew by 2.62%, whereas Europe declined by 9.11%.
- PES, products and DT led the growth in APAC whereas IES had a decline in Europe.

APAC has been the leading growth geography for us in the last couple of years. Within APAC, the territories we work in are ASEAN region, India and Japan & China.
In the ASEAN region we see traction in the Life Sciences vertical and in the transportation vertical led by our proprietary transportation management solutions and fleet management solutions. ORACLE aligned business has been growing for us with good adoption of SaaS offerings across ASEAN countries. IoT (Internet of Things) adoption has been on the rise across our focus industries in the region.
In India we see very good traction for the new-age SAP solutions viz. HANA, SFSF and BW on HANA. This is coupled with good interest in cloud based IOT solutions. India is also witnessing good demand for our engineering services.
In China & Japan we concentrate mainly on engineering offerings. Across the region, we see lot of traction in Autonomous vehicles and connected cars. We have set up a development center in China and will look forward to engaging with local select automotive companies, servicing them from China.

In Europe, generally the traction is better in engineering as compared to business IT. Germany and UK are the leading markets within Europe for engineering and autonomous vehicles, safety and connected cars are the bigger areas of traction within engineering. On the Business IT front, we see major pull for Oracle Cloud and have started many initial pilots in DT, especially in supply chain remote asset management. We are investing in strengthening sales in Europe.

US is gearing up and we see traction in automotive vertical mainly driven by engineering, PLM, DT and mobility. In the manufacturing area, DT, wearables, warranty management and customer experience are the major pull factors for growth. Energy & Utilities is picking up on the basis of ERP upgrades, asset management, customer experience and AMS. We are increasing our investments in the US on creating sub vertical specific solutions, Oracle cloud, SAP HANA, SFSF and Hybris and DT.

SBU Update

PRODUCT ENGINEERING SERVICES (PES)

PES SBU contributed 33.3% of the total revenue for the quarter, depicting a sequential growth of 2.1%.

- There is good traction in US & Europe market in practices like Autonomous vehicles, Connectivity, Telematics, Diagnostics and Powertrain while in APAC geography the growth areas are standardization, Autonomous Vehicles, Validation services and productivity suite.
- We are working on new offerings in Digital transformation, Application/ Infrastructure management services and engineering beyond the automotive vertical. With our industry focus, domain expertise and investment in R&D for innovative products we feel confident of capturing good market share in new growth areas such as digital technologies, sensors, IoT, Cloud, mobility and social.

EPLM

- The global PLM market is evolving from 'Point Solutions' towards an integrated holistic platform - 'Platformization of PLM', thus promoting integration between ALM, PLM and MES with added functionalities for innovation management and service Life cycle management.
- With promotion of cloud based PLM applications in a SaaS business model, SMBs are able to adopt the PLM disciplines faster and economically.

  With our iLink ERP-PLM adaptor, we are offering integration between ALM-PLM and PLM-MES. We have formed a SmartPLM group which is offering rapid Proof of concept and R&D services in new PLM areas such as cloud, user experience and industry specific and role based apps store, addressing common PLM use cases.

PRODUCTS & PLATFORMS (P&P) SBU

P&P SBU contributed 4.5% to the total revenue for the quarter and it grew by 114.2%.

- Recently we were engaged on a BRTS project with a North Indian smart city for providing our End to end ITS solution (including On Bus ITS, Command Center, Passenger Information Systems, Mobile Apps). This will not only serve as a model city to showcase KPIT's End to End Solution for City bus & Public transportation but will also help us build credibility for upcoming BRTS projects in smart cities.
- We are also witnessing Electrification of public transport gaining momentum in many cities in India due to increasing concerns on environment. Our electric bus is gaining visibility due to orientation to Indian conditions.
- We recently delivered proof of concept for Pune smart city on using novel transportation modelling project that uses new and cost effective data source from telecom domain. The city is now working with central ministry for full scale approval for a long term project.
- In alignment with the Make in India initiative, our ITS portfolio achieved yet another milestone with successful installation and deployment of 1000 buses fitted for PMPML (Pune Mahanagar Parivahan Mahamandal Ltd.). These buses fitted with GPS devices are up and running across the city and will contribute towards enabling Bus Manufacturers & State Transport Utilities in India to create better public transport in urban cities.

