April 27, 2016

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 411 001

Scrip ID: KPIT
Scrip Code: 532400

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: KPIT
Series: EQ

Kind Attn: The Manager,
Listing Department

Dear Sir / Madam,

Subject: - Investor release for Q4 FY 16.

Please find enclosed the investor release for Q4 FY 16.

Kindly take the same on your records.

Thanking you,
Yours faithfully,

For **KPIT Technologies Limited**

SPadve.

Sneha Padve
Company Secretary

KPIT Technologies Limited

KPIT Fourth quarter Results FY 2016

KPIT Q4FY16 PAT at ₹ 885 Million, grows 20% Q-o-Q and 76% Y-o-Y
Q4FY16 EBITDA @ 16%+, DSO reduced to 75 days
Dividend % doubled, Payout ratio improved to 18%+

Investor Release BSE: 532400 | NSE: KPIT

Pune, April 27, 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 fourth quarter and full year ended March 31, 2016.

Highlights for the quarter ended March 31, 2016

- In ₹ terms, revenue grew by 3.4% Q-o-Q and 10.2% Y-o-Y to ₹ 8,407 million.
- $ Revenue at $ 124.15 million, Y-o-Y growth of 1.5%, Q-o-Q growth of 0.7%
- EBITDA Margins improved by 154 bps to 16.1%
- Profit before exceptional items stood at ₹ 998 million, depicting a net margin of 11.9%

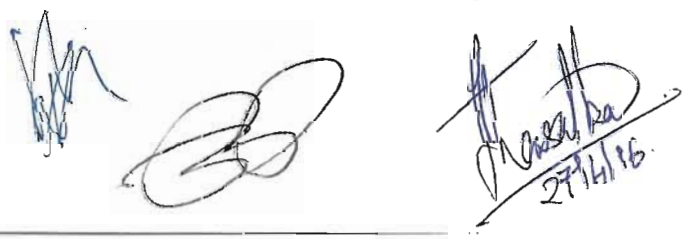
Highlights for the full year ended March 31, 2016

- Net Profit for the year grew by 18.8% to ₹ 2.81 billion
- EBITDA Margins for FY16 at 13.7%, an expansion of 274 bps over FY15
- In ₹ terms, revenue grew by 7.8% over last year to ₹ 32.24 billion
- FY16 Services revenue at $ 468 million, CC growth of 7.5%, 5% in $ terms
- $ Revenue for FY16 stood at $ 490.3 Million, a growth of 0.3%

Management comments

Commenting on the performance of Q4 FY16 and FY16, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said," We continued to improve the Cashflow generation and operating profitability in the last quarter also and I am satisfied with the sustainable profitability improvement during FY16. During the year we have created very relevant industry specific offerings including digital technologies and have received recognitions from the same all across. We continue to invest in front end sales and account management"

Kishor Patil, Co-founder, CEO & MD, KPIT said," While we had modest growth in services business and inconsistent growth in products business, we have invested in broad based strategy for growth both in services and products. We see significant mid-term potential in 2-3 products, based on initial market validation. On the services side we continue to build good sales traction, led by Engineering in Automotive and Digital & SAP HANA/Hybris in manufacturing, life sciences and utilities. In terms of geographies, US is looking better, however, Asia and Europe will lead the growth for us."



Corporate Update

As mentioned at the beginning of the year, FY16 was a year of change for us. We had very clearly set certain priorities and action areas for the company. We planned to focus on profitability, predictability, people and then growth.

We are happy to share that we have been able to deliver on the first three focus areas and have progressed well on the fourth one.
We have been able to improve profitability, sustained by our actions in operational efficiency, people productivity and delivery excellence. Cash flows have shown a positive trend throughout the year.
On the people front, we have invested heavily in a robust training infrastructure, have revamped the performance management system and promotion policies, hired fresh graduates & leadership level senior people and refurbished the internal certification and competency development framework.
Our overall topline growth has been flattish during the year. The services business grew at 5% (7.5% in constant currency terms) and the products business declined. The products and platforms business was subdued mainly due to the cyclical nature of the Intelligent Transportation Solutions (ITS) Product. However, we achieved a significant milestone for REVOLO during this year as we presented two smart electric buses to the Indian Parliament and the first bus was flagged off by the Hon. Prime Minister of India, Shri Narendra Modi.
We have worked on a lot of industry vertical / domain / technology focused offerings and have got recognitions for the same globally.

With these new offerings, improved profitability and predictability, changed organization structure coupled with the right leadership at various levels, we are confident of reaching industry growth levels in a couple of quarters.

Our goal is to build a *Vertically Focused, Technology Company, That Cares*.....

Vertically Focused

We will continue to concentrate on a few cognate industries relating to manufacturing (mostly discrete) and energy. These verticals have / will have end products with intelligence and already are or will be connected.

Thus, the industry verticals that we would continue to focus on:

1. Automotive & Transportation
2. Manufacturing, further broken into
    a. Industrial and Consumer Products
    b. Hi Tech
    c. Life Sciences
3. Energy & Resources
4. Utilities

As one would notice, we have now broken up the broad vertical of manufacturing into 3 distinct sub-verticals viz. Industrial and Consumer Products, Hi Tech and Life Sciences.

Technology

Technology led Engineering + Business IT solutions will be at the core of our offerings to the customers in the above mentioned industry verticals. We will bring in more and more of practice specialization, digitization, innovation and

IP/Patent creation for catering to the business / domain / technology needs of our customers. This is being enabled by absorption of technology subject matter experts (TSMEs) in each of our Industry Business.

