KPIT Third quarter Results FY 2016

KPIT Q3FY16 $ revenue at $ 123.28 million, PAT stands at ₹ 734.95 million
EBITDA margins improve to 14.59%
DSO at 77 days, Net cash balance as at Dec 31, 2015 stood at ₹ 1.08 billion

Investor Release BSE: 532400 | NSE: KPIT

Pune, January 20, 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 & Utilities and Life Sciences companies, today reported its consolidated financial results for the third quarter and nine months ended December 31, 2015.

Highlights for the quarter ended December 31, 2015

- In ₹ terms, revenue grew by 0.09% Q-o-Q and 4.26% Y-o-Y to ₹ 8,129.98 million.
- $ Revenue stood at $ 123.28 million, a Q-o-Q decline of 1.04%.
- Services Revenue stood at $ 118.57 million, flat Q-o-Q.
- EBITDA Margins improved by 57 bps to 14.59% despite loss in revenue due to furloughs.
- PAT stood at ₹ 734.95 million, a Y-o-Y growth of 12.5% and a Q-o-Q decline of 2.12%.

Management comments

Commenting on the performance of Q3 FY16, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said,

"We continue to focus on the 4 stated areas of Profitability, Predictability, People and Growth and I am satisfied at the actions taken so far and the impact they have had on the numbers, especially on profitability and predictability. We continue to invest in growth areas, specifically in vertical led front end, domain expertise and newer technologies and expect the results of these investments to start flowing in from H2FY17 onwards." He added,*" We are building a healthy pipeline in newer technology areas like Digital Technologies and decent growth areas like engineering."*

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

"*We are satisfied with the operating performance during the quarter and are on track to exit the year at 15% EBITDA, as targeted at the start of the year. Though the Products & Platforms business is relatively new and there are seasonal variations, we have made good progress in the areas of hybrid/electric solutions, telematics and Infotainment, which should lead to a more consistent growth in the future."*

Update on Action Plans

We have been focusing on Profitability, Predictability, People and Growth since the beginning of this financial year. We have completed majority of the actions on Profitability, Predictability and People and are satisfied with the results as depicted by expansion in the EBITDA margins during the year as compared to Q4FY15. We have started the work on improving engineering productivity and expect the actions to start delivering results from H1FY17. During the quarter we completed the first mid-year performance review on the revamped KPIT Performance Management System (KPMS). We have redefined the promotion policy to help fuel individual growth within the organization and enable employee movement and fresher absorption into main stream projects.

Growth:

We are now focusing more on Growth and investing in the right areas for increasing the pace of growth.

- We are reorganizing the sales to bring in more Industry Business Unit (IBU) focus
- 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 in 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 the next 2 quarters, during which the growth will be passive. We expect the results of these investments to start flowing in from H2FY17 onwards.

Q3 Financial Update

REVENUE UPDATE

Our $ revenue for the quarter declined by 1% Q-o-Q to $ 123.28 Million. On a Y-o-Y basis there is a decline of 2.5%. In ₹ terms revenue stood at ₹ 8,129.98 Million, a Q-o-Q growth of 0.09% and Y-o-Y growth of 4.26%.

In terms of industry verticals, Manufacturing Vertical grew by 4.9% on a Q-o-Q basis whereas Automotive Vertical showed a decline of 4.6% and the Energy & Utilities Vertical declined by 6.1%. In the automotive vertical we had higher milestones billed in last quarter as compared to the current quarter whereas the decline in Energy & Utilities was led by a decline in a couple of energy customers.

On a Q-o-Q basis, amongst the SBUs, SAP was the highest growing SBU with 16.8% growth while there was a decline of 3.2% in Product Engineering Services (PES), 4.2% in Integrated Enterprise Solutions (IES), 11.9% in Enterprise Solutions (ES) and 22.6% in Products & Platforms (P&P).

In terms of geography, US grew by 2.8% while Europe and APAC declined by 5.1% and 13.3% respectively.

Amongst the top customers, there was a large decline in one of the top 5 customers in Q3FY16 due to project closures and higher furloughs resulting in a decline of 9.4% and 6% in the top 5 and top 10 customers respectively. If we exclude the said account, then the Top 5 customers grew by 6.9% and the Top 10 customers grew by 1.04%.

There was a decline in the Products & Platforms SBU mainly due to a reduced delivery schedule in Intelligent Transportation Solutions (ITS) during the quarter. Based on the current visibility, we expect better pick-up in ITS revenues during Q4FY16.