THOUGHT LEADERSHIP

- KPIT participated in the Electric & Hybrid Vehicle Technology Expo held at Novi, Michigan, September 13th-15th. Sophia Suo, Head, Powertrain Practice at KPIT was invited to speak on "Integrated Functional Safety Lifecycle Development on BMS". She discussed the role of Embedded Software in Battery Management System.
- "KPIT in collaboration with a leading Automotive OEM, participated at the VDA Automotive SYS Conference, Berlin, July 6th-8th. Sripathy Ramachandran, Practice Lead & Principal Consultant (Functional Safety & Automotive SPICE), represented KPIT in the conference and spoke on 'Deploying Centre of Excellence model -

A Case Study' focused on the approach adopted by KPIT to establish a Centre of Excellence Model at a leading Automotive OEM.

- KPIT organized Technology Day at Cummins India office on Sep 12th. The event was aimed to showcase KPIT's capabilities to a larger audience within Cummins ecosystem & explore more areas of synergy in areas like Mobility & Digital Transformation, Asset Health Management, EPLM & Advanced Control & Calibration Solutions.

SAP SBU

SAP SBU contributed 22.8% of the total revenue for the quarter depicting a sequential decline of 1.7%.

- As per a recent analyst estimate, by 2020, 90% of all enterprise applications are expected to be on cloud. SAP is making significant investments in cloud, IoT, HANA, CEC/ Hybris and SuccessFactors.
- Our offerings are well aligned with these new growth areas in SAP's ecosystem as we have developed our Go-to-Market strategy focusing on these areas such as HANA, Hybris, SuccessFactors and IoT. We are also working together with SAP to create our brand awareness and strengthen our leadership position in these technologies.
- We continue to win deals in HANA, Cloud, Hybris, C4C and M&A solutions. Our IP and tools such as HANAtization toolkit, EDW are amongst a few, which are gaining traction with the customers.

THOUGHT LEADERSHIP

- KPIT was a Silver sponsor at this year's SuccessConnect 2016 – SAP SuccessFactors annual users conference held from 29- 31st Aug 2016 in Las Vegas.

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

IES SBU contributed 30.6% of the total revenue for the quarter depicting a sequential growth of 0.57%.

ORACLE

- With growing significance of cloud, we are creating solutions based on cloud which will cater to the changing customer needs. Our cloud based tools and offerings are already generating good interest among the customers undergoing ERP transformation. Our OTM and GTM solutions coupled with integrated solutions using ITS and mobility have been developed as per specific business requirements.
- There is increased traction in the DT domain for both Oracle EBS and JDE. We are developing technologies to help customers migrate to the cloud.
- With Infor expanding its focus on micro verticals, we have also strengthened our collaboration to drive next generation IoT/ Analytics based industry solutions.

THOUGHT LEADERSHIP

- KPIT was awarded **Oracle Excellence award 2016 for specialized Partner of the year: Mobility- North America.** This award recognizes our success in integrating enterprise mobility technology.
- KPIT was the only partner from North America to be invited for Oracle IoT webinar and panel discussion as part of the Oracle Internet of Things Cloud Service series.
- KPIT exhibited and showcased its comprehensive Oracle capabilities at Oracle Open World from September 18 - 22, 2016.

IMS

- In IMS, there is strong traction around hybrid cloud transformation, application and infrastructure integrated run services, security services, ITSM accelerated offerings, cloud management platforms and digitization.
- We have created an IoT and Engineering integrated command center for monitoring and managing sensors and shop floor IT. We have also developed solutions which meet the customer needs across application and infrastructure landscape.