Care

Care and relationship forms the nucleus of our overall business strategy. We will continue to deepen our relationships with our Strategic Customers, employees and stakeholders at large. Individual Account Managers along with shared Business Subject Matter Experts (BSMEs) will strengthen and advance our relationships with strategic accounts. Our solutions and products will largely be themed around Green, Safe, Connected and Smart, thus caring for the environment and the world at large.

We now turn to the work done in the different IBUs and SBUs to see the implementation of the above strategy.

AUTOMOTIVE AND TRANSPORTATION

Automotive vertical contributed 39.7% of total revenue for the quarter, registering a Q-o-Q growth of 13.5%. For FY16 revenue contribution of the vertical was 37.6% and it grew by 9.7% on a Y-o-Y basis.

In the Automotive Vertical, we work with more than 35 leading Global Automotive Manufacturers and more than 40 prominent Tier I, Tier II suppliers to these Automotive OEMs

In Automotive, the major technology trends are

- In 2030, up to 15% of new cars sold are expected to be fully autonomous. Advanced Driver Assistance Solutions (ADAS) technology will play a key role in cars taking over control from drivers. Additional safety features will also be an investment area.
- Over the coming years demand for electric vehicles is expected to increase driven by stricter emission norms, lower battery costs, widely available charging infrastructure and rising consumer acceptance.
- Connectivity services will increase revenue generation for auto companies, directed towards on-demand mobility services and data-driven services.
- As cars become connected, software competency becomes a differentiating factor and presents large opportunity to the service providers.

KPIT Response and Offerings

- In engineering, there is high traction in ADAS, Infotainment & clusters, Powertrain & AUTOSAR practices. Our investments in some other consulting areas such as Enterprise Cost Management (ECM) and advanced simulation areas in Mechanical engineering are also starting to yield results with deal wins.
- We are making practice investments, to further enhance our core competencies
- In ADAS and powertrain we have more than 25 patents filed in our name and we continue to invest and work towards more IP creation in these areas.
- In AUTOSAR we achieved success in stabilizing Autosar 4.0.3 OS with significant changes made to the tool and as we head towards the big release for 4.2.1, we are having deep focus on OEM assessment of the stack.
- More than 5000 buses are now fitted with KPIT's UBS II ITS Devices. These buses are spread across 19 city and state undertakings in the country.
- We are developing core competencies and practice offerings around connectivity, cybersecurity and IoT/ Mobility services and analytics by combining our strengths in engineering and IT. We believe this uniqueness within KPIT, of having strong engineering as well as business IT practices will further strengthen our leadership position in the Automotive and Transportation vertical.
- We are also establishing product engineering centers in China and Brazil.

Recognitions and Thought Leadership

- KPIT won '**Technology Innovation of the year (suppliers)' Award for 'Revolo XL- Electric hybrid solution for public transport buses**' at the IATIA 2015.
- KPIT's On-Bus Intelligent Transport System (ITS) **recognized at The European IDTechEx Energy Harvesting & IoT Awards 2015**
- KPIT marked its presence 4th year in a row at the annual CES event in Las Vegas. KPIT demonstrated its products and solutions for Konnect, ADAS & Diagnostics.
- KPIT **addressed the role of process standardization in Advanced Driver Assistance** at the Autonomous Cars Silicon Valley Event in San Francisco. The Head of ADAS and Autonomous Vehicles Practice, at KPIT spoke at the event and her session was titled "AUTOSAR Framework for Autonomous Vehicle System Development – Changes to development process to reduce complexity and cost".
- KPIT participated in IBM's annual global event, IBM Interconnect 2016 at Las Vegas with a **speaker session on "Managing Multidimensional Complexity in Automotive Industry Product Development"** discussing the unique software provisioning developed by KPIT on top of IBM CLM solution.
- KPIT participated in the Smart Car Forum 2016, China to promote ADAS , IVI solutions and Services with an aim to understand the market trends and directions which will help the company on its product development roadmap and strategy.
- Mr. Kishor Patil, Co-Founder represented KPIT at the 2nd UITP India Bus Seminar on Smart & Sustainable Bus Solutions, Delhi and delivered a session titled- **"Reimaging Public Bus Transport in India".**
- **130 buses fitted with KPIT's OnBus ITS solution were used for the South Asian Games 2016,** held in Guwahati. These buses were used to transport 2600+ athletes on a daily basis. The buses were also monitored using KPIT's Command Centre Application. Mr. Ratul Baruah, Joint Commissioner at Guwahati Municipal Corporation - acknowledged KPIT's solution for providing safe transportation to all the athletes.

MANUFACTURING

Manufacturing vertical contributed 34.9% of total revenue for the quarter depicting a sequential decline of 0.9%. For FY16 revenue contribution of the vertical was 35.9% and it grew by 11% on a Y-o-Y basis.

We have serviced over 200 customers in the manufacturing vertical with 60+ in life sciences, 70+ in Industrials and consumer products and 70+ in Hitech. 40 of these customers are Fortune 1000 customers.

As stated earlier, we have further broken down the manufacturing vertical into 3 sub-verticals and we will focus on the life sciences sub-vertical in this update.