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

PROFITABILITY

EBITDA Margins for the quarter improved by 57 bps to 14.59% led by expansion in gross margins and also aided by the rupee depreciation. The expansion in gross margins was mainly due to better employee pyramid. In Q3 FY16 there was a net reduction of 100 in the total headcount, whereas we added 304 fresh graduates during the quarter.

The realized rate for the quarter was ₹65.95 /$ as against ₹65.20 /$ in Q2 FY16. The positive impact of the rupee depreciation on EBITDA margins was around 30 bps.

Net profit for the quarter declined by 2.12% on a Q-o-Q basis, it grew by 12.5% on a Y-o-Y basis to ₹ 734.95 Million.

CASH FLOW

Details	₹ Million
Cash Profit for Q3FY16	**915**
Working Capital Adjustments	547
Cash Generated from Operations	**1,462**
Fixed Assets + ESOPs	297
Dividend	0
Balance Cash Flow	**1,165**
Debt Repayment	1,741
Total Increase/(Decrease) in cash balance	**(576)**
Total Cash generated from Operations after capex	**1,145**

- The Cash Balance as at December 31, 2015 stood at ₹ 3,826.28 Million as compared to ₹ 4,402.38 Million as on September 30, 2015 and the total debt was ₹ 2,751 Million (₹ 4,478.40 Million last quarter).
- Thus as at December 31, 2015 we were a Net Cash company.

INDUSTRY VERTICALS UPDATE

AUTOMOTIVE:

- Automotive vertical contributed 35.97% of the total revenues during the quarter, depicting a sequential decline of 3.53%. This decline was mainly due to lower milestone billing during the quarter as compared with the last quarter and the impact of furloughs. We expect growth in the vertical in the next quarter.
- The major trends in the Automotive Industry are
    - In US nearly two third of drivers want connectivity to be built into their new car, suggesting that 2016 could be the year when cars take their first major step towards safer and autonomous driving.
    - According to new Parks Associates research published ahead of the 2016 International CES, 44% of car owners in US already have some connected car feature on their current vehicle and 64% of drivers want connected car features as a given standard, on their next new ride.
    - The global Intelligent Transportation Market (ITS) market is expected to reach US$38.68 billion by 2020, according to a new study by Grand View Research. Increasing demand for alleviating traffic congestion and growing need for enhancing existing transportation networks is expected to drive this growth. North America ITS market is expected to remain the dominant region, growing at a steady growth rate of over 12% from 2014 to 2020. Asia Pacific, which accounted for over 22% of the overall revenue in 2013, is estimated to witness strong demand over the forecast period.
    - ATO Dynamics forecasts that plug-in electric car sales will exceed 700,000 cars worldwide in 2016 and most of the plug-in car sales will be plug-in hybrids.

Thus, CONNECTED, SMART, SAFE and GREEN are the mega trends in the Automotive Vertical. KPIT with its leading services business, encompassing Alternate Fuel Technologies, Advanced Driver Assistance Systems, Infotainment and Connectivity Solutions, Vehicle Diagnostics and In-Vehicle Networking plus the recently focused Products & Platforms business, covering Hybrid Solutions, Electric Vehicle Technologies, Infotainment and Connectivity Platforms, AUTOSAR Platforms and Intelligent Transportation Solutions is well poised to capture a prominent share of the growth in these technologies, in the Automotive Vertical.

MANUFACTURING:

- Manufacturing vertical contributed 36.61% of the total revenues during the quarter, depicting a sequential growth of 6.15%. One of the customers in the Top 5 customers belonging to the manufacturing vertical, had a large decline due to extended furloughs and project closures as mentioned earlier. Despite the decline in this account, there was good growth in this vertical. Within the manufacturing vertical we focus on Industrials, Hi-Tech, Medical Devices and Life Sciences.
- The major trends in the Manufacturing Vertical are
    - Manufacturers globally are investing in automation technologies to lower the costs and add to productivity. In 2014, robot sales increased by 29% to 229,261 units, by far the highest level ever recorded for one year. Between 2015 and 2018, it is estimated that about 1.3 million new industrial robots will be installed in factories around the world.
    - Growing importance of e-commerce for both industrial manufacturers and end consumers is helping manufacturers to experiment with new products, without incurring major capex. E-Commerce coupled with IoT is also leading to increased investments in IT and network security.
    - Advanced analytics being incorporated in everyday manufacturing operations and digital manufacturing, allows for digital design and distributed manufacturing.
    - Manufacturers will also maintain their logistics efficiency to remain competitive and this will drive further investments in advanced supply chain technologies and connected & smart devices.
    - In the Medical devices industry, Internet of Medical Things (IoMT) will lead to greater access to medicine, more devices to measure vital signs and enable continuous health monitoring using wearable devices. Connectivity between mobile health apps and digital health platforms with existing hospital information systems will let healthcare providers use patient-generated data for predictive analytics, thus increasing effectiveness.
    - M&A activity is a major trend in the Life Sciences vertical. Thus, Life Science companies are consolidating and standardizing their ERP strategies
    - Companies are working towards exploring and building a digital strategy for their enterprise applications, thus exploring cloud applications, mobility solutions and analytics.