DIGITAL TRANSFORMATION (DT) SBU

DT SBU (which addresses DT outside of SAP and Oracle SBU) contributed 8.8% of the total revenue for the quarter depicting a sequential growth of 5.6%. Our overall Digital revenues are around 15% of the total revenues of KPIT and are growing at a faster pace.

- Manufacturing companies are investing in operational and information technology integration for digital manufacturing and machine to machine communication. Wearable technologies are getting adopted in enterprises for safety and efficiency improvement.
- Our Digital Practice revolves around Asset Management, Customer & Supplier experience, Employee experience and Supply Chain Management. ICAMS (IoT, Cloud, Analytics, Mobility, Social) are the enabling technologies for the above business solutions.
- We are doing significant work in the area of integration of IoT with business applications and there are lot of interesting opportunities in this space. We have identified industry-specific use cases and scenarios where we can add tremendous value by implementing such solutions for our clients, be it in the area of connected vehicles, and smart cities, or remote monitoring and diagnostics in industrial manufacturing, or tracking and tracing of movable and immovable assets.
- We are creating solutions in 'Smart Manufacturing' which encompasses IOT, cloud, Big Data and Analytics, Robotics, Augmented Reality, System Integration, Simulation and Cyber Security. Smart Factory, Smart Shop Floor and Smart Office with shop floor to top floor integration and smart operations management contribute to the digital manufacturing solutions we are creating for our customers.

THOUGHT LEADERSHIP

- KPIT presented at The Gas conference in Delhi on Digital Transformation through IT & OT integration.
- We have formed a partnership with Microsoft Azure platform for joint IoT Development
- KPIT jointly with Oracle produced go-to-market offerings on IOT platform with use case for asset management.

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

Technology Update

- We have filed a provisional patent in automotive domain during this quarter. As on Q2FY17 end the total number of patents filed stood at 55 including 48 patents with complete specifications.

Recognitions and Thought Leadership

- KPIT was a Keynote and Roundtable Sponsor of a prestigious Life Sciences Event in the US, showcasing thought leadership and highlighting its strong Life Sciences partnerships with the pharma supply chain community.
- KPIT hosted medini™ analyze European User Conference on Sep 14 - 15, 2016 in Berlin and had speakers from leading Automotive OEM's, Tier 1s and Research Organizations.

- KPIT participated in a Global Supply Chain Forum exhibiting its complete set of offerings and solutions for Outbound Logistics, Inbound Logistics, Warehouse Management and Manufacturing Operations.

Customer Highlights

- A leading European OEM selected KPIT owing to its domain experience and delivery readiness for an engagement in the area of Body and Chassis.
- KPIT has been selected by leading global OEMs and Tier1s in the domains of Functional safety, Diagnostics, Powertrain and Infotainment & Clusters to provide software validation and support to their engineering design and development activities.
- KPIT was selected by a leading US based pharmaceutical company and an energy company for major AMS projects.
- A leading global engineering and manufacturing company selected KPIT for EBS implementation project (ES)
- KPIT was selected for Windchill PLM implementation & global roll-out engagement by a global Aerospace & Defense Tier1 supplier.
- KPIT was selected by a global semiconductor contract manufacturer for an Oracle Agile implementation deal.

Financial Update

REVENUE UPDATE

Q2 FY17

Our $ revenue for the quarter stood at $ 123.42 Million, a Q-o-Q growth of 3.05% and Y-o-Y decline of 0.9%. In ₹ terms revenue grew by 3.45% Q-o-Q and 2.2% Y-o-Y to ₹ 8,309.84 Million.

Amongst geographies, APAC grew by 20.7% on a Q-o-Q basis while US grew by 2.67%. Europe declined sequentially by 9.2%.

In terms of industry verticals, Automotive & Transportation grew by 8.45% on a Q-o-Q basis while Manufacturing and Energy & Utilities declined by 4.42% and 7.71% respectively.