In manufacturing the major technology trends for 2016 are:

- There are more opportunities in digital technologies, plant floor automation and processes to improve productivity, flexibility, quality and efficiency in manufacturing operations. With small manufacturers joining the digital revolution, there will be growing need to modernize existing plant floor equipment and moving to state-of-the-art operational systems including cloud based ERP systems.
- With fluctuating demand, manufacturers need agile demand-driven planning processes, thus accelerating the digitization of existing processes and improving collaboration with supply and demand chain partners.
- By 2019, the global product and service market for the IoT is expected to reach $5.649 billion, which amounts to a compound annual growth rate (CAGR) of 19.6%.
- Manufacturers are using augmented reality to provide hands-free training, enable faster responses to maintenance requests, track inventory, increase safety, & provide real-time view of manufacturing operations.
- The market is moving towards smaller deals, faster implementations and getting more value for the money be it AMS or business transformation.

Overall in the manufacturing domain, we see major traction in ERP consolidation, migration and re-implementation triggered by Mergers, Acquisition and Divestitures. There is also demand across BI, E-Commerce and digital transformation opportunities.

Our Oracle Accelerate Solutions and IOT solutions for shop floor management, are geared towards enhancing profitability and delivering customer value for Client's business.

We are making investments to develop products that address industry specific requirements in our focus sub-verticals as enumerated below:

1. ***We have developed Big data analytics solutions*** enabling real-world comparative efficacy and cost analysis, ***Social analytics and connected real-time field service platform as a service (PaaS)*** solutions to understand and improve customers' product/service/brand experiences, ***Cloud-based Global Trade Management and newer regulations compliance solutions*** *and* ***Application Lifecycle Management (ALM) solutions*** enabling compliant development of increasingly complex, software-enabled healthcare devices, to name a few.
2. We have completed the development and are now in the process of completing the certification of our SAP MedEdge / PharmaEdge solution on HANA/Cloud

Recognitions and Thought Leadership

- KPIT was named as a **Worldwide Leader for SAP® Business Suite Powered by SAP HANA® in Manufacturing 2016 Vendor Assessment by major industry analyst IDC**.
- KPIT participated in Collaborate16 Las Vegas, NV and showcased its capabilities in **IOT Solutions, Cloud Integration and Digital Transformation Stories**.
- KPIT was the only technology partner, and one of six recipients, **to receive the Wheel of Excellence Award from a $5 billion networking and communications company.** The award was conferred for innovation, industry expertise, and delivery excellence for enabling Customer Service transformation program.
- KPIT was one of the first companies to implement ECC Suite on HANA, now SAP S/4HANA. The implementation was done for a large medical devices manufacturer and has been recognized by SAP, IDC, and others as the **largest and most complex deals globally for implementing Suite on HANA.**

UTILITIES

Utilities vertical contributed 4.8% of the total revenue for the quarter depicting a sequential decline of 13.1%.
For FY16 revenue contribution of the vertical was 4.8% and it grew by 35.3% on a Y-o-Y basis.

We work with 20 large utility companies spread across the globe.

The major technology trends in Utilities Vertical are:

- Smart grid development significantly increases the volume of data and it also generates variety of data such as temporal, spatial, transactional, streaming, structured and unstructured. With analytics this data could be used efficiently by companies and end users. Analyst firm GTM Research predicts, global utility company expenditure on data analytics will grow from $700 million in 2012 to $3.8 billion in 2020, with gas, electricity and water suppliers in all regions of the world increasing their investment.
- All the new technology projects in this industry will require a combination of IT and OT investment and planning such as Advanced Metering Infrastructure (AMI) or Advanced Distribution Management Systems (ADMSs).
- With the intent to lower costs and improve the accuracy and effectiveness of the field force, utility companies are willing to deploy mobile and wireless technologies. These companies are also investing in IT security with the objective to not only eliminate possibility of cyberattacks but also to obtain a secure infrastructure that can take advantage of technologies on the horizon.

KPIT Response in Utilities

- With our SAP Utilities solution set we are now amongst the top 3 SIs in North America for SAP utilities.

- We recently announced the go-live of Enterprise Data Warehouse on SAP HANA with a large utility company in North America. We partnered with the customer to create a consolidated IT environment with enterprise wide data sharing, improved governance and a unified data platform. We have been receiving very positive response for this solution from across the industry and we believe that there is significant opportunity to take this solution globally.
- In terms of our solutions portfolio we are utilizing the capabilities of three different KPIT solutions:
  - The KPIT IoT Hana Analytics solutions
  - The KPIT command center
  - The KPIT Diagnostic Platform
- The Elements of these solutions are being utilized and combined with an Enterprise Asset Management (EAM) process platform and a field data collection system to enable entities to not just build an asset, but to offer operations and maintenance as an additional revenue stream.
- We are also working with the Digital Transformation team to create offerings specific to the utilities industry and with Oracle team to define our GTM and build up our Oracle CC&B capabilities.

Recognitions and Thought Leadership

- **2016 SAP HANA Honorable Mention** – Large Utility company implementation in North America
- **IDC Energy Insights Suite on HANA "Leader" recognition**
- At a large utility company – **Fastest deployment (11 months),** latest SAP CR&B version
- **2015 SAP4U Project of the year nominee** – Water utility customer

ENERGY & RESOURCES

Energy vertical contributed 13.2% of the total revenue for the quarter depicting a sequential decline of 6.2%.
For FY16 revenue contribution of the vertical was 14.8% and it declined by 2.3% on a Y-o-Y basis.

We work with 50+ energy companies across the globe, 11 of which are Fortune 1000 companies.