We are focusing on solutions that are helping our customers with their M&A strategy and execution on the systems and processes. We have built solutions that cater to these on JDE and SAP and have been chosen by a few large companies. We are working jointly with the academia and companies to help them define their digital strategy and helping them implementing the same at a business level. Our expertise in engineering and IT has helped our customers leverage on IoT and analytics. We are building cloud and mobility solutions and connectors that help our customers connect disparate systems to the new cloud systems. We also see greater traction in supply chain management, leveraging IoT and analytics. We are investing in new areas like domain solutions for the life sciences vertical and IoT for the manufacturing vertical.

ENERGY & UTILITIES:

- Energy & Utilities vertical contributed 20.17% of the total revenues during the quarter, depicting a sequential decline of 5.04%. Due to the falling oil prices, there is a reduction in the total capex and opex of energy customers. We had a decline in a couple of our energy customers, leading to the decline in the overall vertical revenues, sequentially. Utilities registered a growth of over 3% during the quarter.
- The major trends in the Energy & Utilities Vertical are
    - 2015 was a transformative year for energy sector with higher emphasis on clean energy across government departments, investors, corporates and utilities. Massive subsidies are boosting development and deployment of decentralized “green” power generation.
    - Low oil prices, coal plant closures, a landmark climate change deal in Paris and records set for global solar projects signaled towards major transformation for world’s energy infrastructure.

- Lower oil prices have hit the businesses of Oil & Gas companies and therefore they are slashing their 2016 budgets and investing in emerging technologies like digital transformation, which will help them to manage their costs and resources more efficiently.
- Technology transformation for energy sector is necessary for sustainability and with IoT the ability to adapt faster will be the key business driver.
- M&A activity is flourishing as market is betting on increased valuation.

We have been building domain solutions in the energy and utilities vertical in SAP, Oracle as well as JDE. To construct and maintain sustainable energy, utilities require Asset Management solutions which is a part of our Enterprise Asset Management (EAM) offerings - UtilitiesEdge. PUC's are requiring utilities to change practices to make energy bi-directional. KPIT's net metering solution is well positioned for this requirement. KPIT's UtilitiesEdge solution has Syclo functionality for work management and related needs. KPIT's current ongoing projects position us well to address the M&A related IT work streams.

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

SBU Update

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

During the quarter, PES contributed to 26.35% of the revenues showing a sequential decline of 2.04%. The P&P SBU contributed to 3.81% of the revenues depicting a sequential decline of 21.67%.

- During this quarter we won a few deals in areas such as Infotainment, instruments & clusters, powertrain, body & chassis, ADAS, AUTOSAR & In-vehicle networks and these wins are across geographies.
- In Products & Platforms we achieved a **significant milestone for REVOLO as the Hon. Prime Minister of India Shri Narendra Modi flagged off the smart electric bus, an indigenous technology developed by KPIT**. This project was initiated by India's Minister of Road Transport and Highways (MoRTH) Shri. Nitin Gadkari. This full electric system for buses can be deployed to create new intelligent electric buses, as well as convert existing conventional fuel buses. Two such buses will be presented to the Indian Parliament for its members to experience green & intelligent technology.





- We have also shipped our first export assignment for Hybrid solution in December after putting the Hybrid technology on roads in India. We have also put a few cars on road with our aftermarket solution. Our main

goal, post these field pilots and initial deliveries will be to scale this up to transform Transportation in India and a few other countries.

- We are also making continuous efforts towards collaborating and develop offerings for the smart cities initiative of the Government of India.