Amongst SBUs, DT grew by 5.19% and PES and IES grew by 1.73% and 0.17% on a Q-o-Q basis respectively. There is more than 100% growth in the Products & Platform SBU. SAP SBU declined by 2.08%.

There was a 5.35% Q-o-Q growth in the top customer account. The top 2-10 customers' total revenues declined by 4.65% on a Q-o-Q basis, majorly due to a decline in one of the top 10 customer, where an ERP implementation project ended.

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

PROFITABILITY

EBITDA Margins for the quarter stood at 11%. Currently we are in an investment phase in the Products & Platforms business and hence the EBITDA in that business is negative which has an overall impact of around 150 bps on the company level EBITDA. Thus the Services and Solutions Business had around 12.5% EBITDA margins for the quarter.

Though the EBITDA has improved over the last quarter, we are putting in the right efforts to improve the EBITDA further as we go into the second half of the year. We have hired fresh graduates over the last 6-8 quarters and are continuing to focus on overall utilization improvement by absorbing these fresh graduates into revenue generating projects. Growth, utilization improvement and non-billable cost management will be the 3 key levers for profitability improvement going ahead. We are confident of improving the operational profitability from these levels.

The realized rate for the quarter was ₹ 67.33/$ against ₹ 67.06/$ in Q1FY17.

CASH FLOW

Details	₹ Million
Cash Profit for Q2FY17	**761**
Working Capital Adjustments	(102)
Cash Generated from Operations	**660**
Fixed Assets + ESOPs	(435)
Dividend	(262)
Balance Cash Flow	**(35)**
Debt Availed	453
Investment payouts	-
Total Increase/(Decrease) in cash balance	**418**

- The Cash Balance as at September 30, 2016 stood at ₹ 4,371.58 Million as compared to ₹ 3,953.89 Million as on June 30, 2016.
- The DSO at 82 days, at the quarter end, were same as compared to the last quarter
- As on September 30, 2016 our total debt stood at ₹ 4,131.60 Million (₹ 3,689 Million as of June 30, 2016) comprising of ₹ 1,819.07 Million of Term Loan and ₹ 2,312.53 Million of Working Capital Loan.
- Thus the Net Cash Balance as at September 30, 2016 stood at ₹ 239.98 Million

Income statement for quarter ended September 30th, 2016

₹ million	Q2 FY17	Q1 FY17	Q-o-Q Growth	Q2 FY16	Y-o-Y Growth
Sales	**8,309.84**	**8,032.36**	**3.45%**	**8,128.24**	**2.23%**
Employee Benefit Expenses	5,122.03	5,065.32	1.12%	4,829.83	6.05%
Cost of materials consumed	116.77	22.33	-	39.82	
Depreciation & Amortization Expenses	199.63	187.73	6.34%	167.33	19.30%
Other Expenses	1,150.40	1,064.02	8.12%	1,198.26	(3.99%)
Professional fees Subcontractor	1,006.71	1,024.57	(1.74%)	918.54	9.60%
Total Expenses	**7,595.54**	**7,363.97**	**3.14%**	**7,153.78**	**6.18%**
Profit before Other Income, Finance costs & Exceptional Item	**714.30**	**668.39**	**6.87%**	**974.46**	**(26.70%)**
Other Income	49.22	115.67	(57.45%)	80.09	(38.54%)
Profit before Finance costs & exceptional Items	**763.52**	**784.06**	**(2.62%)**	**1,054.55**	**(27.60%)**
Finance costs	13.55	56.36	(75.96%)	51.42	(73.65%)
Profit after Finance costs & before exceptional Items	**749.97**	**727.70**	**3.06%**	**1,003.13**	**(25.24%)**
Exceptional Items	-	-	-	-	-
Profit Before Tax	**749.97**	**727.70**	**3.06%**	**1,003.13**	**(25.24%)**
Tax Expenses	188.17	177.16	6.21%	265.12	(29.02%)
Net Profit from ordinary activities after Tax	**561.80**	**550.54**	**2.05%**	**738.01**	**(23.88%)**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**561.80**	**550.54**	**2.05%**	**738.01**	**(23.88%)**
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	**561.80**	**550.54**	**2.05%**	**738.01**	**(23.88%)**
Other Comprehensive Income	(89.37)	59.69	-	102.41	-
Total Comprehensive income for the period	472.43	610.23	(22.58%)	840.42	(43.79%)
Paid up Capital	375.92	375.82	-	374.47	-
EPS (₹ 2/-Face Value each)					
- Basic	2.93	2.87	2.00%	3.86	(24.16%)
- Fully Diluted	2.81	2.75	2.23%	3.69	(23.99%)
Common Size Analysis:					
Gross Profit Margin	29.53%	28.90%	0.63%	32.11%	(2.58%)
SG&A / Revenue	18.53%	18.25%	0.29%	18.09%	0.44%
EBITDA Margin	11.00%	10.66%	0.34%	14.02%	(3.02%)
Net Profit Margin	6.76%	6.85%	(0.09%)	9.08%	(2.32%)