The Energy Vertical is going through a tough time due to the prolonged reduced oil prices and the demand supply gap is not expected to substantially reduce for at least another year. Having said that, oil companies are investing in innovative technologies for new oil exploration, dealing with the environment regulations and climate issues, managing ageing assets and building newer capabilities.

The major technology trends in the Energy Vertical are:

- Technology architecture, Interaction between IT and the business, and hiring and retaining strong analytic talent is going to be the focus areas for Oil & Gas (O&G) players to tap the Big data advantage
- Focus on Cloud computing and IoT to support Machine-to-Machine communications, enable effective utilization of resources, reduce costs and improve effectiveness of field force
- Rising use of embedded mobile device sensors. IT Infrastructures will need to grow to support the growth in data, both wired and wireless. O&G companies are investing in mobility solutions and extending them to the field service and asset information.
- Predictive Analytics to Identify future failure patterns, to manage risks and better the understanding of future scenarios in order to allocate resources effectively and thus maximize returns
- Organizations are changing their approach to cyber security and investing in the same.

KPIT Response in Energy Vertical

- We have developed **IoT and Analytics solutions** for specific business issues, **electronic communications solutions** for Oil and Gas, and multiple solutions in **Procure and Spend analytics.**
- Our **Journey Management Solution - VTS, Fuel Management Solution and Supplier Portals** is gaining wider acceptance in the energy vertical.

SBU Update

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

PES SBU contributed 28.7% of the total revenue for the quarter depicting a sequential growth of 12.7%. P&P SBU contributed 5.1% to the total revenue for the quarter and it grew by 38.9%.
For FY16 revenue contribution of PES SBU was 27% and it grew by 33.5% on a Y-o-Y basis. P&P SBU revenue contribution for the year was 4.5% registering a decline of 42%.

We have covered the engineering opportunities under the Automotive Vertical Update. Engineering continues to be the prime growth driver for us.
In the products domain we have done pilot implementations of ITS in South America, South East Asia and South Africa. We see huge potential for ITS in these markets. KPIT's smart metering solution for Automatic Meter Reading (AMR) is currently being deployed on a pilot basis with one of the largest utility company in India.
We are working on our P&P offerings for the Smart cities mission in India. Transportation is coming out as the key component in the first 20 declared winners of smart city initiative. Our ITS offerings in the area of public transportation are finding good traction with the winners. We have signed an MOU with Pune for the ITS system provision.
We see huge momentum in our focus areas of Smart Electric bus and ITS due to government initiatives of Smart Cities and Make in India. We are working closely with all stakeholders to expedite business realization from present opportunities. There is also growing traction in emerging markets such as Malaysia and Africa.
We see huge potential in areas of Diagnostics on cloud and thereby have some industry leading initiatives going in this direction.

SAP SBU

SAP SBU contributed 22.5% of the total revenue for the quarter depicting a sequential decline of 10.1%.
For FY16 revenue contribution of the SBU was 22.9% and it grew by 14.8% on a Y-o-Y basis.

- SAP continues to strengthen its position as the cloud and platform innovator for business software and driven by this momentum we expect to grow strongly in Hybris, C4C, Cloud, and HANA solutions.
- We are also winning deals in SuccessFactors and the pipeline is also robust across geographies. Our matured service processes and AMS model has also helped us win support projects.
- SAP SBU announced the prestigious launch of Enterprise Data Warehouse featuring near real-Time analytics from SAP HANA for a leading utility company in NA. As part of this project, KPIT worked with SAP to implement the SAP HANA IoT Connector solution by OSIsoft to enable near-real-time reporting of operational data along with business and transactional data.

THOUGHT LEADERSHIP

- KPIT won **"Newcomer of the Year" Award** at **2016 SAP Hybris Summit**. This award further underscores our successful track record of helping customers create competitive differentiation and generate business value leveraging digital commerce; configure, price and quote (CPQ); and customer engagement innovations, enabled by SAP Hybris solution.

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

IES SBU contributed 33.8% of the total revenue for the quarter depicting a sequential growth of 2.6%.
For FY16 revenue contribution of the SBU was 35.9% and it grew by 6% on a Y-o-Y basis.

ORACLE

- In Oracle we see good traction and opportunity uptake with some significant cloud wins and strong pipeline globally. We also won major deals in Oracle CPQ and Oracle Sales cloud implementation, EBS and VCP.
- The Oracle EBS practice continues to develop new market offerings around Cloud, Fusion Apps, Implementation, Rollout and Upgrade Automation Accelerators.
- We have developed a 3 tier Oracle cloud package selection toolkit, which allows a customer to customize functionalities in Oracle Cloud products.
- Our digital and cloud solutions offer a customized, end-to-end engagement for organizations that enable to reduce Total Cost of Ownership (TCO) and maximize Return on Investment (ROI).
- In mobility area we are extending our library of mobile apps

EPLM

- In ePLM we are following a consultative approach unifying our strengths of business process, engineering thought leadership and IT Technology.
- There is significant traction in the medical devices sector both for PLM consulting and iLink product especially in North America region with trends like M&A, system consolidation and stricter FDA regulations.
- ALM consulting is a key growth driver across global automotive sector & GAM accounts
- We also foresee growth will our key technology partners – PTC, Siemens, Oracle and IBM in our related industry verticals across all regions.

IMS

- In IMS we see majority of the customer demand in IoT POCs and implementations. This is a big growth opportunity for us and we have the early mover advantage with IPs and productized solutions.
- With the edge of mobility, IoT and digital platforms, we are well equipped to compete strongly in the marketplace.
- In cloud domain customers are at the crossroads of cloud portfolio management and hybrid cloud transformation is gaining interest, especially from customers with global presence and heavy cloud footprint. With innovation at the forefront, we are offering transformational solutions here.