THOUGHT LEADERSHIP

- KPIT conducted a workshop with Maharashtra State Road Transport Corporation (MSRTC) team in KPIT Pune campus (October 16, 2015) to involve the MSRTC staff for successful deployment and operations of KPIT's Intelligent Transportation System (ITS) on MSRTC's Volvo buses.
- KPIT hosted a work-shop for Pune Municipal Corporation (PMC) on Smart Cities at KPIT Hinjewadi campus and the focus was on 'Smart Transportation' for a Smart Pune.
- KPIT organized an event for Vehicle Diagnostics domain at Munich-BMW Welt (October 09, 2015). The event served as an exchange platform between KPIT's experts and customers to talk about opportunities, challenges and future trends on Diagnostic Future Trends.
- Dr. Ambar Gadkari, Principal Solution Architect represented KPIT as a speaker at dSPACE Technology Conference, Plymouth, MI, USA (October 13-14, 2015) and shared views on developing efficient workflows for Automotive Software.
- KPIT participated in the Electronics in Vehicles 2015 at Baden-Baden (October 14-15, 2015) and presented demos for Konnect & ADAS capability which were received well.

SAP SBU

During the quarter, SAP contributed to 25.9% of the revenues showing a sequential growth of 18.16%.

- The key growth areas for SAP SBU are Hybris, C4C, Cloud and HANA and especially in HANA the traction is very high as customers are appreciating the power of in-memory analytics for Big Data.
- We have gained the first mover advantage in these innovation areas of SAP and it has helped in driving up our revenue and profitability since last three quarters.
- With significant increase in M&A activity in manufacturing sub-verticals, customers are seeing value in our M&A solutions and Accelerators that help with M&A integration efforts.
- We are helping companies transform their businesses in today's digital world and we have won multiple projects for implementing S/4 HANA, Hybris and cloud offerings.
- Our implementation solution for Consul Neowatt Power Solutions Pvt. Ltd., India's No.1 Power Electronics company, has won the SAP ACE Award 2015 in the customer excellence service category. Consul Neowatt had partnered with KPIT to implement Customer Relationship Management (CRM) solutions powered by SAP HANA.

THOUGHT LEADERSHIP

- KPIT was recognized by an industry analyst as the market leader in SAP HANA and earned very positive customer references delivering complex engagements in both Hybris and HANA.

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

During the quarter, IES contributed to 34.04% of the revenues showing a sequential decline of 3.06%. As stated earlier majority of this decline was contributed by extended furloughs in one of the top 5 customers and decline in a couple of energy customers.

- In Oracle SBU we registered a few good wins for JD Edwards in our key strategic accounts. There is also increased momentum in the cloud space.

- We are building an Oracle MDM Cloud solution to cater to medical devices industry's UDI compliance requirement. Recently we won an award for 'Innovation in Cloud' at Oracle OpenWorld.
- We have partnered with a handset OEM and Oracle to deliver Mobile applications for enterprise manufacturing customers.
- Our Real Time Service Excellence (RTSE) solution with IoT and our solutions on Integration of Oracle Cloud Services with JD Edwards IoT Orchestrator are gaining popularity among our customers.
- In IMS we see traction around security as customers are concerned about their application and infra security framework.
- We are working on delivering automation at platform layer with complete apps and infra orchestration offering to our customers and there is also focus on ITSM consulting, workspace transformation and digitization offering.
- Customers are looking at overhaul of their Data Centers across the globe and it presents growth opportunities.
- We have combined our propositions under one umbrella to address Product lifecycle management and Applications lifecycle management areas of focus. With traction in PLM-ERP integrations, we have closed deals for iLink product which is an integration framework for major Tier I ERP technologies.
- Our pipeline is growing in existing and potential GAM accounts. We see momentum across Life sciences, Automotive and Discrete Manufacturing verticals.

THOUGHT LEADERSHIP

- **KPIT has been featured in the 'Niche Players' quadrant in Gartner's 2015 'Magic Quadrant for Oracle Application Management Services, Worldwide.'** Gartner's "Magic Quadrant for Oracle Application Management Services, Worldwide" report evaluated 17 providers' worldwide capabilities to provide Oracle application management services (AMS).
- KPIT showcased several transformational stories on how we helped customers with our innovative and digital solutions at the Oracle OpenWorld 2015, attended by 60,000 people in October 2015. At this flagship event, KPIT connected with key customers at three special events all co-hosted by KPIT with Oracle's top executives.
- KPIT co-hosted the CFO Series 2015 with Oracle and Dun & Bradstreet, in Mumbai which had a good turnout of CFO's from leading companies in our focus industries.