Income statement for half year ended September 30th, 2016

₹ million	H1 FY17	H1 FY16	Y-o-Y Growth
Sales	**16,342.20**	**15,721.39**	**3.95%**
Employee Benefit Expenses	10,187.35	9,614.68	5.96%
Cost of materials consumed	139.10	92.97	49.62%
Depreciation & Amortization Expenses	387.36	331.23	16.95%
Other Expenses	2,214.42	2,297.68	(3.62%)
Professional fees Subcontractor	2,031.28	1,862.98	9.03%
Total Expenses	**14,959.51**	**14,199.54**	**5.35%**
Profit before Other Income, Finance costs & Exceptional Item	**1,382.69**	**1,521.84**	**(9.14%)**
Other Income	164.89	179.67	(8.23%)
Profit before Finance costs & exceptional Items	**1,547.58**	**1,701.52**	**(9.05%)**
Finance costs	69.91	102.75	(31.96%)
Profit after Finance costs & before exceptional Items	**1,477.67**	**1,598.77**	**(7.57%)**
Exceptional Items	-	-	-
Profit Before Tax	**1,477.67**	**1,598.77**	**(7.57%)**
Tax Expenses	365.33	437.61	(16.52%)
Net Profit from ordinary activities after Tax	**1,112.34**	**1,161.16**	**(4.20%)**
Extraordinary Items	-	-	-
Net Profit for the Period	**1,112.34**	**1,161.16**	**(4.20%)**
Share of profit from associate	-	-	-
Minority Interest	-	-	-
PAT	**1,112.34**	**1,161.16**	**(4.20%)**
Other Comprehensive Income	(29.68)	444.05	(106.68%)
Total Comprehensive income for the period	1,082.66	1,605.21	(32.55%)
Paid up Capital	375.92	374.47	-
EPS (₹ 2/-Face Value each)			
- Basic	5.80	6.08	(4.62%)
- Fully Diluted	5.56	5.81	(4.29%)
Common Size Analysis:			
EBITDA Margin	10.83%	11.89%	(1.06%)
Net Profit Margin	6.81%	7.39%	(0.58%)