THOUGHT LEADERSHIP

- KPIT won an award in "**Cloud integration and positioning**" for success in empowering JD Edwards solutions. We also won an award in the **marketing category for effective promotions around JD Edwards and KPIT**.
- KPIT was recognized as '**Visionary for MDM Cloud**', by Oracle
- KPIT featured as a **"Niche Player" in Gartner's 2015 "Magic Quadrant for Oracle Application Management Services, Worldwide"**
- KPIT participated as a Gold Sponsor at Oracle CloudWorld 2016, Mumbai.

DIGITAL TRANSFORMATION (DT) SBU (erstwhile Enterprise Solutions SBU)

We have digital practice spread across all SBUs and while the total Digital revenue for KPIT is 15%, the digital revenues captured under DT SBU contributed 9.9% of the total revenue for the quarter depicting a sequential growth of 3.3%.

For FY16 revenue contribution of the SBU was 9.7% and it declined by 11.2% on a Y-o-Y basis.
The overall growth in Digital Revenues for KPIT was 15%+

- In DT SBU the major traction areas are integrated fleet management, asset tracking and digital inventory, supply chain optimization, Big Data & Real time streaming analytics and application modernization.
- We have developed a few products and we are currently analyzing the monetization strategy for these products. Some of these products are in the **areas of fleet management, asset management, supply chain management, energy management and workforce analytics**

- We would like to offer products that provide end-to-end integration of operational technologies (OT) with existing enterprise systems, thus creating a unique position to address true business needs of our customers.

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

FUNCTIONAL EXCELLENCE

- We have rolled out the new organization structure to create leadership bandwidth, sharpen focus on technology, enhance people practices and Marketing through the CTO, CPOO and CMO offices. We have created Separate bandwidth and focus on key Products.
- We have enhanced and simplified the Global Account Management (GAM) framework. There is planned movement of Strategic and Potentially Strategic Accounts from SBUs to IBUs for wider growth. We also launched a program named ACE to train and deploy 40 additional Account Managers.
- We took up a unique initiative called Smart Enterprise – a digital transformation initiative for KPIT. In the first phase, we have implemented various apps in the Smart Campus area. Also setup KPIT digital platform and Software defined infrastructure enabling digital technologies

Recognitions and Thought Leadership

- KPIT's marketing team has won the "**Most Influential Marketing Leaders**" awards by the World Marketing Congress at the Global Marketing Excellence Awards 2015 held in Mumbai in November.
- KPIT has been honored with the '**Best CSR Practice Award**' by the World CSR Congress in an award ceremony held in Mumbai in December 2015 after being recognized for its exemplary CSR work in the fields of education, energy and the environment.
- KPIT has been honored with the **Jewels of Digital Maestro Award**. This award is an initiative of "Dynamic CIO" along with "Grey Head Media & Core Quadrant Analyst" firm. KPIT Smart Enterprise case study is also published in a book "21 Jewels of Digital – Inspiring Transformation Stories of Indian Enterprises" by Kapil Dev Singh, Rahul Neel Mani, Sanjay Gupta, Shipra Malhotra.
- **Ms. Vaishali Vaid, VP & Head, Global HR, KPIT honored with the '100 Most Talented Global HR Leaders Award'** by CHRO Asia for the second time in a row.

Technology Update

During this quarter we have filed one patent with complete specification in the automotive domain. With this the total number of patents filed as on March 2016 quarter end stood at 53 including 46 patents with complete specifications filed. Some of the earlier provisional patents were withdrawn during the quarter.

We have also been granted three patents during this quarter and their details are mentioned below:

Patent Number	Patent Title	Country	Domain
PI 2012000568	A Power Assisting System	Malaysia	Hybrid
JP 2012-529404	Method of Converting Vehicle into Hybrid Vehicle	Japan	Hybrid
JP 2012-529407	Motor Assistance for a Hybrid Vehicle Based on User Input	Japan	Hybrid

As on Q4FY16 end we have **23 granted patents** across different geographies with most of these patents in the domain of hybrid technology along with other areas of VLSI and High Performance computing

Customer Highlights

- KPIT was selected by leading global OEM and Tier1 partners for two large and several mid-sized deals for engagements in the area of Infotainment & Clusters. The scope of the engagement would involve KPIT to provide services for their next generation IVI platform with additional scope for connectivity automation testing.
- KPIT was also selected by players across the globe including US, Europe, Korea & China for our expertise in Powertrain and Body & Chassis.
- One of the largest Europe based OEMs selected KPIT for an engagement in the Diagnostics domain.
- KPIT was selected by a US based global leader in fuel supply for an implementation project of Enterprise Transformation.
- KPIT was selected for a large cloud deal by a multimodal transportation and Supply Chain Logistics service provider in India. The engagement covers end to end cloud solution which starts with CRM and opportunity management to Quote Management to Business Operations and finally Financials and Reporting.
- KPIT has been selected for PDM and PLM system maintenance & support by a leading defense supplier in USA.
- One of the global top 5 medical devices company selected KPIT as a strategic advisor & implementation partner. KPIT is also on the PLM executive council driving this change.
- A US based diversified industrial company serving customers from operations in more than 30 countries selected KPIT for a major Oracle EBS R12 upgrade project. The differentiators that helped KPIT close the deal were the depth and breadth of Oracle EBS Practice, IMPACTA/Code Editor tools and commitment from Executive Leadership of KPIT.
- A leading natural gas processing and distribution company in India selected KPIT for a multi-year SAP Application Support project
- KPIT was selected for S/4HANA implementation project by one of the fastest growing CPG companies in India.