ENTERPRISE SOLUTIONS (ES) SBU

During the quarter, ES contributed to 9.9% of the revenues, showing a sequential decline of 10.88%. As stated earlier majority of this decline was contributed by extended furloughs in one of the top 5 customers which is serviced by both IES and ES SBUs.

- Digital transformation is gaining ground and customers are beginning to experiment and execute such projects.
- ES SBU is also working with several customers on digital technologies and investing heavily into modern application development methods like Continuous build automation, DevOps, Cloud, social coding and micro services.
- There is increased momentum in mobile application development, Infor M3 implementations and HADOOP services.
- Our content and portal practice is also witnessing opportunities for SharePoint migration and upgrades from prior version to SharePoint 2013/ 2016.
- We are making investments in Manufacturing Execution System (MES) and vision of digital manufacturing and we intend to form relevant partnerships in this area.
- We have developed few solutions like KPIT Real time Vehicle Analytics, KPIT Social Network Analytics platform and KPIT Data Management platform which will help our customers to drive more business value by leveraging the Big Data trends.

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

Digital @ KPIT

- Our digital strategy is to create value for clients' business transformation through 'icams technology' (IOT, Cloud, Analytics, Mobility and Social). Digital Transformation will help improve customer experience for our clients, optimize their supply chain operations and provide predictive asset management. We are working on specific areas in Digital in our focus verticals.
- In Industrial Manufacturing vertical, the biggest area of traction is predictive asset management.
- In the Automotive Industry, the biggest value has been in supply chain optimization where procurement intelligence through advanced analytics is helping customers efficiently run their supply chain operations.
- In Energy, predictive asset management to improve asset uptime & utilization and remote asset management are the major areas of focus.
- In Utilities, the value generation is through improved end consumer experience of our utility customers by effectively improving these interactions. Vehicle tracking solutions for vehicles involving work force management is also an important area.
- In Discrete and Consumer Manufacturing, asset track and trace is picking up pace and driving innovative ways to create better customer experience.

Technology Update

The total number of patents as on December 2015 quarter end stood at 61 including 46 patents with complete specifications filed.

Customer Highlights

- KPIT has been selected by a leading European Tier-1 and one of the largest global Teir-1s in Infotainment & Clusters. KPIT was chosen due to perfect alignment with the desired capabilities set and scope of the project.
- One of the leading US based Tier 1s selected KPIT for its capabilities in Infotainment & Clusters domain involving Onshore & Offshore Support service for Clusters.
- KPIT was selected by a European OEM for its expertise in AUTOSAR & In-Vehicle Networks.
- KPIT was selected by one of the largest home automation and energy management providers in North America to implement the latest version of S4/HANA.
- KPIT was selected by an electric and hybrid car manufacturer in North America working to revolutionize how people drive cars. KPIT will be helping the company become digitally enabled internally as they transform their business.
- 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.
- 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 has been selected by a major Tier1 for iLink integration framework.
- An aircraft manufacturer in North America selected KPIT as the Partner of choice for its AMS capabilities. KPIT will also be implementing innovative Cloud for the company to strengthen its sales, service and warranty tracking capabilities.
- A leading American confectionary manufacturer engaged with KPIT for strategic staffing.

Recognitions

- 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.