Performance Metrics for quarter ended September 30th, 2016

	Q2 FY17	Q1 FY17	Q-o-Q Growth	Q2 FY16	Y-o-Y Growth
Revenue Spread – Geography					
USA	67.23%	67.47%	3.08%	66.98%	2.62%
Europe	16.21%	18.39%	(8.80%)	18.24%	(9.11%)
Rest of World	16.56%	14.13%	21.19%	14.78%	14.49%
Revenue Spread – Verticals					
Automotive & Transportation	40.71%	38.68%	8.88%	36.91%	12.77%
Manufacturing	34.79%	37.51%	(4.04%)	34.93%	1.81%
Energy & Utilities	14.44%	16.13%	(7.35%)	21.26%	(30.54%)
Others	10.05%	7.68%	35.42%	6.90%	48.99%
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	30.58%	31.46%	0.57%	32.99%	(5.224%)
Product Engineering Services	33.30%	33.73%	2.14%	31.72%	7.33%
Products & Platforms	4.50%	2.17%	114.22%	4.02%	14.43%
SAP	22.82%	24.02%	(1.70%)	21.91%	6.51%
Digital Transformation^	8.80%	8.62%	5.61%	9.37%	(3.91%)
Customer details					
No. of Customers Added	3	2	-	2	-
No. of Active Customers	223	220	-	212	-
Customers with run rate of >$1Mn	90	88	-	88	-
Top Client – Cummins	13.09%	12.80%	5.77%	14.18%	(5.64%)
Top 5 Clients	27.76%	28.11%	2.14%	29.72%	(4.52%)
Top 10 Clients	38.55%	40.32%	(1.08%)	41.51%	(5.05%)
Onsite / Offshore Split					
Onsite Revenues	56.17%	58.52%	(0.71%)	55.10%	4.21%
Offshore Revenue	42.71%	41.13%	7.44%	44.09%	(0.96%)
SI#	1.12%	0.35%	-	0.81%	41.19%
Revenue by Contract Type					
Time and Material Basis	70.88%	71.15%	3.06%	72.13%	0.46%
Fixed Price / Time Basis	28.00%	28.50%	1.65%	27.06%	5.81%
SI#	1.12%	0.35%	-	0.81%	41.19%
Debtors (days)	82	82	-	82	-

Human Resources – Details	Q2 FY17	Q1 FY17	Q-o-Q Growth	Q2 FY16	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,634	1,651	-	1,568	-
Development Team - Offshore(Avg.)	8,986	8,553	-	8,416	-
Onsite FTE	1,464	1,470	(0.43%)	1,430	2.32%
Offshore FTE	6,214	5,826	6.65%	5,870	5.85%
Total FTE	7,678	7,296	5.22%	7,301	5.16%
Development (at Quarter end)	10,816	10,450	-	9,883	-
Gen Management / Support (at Quarter end)	608	604	-	578	-
Marketing (Subsidiaries) (at Quarter end)	242	234	-	198	-
Total (at Quarter end)	11,666	11,288	-	10,659	-
Onsite utilization	89.58%	89.04%	-	91.23%	-
Offshore utilization	69.15%	68.12%	-	69.75%	-

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

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

^ Digital Transformation SBU (erstwhile Enterprise Solutions SBU)

SI represents the revenues for our Telematics 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 2016 : $ 37.75 Million

These hedges are maturing in FY16-17 and average rate for these hedges is ₹ 68.98

Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Sep 30, 2016	Jun 30, 2016
Assets:		
Non-current Assets:	9,403.76	9,292.82
Fixed Assets	2,244.79	3,028.04
Goodwill	3,837.42	3,886.27
Other Non-current assets	3,321.55	2,378.51
Current Assets:	14,554.28	13,620.09
Inventories	352.31	426.34
Trade Receivables	8,232.98	7,427.12
Cash & bank balances	4,264.61	3,922.14
Other Current Assets	1,704.38	1,844.49
Total Assets	**23,958.04**	**22,912.91**
Equity & Liabilities:		
Equity:	14,740.67	14,490.53
Share Capital	375.92	375.82
Other Equity	14,364.75	14,114.71
Non-current Liabilities:	2,024.74	2,204.16
Financial liabilities	1,407.87	1,595.26
Provisions	613.22	591.20
Deferred tax liabilities	3.65	17.70
Current Liabilities:	7,192.63	6,218.22
Short term borrowings	2,292.46	1,809.41
Trade Payables	1,222.75	1,057.01
Other Current liabilities	3,677.42	3,351.80
Total Equity & Liabilities	**23,958.04**	**22,912.91**

Conference Call Details

Conference name	:	KPIT Q2 FY2017 Conference Call
Date	:	October 20, 2016
Time	:	1600 Hours (IST)

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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

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