Financial Update

REVENUE UPDATE

Q4 FY16

Our $ revenue for the quarter grew by 0.7% to $124.15 Million. On a Y-o-Y basis revenue grew by 1.5%. In ₹ terms revenue stood at ₹ 8,407.18 Million, a Q-o-Q growth of 3.4% and Y-o-Y growth of 10.2%.

In terms of industry verticals, Automotive & Transportation grew by 10.57% on a Q-o-Q basis while Manufacturing and Energy & Utilities declined by 3.5% and 10.5% respectively.

Amongst the SBUs, there was a Q-o-Q growth of 9.7% in Product Engineering Services (PES) SBU and Digital Transformation (DT, erstwhile ES SBU) SBU grew by 0.6%. There was a decline of 12.5% in SAP SBU and Integrated Enterprise Solutions (IES) SBU declined marginally by 0.1%. During this quarter we saw a growth of 35.3% in Products & Platforms (P&P) SBU.

In terms of geography, Europe and APAC grew by 3.9% and 1.5% respectively on a Q-o-Q basis whereas US declined by 0.3%.

Amongst the customers, our top customer declined by 0.1% while there was a decline of 0.9% in the Top 5 customers. Our Top 10 customers grew by 0.3% on a Q-o-Q basis.

FY 2016

Our $ revenue for the year grew by 0.3% to $490.31 Million. The services revenue grew by 5% in reported USD terms and by 7.5% in constant currency terms.

In ₹ terms, revenue grew to ₹ 32,242.91 Million, a Y-o-Y growth of 7.8%.

Amongst the industry verticals, Manufacturing grew by 3.2% and Automotive & Transportation grew by 2% on a Y-o-Y basis. There was a decline of 2.5% in Energy & Utilities.

In terms of SBUs, PES SBU was the highest growing SBU during the year with Y-o-Y growth of 24% while SAP SBU grew by 6.8%. In IES SBU there was a decline of 1.4% while P&P SBU declined by 46.1%.

Geography wise, Europe grew by 14.4% on a Y-o-Y basis and US grew by 3.2%. There was a decline of 23% in APAC. Amongst the customers, our Top client declined by 6.2% during the year while there was a decline of 7.6% and 2.1% in the Top 5 and Top 10 customers respectively.

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

PROFITABILITY

EBITDA Margins for the quarter improved by 154 bps to 16.13% led by expansion in gross margins and also aided by the rupee depreciation.

The realized rate for the quarter was ₹ 67.72/$ against ₹ 65.95/$ in Q3FY16. Thus, around 55 bps expansion in the operating margins was due to the rupee depreciation. As a part of the normal year end activity some additional provisions made during the year were written back during the quarter. The overall quantum of such extra provisions written back was ₹ 40 million.

Net profit for the quarter grew by 20.4% Q-o-Q and 75.9% Y-o-Y to ₹ 885.04 Million. Our R&D unit received the approval from the central government for the purpose of section 35 (2AB) of the Income Tax Act. This approval is for the period starting April 01, 2014 till March 31, 2017. Based on this approval we were able to claim weighted deduction on the R&D expenses retrospectively. Hence the tax provision for the quarter is proportionately lower.

Our EBITDA margins for the year improved by 274 bps to 13.68% as compared to last year.

Net profit grew by 18.8% Y-o-Y to ₹ 2,815 Million.

CASH FLOW

Details	₹ Million
Cash Profit for Q4FY16	**1,065**
Working Capital Adjustments	(273)
Cash Generated from Operations	**791**
Fixed Assets + ESOPs	240
Dividend	0
Balance Cash Flow	**551**
Debt Repayment	(240)
Investment payouts	(132)
Total Increase/(Decrease) in cash balance	**180**

- The Cash Balance as at March 31, 2016 stood at ₹ 4,006 Million as compared to ₹ 3,826.28 Million as on December 31, 2015.
- As on March 31, 2016 our total debt was ₹ 2,505 Million (₹ 2,751 Million as of December 31, 2015) comprising of ₹ 2,006.80 Million of Term Loan, ₹ 498.09 Million of Working Capital Loan.
- Thus the Net Cash Balance as at March 31, 2016 stood at ₹ 1.5 Billion
- During the quarter we availed a fresh term loan of ₹ 1,326.60 Million, for construction of our development facility at Hinjewadi Phase III in Pune.
- We also repaid working capital loans to the tune of ₹ 1,571.93 Million during the quarter.