Income statement for quarter ended December 31st, 2015

₹ million	Q3 FY16	Q2 FY16	Q-o-Q Growth	Q3 FY15	Y-o-Y Growth
Sales	**8,129.98**	**8,122.52**	**0.09%**	**7,798.13**	**4.26%**
Employee Benefit Expenses	4,929.40	4,845.61	1.73%	4,431.59	11.23%
Cost of materials consumed	11.88	39.82	(70.17%)	195.30	(93.92%)
Depreciation & Amortization Expenses	180.46	167.33	7.84%	218.93	(17.57%)
Other Expenses	1,042.67	1,186.07	(12.09%)	1,142.92	(8.77%)
Professional fees Subcontractor	965.94	918.54	5.16%	948.92	1.79%
Total Expenses	**7,130.35**	**7,157.37**	**(0.38%)**	**6,937.65**	**2.78%**
Profit before Other Income, Finance costs & Exceptional Item	**999.63**	**965.15**	**3.57%**	**860.48**	**16.17%**
Other Income	35.68	86.21	(58.61%)	25.06	42.39%
Profit before Finance costs & exceptional Items	**1,035.31**	**1,051.37**	**(1.53%)**	**885.54**	**16.91%**
Finance costs	35.12	44.19	(20.52%)	44.87	(21.73%)
Profit after Finance costs & before exceptional Items	**1,000.19**	**1,007.17**	**(0.69%)**	**840.67**	**18.98%**
Exceptional Items	-	-	-	-	-
Profit Before Tax	**1,000.19**	**1,007.17**	**(0.69%)**	**840.67**	**18.98%**
Tax Expenses	265.24	256.30	3.49%	187.39	41.55%
Net Profit from ordinary activities after Tax	**734.95**	**750.88**	**(2.12%)**	**653.28**	**12.50%**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**734.95**	**750.88**	**(2.12%)**	**653.28**	**12.50%**
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	**734.95**	**750.88**	**(2.12%)**	**653.28**	**12.50%**
Paid up Capital	375.25	374.47	-	374.92	-
EPS (₹₹ 2/-Face Value each)					
- Basic	3.84	3.93	(2.30%)	3.44	11.68%
- Fully Diluted	3.69	3.76	(1.96%)	3.26	13.09%
Common Size Analysis:					
Gross Profit Margin	32.86%	32.11%	0.75%	31.08%	1.78%
SG&A / Revenue	18.27%	18.09%	0.18%	17.16%	1.11%
EBITDA Margin	14.59%	14.02%	0.57%	13.92%	0.67%
Net Profit Margin	9.04%	9.24%	(0.20%)	8.38%	0.66%

- 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 nine months ended December 31st, 2015

₹ million	Dec-15	Dec-14	Y-o-Y Growth
Sales	**23,835.74**	**22,269.23**	**7.03%**
Employee Benefit Expenses	14,557.46	12,522.51	16.25%
Cost of materials consumed	104.85	562.01	(81.34%)
Depreciation & Amortization Expenses	511.69	625.95	(18.25%)
Other Expenses	3,311.18	3,193.68	3.68%
Professional fees Subcontractor	2,828.92	3,081.26	(8.19%)
Total Expenses	**21,314.10**	**19,985.40**	**6.65%**
Profit before Other Income, Finance costs & Exceptional Item	**2,521.64**	**2,283.83**	**10.41%**
Other Income	227.99	174.94	30.32%
Profit before Finance costs & exceptional Items	**2,749.62**	**2,458.77**	**11.83%**
Finance costs	126.59	119.95	5.54%
Profit after Finance costs & before exceptional Items	**2,623.03**	**2,338.82**	**12.15%**
Exceptional Items	-	-	-
Profit Before Tax	**2,623.03**	**2,338.82**	**12.15%**
Tax Expenses	693.07	472.03	46.83%
Net Profit from ordinary activities after Tax	**1,929.96**	**1,866.79**	**3.38%**
Extraordinary Items	-	-	-
Net Profit for the Period	**1,929.96**	**1,866.79**	**3.38%**
Share of profit from associate	-	-	-
Minority Interest	-	-	-
PAT	**1,929.96**	**1,866.79**	**3.38%**
Paid up Capital	375.25	374.92	-
EPS (₹₹ 2/-Face Value each)			
- Basic	10.10	9.86	2.42%
- Fully Diluted	9.66	9.32	3.71%
Common Size Analysis:			
EBITDA Margin	12.81%	13.14%	(0.33%)
Net Profit Margin	8.10%	8.38%	(0.29%)