Income statement for quarter ended March 31st, 2016

₹ million	Q4 FY16	Q3 FY16	Q-o-Q Growth	Q4 FY15	Y-o-Y Growth
Sales	**8,407.18**	**8,129.98**	**3.41%**	**7,629.94**	**10.19%**
Employee Benefit Expenses	4,771.10	4,923.40	(3.09%)	4,891.04	(2.45%)
Cost of materials consumed	29.33	11.88	146.92%	289.58	(89.87%)
Depreciation & Amortization Expenses	179.56	180.46	(0.50%)	225.40	(20.34%)
Other Expenses	1,274.49	1,048.67	21.53%	1,070.92	19.01%
Professional fees Subcontractor	1,012.45	965.94	4.81%	1,044.11	(3.03%)
Total Expenses	**7,266.93**	**7,130.35**	**1.92%**	**7,521.05**	**(3.38%)**
Profit before Other Income, Finance costs & Exceptional Item	**1,140.25**	**999.63**	**14.07%**	**108.89**	**-**
Other Income	19.71	35.68	(44.76%)	176.85	(88.85%)
Profit before Finance costs & exceptional Items	**1,159.96**	**1,035.31**	**12.04%**	**285.74**	**-**
Finance costs	25.34	35.12	(27.86%)	139.89	(81.89%)
Profit after Finance costs & before exceptional Items	**1,134.62**	**1,000.19**	**13.44%**	**145.85**	**-**
Exceptional Items	112.98	-	-	-	-
Profit Before Tax	**1,021.64**	**1,000.19**	**2.14%**	**145.85**	**-**
Tax Expenses	136.59	265.24	(48.5%)	(357.24)	(138.24%)
Net Profit from ordinary activities after Tax	**885.05**	**734.95**	**20.42%**	**503.09**	**75.92%**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**885.05**	**734.95**	**20.42%**	**503.09**	**75.92%**
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	**885.05**	**734.95**	**20.42%**	**503.09**	**75.92%**
Paid up Capital	375.65	375.25	-	376.13	-
EPS (₹₹ 2/-Face Value each)					
- Basic	4.62	3.84	20.31%	2.64	74.90%
- Fully Diluted	4.42	3.69	19.94%	2.52	75.74%
Common Size Analysis:					
Gross Profit Margin	35.27%	32.86%	2.41%	25.23%	10.03%
SG&A / Revenue	19.13%	18.27%	0.86%	20.73%	(1.59%)
EBITDA Margin	16.13%	14.59%	1.54%	4.51%	11.62%
Net Profit Margin	10.53%	9.04%	1.49%	6.59%	3.93%

- 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 full year ended March 31st, 2016

₹ million	Mar-16	Mar-15	Y-o-Y Growth
Sales	**32,242.91**	**29,899.17**	**7.84%**
Employee Benefit Expenses	19,328.56	17,411.62	11.01%
Cost of materials consumed	134.17	851.59	(84.24%)
Depreciation & Amortization Expenses	691.25	851.35	(18.81%)
Other Expenses	4,585.67	4,266.53	7.48%
Professional fees Subcontractor	3,841.38	4,125.36	(6.88%)
Total Expenses	**28,581.03**	**27,506.46**	**3.91%**
Profit before Other Income, Finance costs & Exceptional Item	**3,661.88**	**2,392.72**	**53.04%**
Other Income	247.70	351.79	(29.59%)
Profit before Finance costs & exceptional Items	**3,909.58**	**2,744.50**	**42.45%**
Finance costs	151.93	259.83	(41.53%)
Profit after Finance costs & before exceptional Items	**3,757.65**	**2,484.67**	**51.23%**
Exceptional Items	112.98	-	-
Profit Before Tax	**3,644.67**	**2,484.67**	**46.69%**
Tax Expenses	829.67	114.80	-
Net Profit from ordinary activities after Tax	**2,815.00**	**2,369.87**	**18.78%**
Extraordinary Items	-	-	-
Net Profit for the Period	**2,815.00**	**2,369.87**	**18.78%**
Share of profit from associate	-	-	-
Minority Interest	-	-	-
PAT	**2,815.00**	**2,369.87**	**18.78%**
Paid up Capital	375.65	376.13	-
EPS (₹₹ 2/-Face Value each)			
- Basic	14.72	12.49	17.82%
- Fully Diluted	14.09	11.87	18.63%
Common Size Analysis:			
EBITDA Margin	13.68%	10.94%	2.74%
Net Profit Margin	8.73%	7.93%	0.80%

Performance Metrics for quarter ended March 31st, 2016

	Q4 FY16	Q3 FY16	Q-o-Q Growth	Q4 FY15	Y-o-Y Growth
Revenue Spread – Geography					
USA	68.90%	69.57%	2.42%	64.51%	17.70%
Europe	18.04%	17.48%	6.71%	16.86%	17.90%
Rest of World	13.06%	12.95%	4.27%	18.64%	(22.80%)
Revenue Spread – Verticals					
Automotive & Transportation	39.69%	36.15%	13.53%	41.28%	5.93%
Manufacturing	34.92%	36.43%	(0.88%)	34.10%	12.82%
Energy & Utilities	17.98%	20.24%	(8.14%)	17.77%	11.46%
Others	7.42%	7.18%	6.78%	6.84%	19.40%
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	33.76%	34.04%	2.58%	36.51%	1.89%
Product Engineering Services	28.72%	26.35%	12.69%	24.67%	28.27%
Products & Platforms	5.12%	3.81%	38.94%	10.45%	(45.98%)
SAP	22.50%	25.90%	(10.15%)	17.38%	42.66%
Digital Transformation^	9.90%	9.90%	3.34%	10.99%	(0.79%)
Customer details					
No. of Customers Added	3	3	-	2	-
No. of Active Customers	218	215	-	208	-
Customers with run rate of >$1Mn	94	94	-	90	-
Top Client – Cummins	13.94%	14.06%	2.57%	14.93%	2.91%
Top 5 Clients	26.77%	27.21%	1.75%	30.05%	(1.82%)
Top 10 Clients	39.28%	39.43%	3.02%	41.57%	4.10%
Onsite / Offshore Split					
Onsite Revenues	57.93%	58.78%	1.91%	52.41%	21.80%
Offshore Revenue	41.35%	40.93%	4.47%	42.58%	6.99%
SI#	0.72%	0.29%	161.96%	5.01%	(84.12%)
Revenue by Contract Type					
Time and Material Basis	72.85%	70.58%	6.73%	63.72%	25.98%
Fixed Price / Time Basis	26.43%	29.13%	(6.18%)	31.27%	(6.88%)
SI#	0.72%	0.29%	161.96%	5.01%	(84.12%)
Debtors (days)	75	77	-	82	-

Human Resources – Details	Q4 FY16	Q3 FY16	Q-o-Q Growth	Q4 FY15	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,643	1,635	-	1,534	-
Development Team - Offshore(Avg.)	8,279	8,190	-	8,317	-
Onsite FTE	1,486	1,474	0.83%	1,316	12.94%
Offshore FTE	5,813	5,655	2.78%	5,456	6.54%
Total FTE	7,299	7,129	2.38%	6,772	7.78%
Development (at Quarter end)	10,095	9,768	-	10,213	-
Gen Management / Support (at Quarter end)	592	586	-	586	-
Marketing (Subsidiaries) (at Quarter end)	223	205	-	181	-
Total (at Quarter end)	10,910	10,559	-	10,980	-
Onsite utilization	90.47%	90.16%	-	85.80%	-
Offshore utilization	70.21%	69.05%	-	65.60%	-

*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.

^ Digital Transformation SBU (erstwhile Enterprise Solutions SBU)

SI represents the revenues for our Telematics solution.

Performance Metrics for full year ended March 31st, 2016

	FY 2016	FY 2015	Y-o-Y Growth
Revenue Spread – Geography			
USA	68.76%	66.82%	11.00%
Europe	17.64%	15.46%	22.94%
Rest of World	13.60%	17.71%	(17.27%)
Revenue Spread – Verticals			
Automotive & Transportation	37.58%	36.96%	9.65%
Manufacturing	35.91%	34.89%	10.98%
Energy & Utilities	19.55%	20.11%	4.82%
Others	6.96%	8.04%	(6.59%)
Revenue Spread – by SBU*			
Integrated Enterprise Solutions	35.91%	36.52%	6.04%
Product Engineering Services	27.00%	21.82%	33.46%
Products & Platforms	4.51%	8.40%	(42.03%)
SAP	22.87%	21.48%	14.82%
Digital Transformation^	9.70%	11.78%	(11.23%)
Customer details			
No. of Customers Added	10	10	-
No. of Active Customers	218	208	-
Customers with run rate of >$1Mn	92	87	-
Top Client – Cummins	14.08%	15.05%	0.93%
Top 5 Clients	28.17%	30.56%	(0.62%)
Top 10 Clients	39.85%	40.81%	5.29%
Onsite / Offshore Split			
Onsite Revenues	56.79%	53.46%	14.55%
Offshore Revenue	42.52%	42.77%	7.23%
SI#	0.69%	3.77%	(80.34%)
Revenue by Contract Type			
Time and Material Basis	72.10%	65.70%	18.33%
Fixed Price / Time Basis	27.22%	30.53%	(3.85%)
SI#	0.69%	3.77%	(80.34%)
Debtors (days)	75	82	

Human Resources – Details	FY 2016	FY 2015	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,603	1,477	-
Development Team - Offshore(Avg.)	8,350	7,732	-
Onsite FTE	1,438	1,322	8.82%
Offshore FTE	5,749	5,364	7.18%
Total FTE	7,187	6,686	7.51%
Development (at Quarter end)	10,095	10,213	-
Gen Management / Support (at Quarter end)	592	586	-
Marketing (Subsidiaries) (at Quarter end)	223	181	-
Total (at Quarter end)	10,910	10,980	-
Onsite utilization	89.74%	89.49%	-
Offshore utilization	68.86%	69.38%	-

^ Digital Transformation SBU (erstwhile Enterprise Solutions SBU)

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 31st March 2016 : $ 37.85 Million

These hedges are maturing in FY16-17 and average rate for these hedges is ₹ 68.9.

Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Mar 31, 2016	Mar 31, 2015
Equity & Liabilities:		
Shareholders' Funds	13,806.91	12,953.85
Share Application Money pending allotment	0.63	7.65
Non-Current Liabilities:	2,188.24	1,203.15
Long Term Borrowings	1,672.69	779.85
Long Term Provisions	515.55	423.30
Current Liabilities:	5,956.41	8,573.29
Short term borrowings	498.09	3,677.16
Trade Payables	1,233.37	1,331.64
Other Current Liabilities	4,224.95	3,564.49
Total Equity & Liabilities	**21,952.19**	**22,737.94**
Assets:		
Non-Current Assets:	9,174.73	9,589.04
Fixed Assets	2,850.45	2,328.20
Goodwill on consolidation	4,024.66	5,087.93
Other Non-Current Assets	2,299.62	2,172.91
Current Assets:	12,777.46	13,148.90
Current Investments	0.04	590.38
Inventories	380.04	228.77
Trade Receivables	6,860.87	6,978.70
Cash & Cash equivalents	3,953.27	3,637.54
Other Current Assets	1,583.24	1,713.51
Total Assets	**21,952.19**	**22,737.94**

Conference Call Details

Conference name	:	KPIT Q4 FY2016 Conference Call
Date	:	April 28, 2016
Time	:	1530 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.

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