Performance Metrics for quarter ended December 31st, 2015

	Q3 FY16	Q2 FY16	Q-o-Q Growth	Q3 FY15	Y-o-Y Growth
Revenue Spread – Geography					
USA	69.57%	66.98%	3.96%	67.34%	7.71%
Europe	17.48%	18.24%	(4.06%)	15.51%	17.54%
Rest of World	12.95%	14.78%	(12.34%)	17.15%	(21.31%)
Revenue Spread – Verticals					
Automotive & Transportation	35.97%	37.32%	(3.53%)	35.99%	4.20%
Manufacturing	36.61%	34.52%	6.15%	34.37%	11.05%
Energy & Utilities	20.17%	21.26%	(5.04%)	21.75%	(3.30%)
Others	7.26%	6.90%	5.20%	7.90%	(4.23%)
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	34.04%	35.14%	(3.06%)	36.46%	(2.68%)
Product Engineering Services	26.35%	26.92%	(2.04%)	21.38%	28.50%
Products & Platforms	3.81%	4.87%	(21.67%)	7.77%	(48.83%)
SAP	25.90%	21.94%	18.16%	23.33%	15.72%
Enterprise Solutions	9.90%	11.12%	(10.88%)	11.06%	(6.66%)
Customer details					
No. of Customers Added	3	2	-	3	-
No. of Active Customers	215	212	-	206	-
Customers with run rate of >$1Mn	94	88	-	87	-
Top Client – Cummins	14.06%	14.18%	(0.77%)	14.57%	0.59%
Top 5 Clients	27.21%	29.72%	(8.36%)	28.57%	(0.70%)
Top 10 Clients	39.43%	41.51%	(4.92%)	39.43%	4.24%
Onsite / Offshore Split					
Onsite Revenues	58.78%	55.10%	6.78%	53.49%	14.56%
Offshore Revenue	40.93%	44.09%	(7.08%)	43.16%	(1.14%)
SI#	0.29%	0.81%	(64.80%)	3.34%	(91.11%)
Revenue by Contract Type					
Time and Material Basis	70.58%	72.13%	(2.06%)	62.85%	17.09%
Fixed Price / Time Basis	29.13%	27.06%	7.76%	33.81%	(10.17%)
SI#	0.29%	0.81%	(64.80%)	3.34%	(91.11%)
Debtors (days)	77	82	-	83	-

Human Resources – Details	Q3 FY16	Q2 FY16	Q-o-Q Growth	Q3 FY15	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,635	1,568	-	1,494	-
Development Team - Offshore(Avg.)	8,190	8,416	-	7,868	-
Onsite FTE	1,474	1,430	3.05%	1,348	9.39%
Offshore FTE	5,655	5,870	(3.66%)	5,519	2.46%
Total FTE	7,129	7,301	(2.35%)	6,867	3.82%
Development (at Quarter end)	9,768	9,883	-	9,541	-
Gen Management / Support (at Quarter end)	586	578	-	575	-
Marketing (Subsidiaries) (at Quarter end)	205	198	-	175	-
Total (at Quarter end)	10,559	10,659	-	10,291	-
Onsite utilization	90.16%	91.23%	-	90.20%	-
Offshore utilization	69.05%	69.75%	-	70.15%	-

*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 31st December 2015 : $ 39.20 Million

These hedges are maturing in FY16 and average rate for these hedges is ₹ 67.71.

Balance sheet details

- The Cash Balance as at December 31, 2015 stood at ₹ 3,826.28 Million as compared to ₹ 4,402.38 Million as on September 30, 2015.
- Capital expenditure for the quarter stood at ₹ 317.45 Million including CWIP.
- As on December 31, 2015 our total debt was ₹ 2,751 Million (₹4,478.40 Million as of September 30, 2015) comprising of ₹ 2,087.70 Million of Term Loan, ₹ 663.30 Million of Working Capital Loan.

Balance Sheet Summary: As at (₹ Million)	Dec 31, 2015	Sep 30, 2015
Equity & Liabilities:		
Shareholders' Funds	15,087.40	14,271.55
Share Application Money pending allotment	6.77	11.44
Non-Current Liabilities:	842.61	1,011.24
Long Term Borrowings	340.25	511.24
Long Term Provisions	502.36	500.00
Current Liabilities:	6,890.06	8,440.02
Short term borrowings	2,070.02	3,639.78
Trade Payables	1,310.99	1,214.06
Other Current Liabilities	3,509.05	3,586.19
Total Equity & Liabilities	**22,826.84**	**23,734.25**
Assets:		
Non-Current Assets:	10,756.97	10,308.51
Fixed Assets	2,789.99	2,652.98
Goodwill on consolidation	5,785.89	5,462.11
Other Non-Current Assets	2,181.08	2,193.41
Current Assets:	12,069.88	13,425.74
Current Investments	613.11	635.41
Inventories	393.99	401.44
Trade Receivables	6,597.41	7,642.55
Cash & Cash equivalents	3,149.01	3,628.28
Other Current Assets	1,316.35	1,118.06
Total Assets	**22,826.84**	**23,734.25**

Conference Call Details

Conference name	:	KPIT Q3 FY2016 Conference Call
Date	:	January 21, 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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