KPIT Third quarter Results FY 2015

KPIT registers 15.30% Y-o-Y growth in $ revenue
QoQ revenue growth of 1.15% in $ terms
Total headcount exceeds 10,000, standing at 10,291 as at quarter end

Investor Release BSE: 532400 | NSE: KPIT

Pune, January 21, 2015: KPIT (BSE: 532400; NSE: KPIT), a vertical focused IT consulting and product engineering solutions and services provider to automotive & transportation, manufacturing and energy & utilities corporations, today reported its consolidated financial results for the third quarter and nine months ended December 31, 2014.

Highlights for the quarter ended December 31, 2014

- Q3 FY15 $ Revenue at $ 126.44 Million, Q-o-Q growth of 1.15% and Y-o-Y growth of 15.3%.
- In ₹ terms Revenue grew by 2.96% Q-o-Q and 15.03% Y-o-Y to ₹ 7,798.13 Million.
- EBITDA Margins expanded by 60 bps to 13.92%.

Management comments

Commenting on the performance of Q3 FY15, Kishor Patil, Co-founder, CEO & MD, KPIT said, "Our performance during the quarter was in line with our expectations with Europe leading the growth, followed by US. He added, "Enduring our focus on large deal closure, during the quarter, we have closed couple of large deals with TCV in excess of USD 40 million, providing a sound platform for FY16 order book. We see encouraging traction in the Automotive Vertical, both in Engineering services and Products & Platforms."

Sachin Tikekar, Board Member, President - Strategic Relationships and Business Transformation, KPIT said,"The addition of senior level executives, our focus on building differentiated solutions for select verticals and the organizational changes that we did over the last few quarters are trending positively. This is helping us to transform our organization to be a true global technology company." He added, "The SAP SBU continued improvements in operating margins during the quarter. We continue to stay focused on improving the performance of the SBU."

Corporate Update

This quarter has been an engaging quarter in terms of new deal signing and building our future order pipeline through focus on strategic accounts and further strengthening of the new organization structure. Though operationally Q3 is generally a seasonally slow quarter due to more number of holidays and furloughs and Q3FY15 has been no exception. We have won a few significant large value deals during this quarter across different SBUs, geographies and industry verticals as a direct result of our transformational strategy. In entire CY14, our focus has been on strengthening connect with the strategic accounts which are the major building blocks for our future growth. . Our continuous efforts in increasing collaboration within the organization, bringing more industry led solutions as key offerings and developing the culture of innovation across the company, has helped us in registering good visibility in most of these strategic customer accounts.

We are working closely with our customers as they finalize the budgets for next year and our objective is to maximize the closure of orders and maximize revenues through delivery. As we enter the last quarter of FY15 we are gearing up on all fronts to deliver a strong quarter which will help in ending the fiscal year on a high and set the right tone for the next fiscal year.

INDUSTRY UPDATE

Global car sales went to record high in October with volumes advancing 3% higher compared to last year. Though China led the way, developed markets of North America and Western Europe also posted record gains. In US, passenger vehicle sales was 6% higher as compared to same period last year totaling an annualized 16.4 million units. This was in line with the average of the previous nine months and nearly one million units above the 2013 full year total of 15.5 million. The sales are expected to continue strengthening as improving household finances are prompting more Americans to replace their aging vehicles.

INTERNET OF THINGS (IoT):

In CY2015, transportation, manufacturing and utilities will be the top three verticals using IoT, together using 736 million connecting things. The recently concluded International Consumer electronics show (CES) 2015 highlighted how car makers are looking at digitization of the automotive industry using advanced technologies to create new business models based on the Internet of Things. As per recent research, it is estimated that by 2020 there will be a quarter of a billion connected vehicles on the road, enabling new in-vehicle services and automated driving capabilities. Over the next 5 years the proportion of new vehicles equipped with in-vehicle wireless connectivity capability will increase drastically making connected cars a major element of IoT.

IoT is expected to take a major step forward in CY15 with evolvement of new ways to connect different types of electronic devices, equipment, services and software like never before, delivering unprecedented benefits, opening new markets, changing how people live and work. It will focus on core capabilities such as application development, connectivity, analytics and cloud. By 2017, manufacturers will actively channel 25% of their IT budgets through industry clouds that enable seamless and flexible collaboration models. As per estimates, worldwide Industrial internet spending is set to increase from $ 20 Billion in 2012 to $ 500 Billion by 2020. The concept of connected factories and mobility based manufacturing will be enabled by sensor technologies. This will also lead to generation of vast amount of data which would be utilized effectively to drive in operational efficiency. Big Data and analytics tools are expected to boost technology spending in CY15.

IoT will play a significant role in the Medical Devices industry as more and more devices get connected. Consumers will also drive this growth, as wearable devices will help people monitor their health on the go. IoT adoption will also help in bringing down healthcare costs by focusing on prevention and avoiding emergencies. In utilities industry there is an emphasis on increased energy efficiency, asset performance, analytics, smart city and security management, which is driving the need for IoT adoption. Utility companies are making this investment to derive value in terms of

increased equipment effectiveness, reduced cost of quality and compliance, improved customer service and higher return on innovation. By 2018 the worldwide revenue opportunity through IoT for utilities industry is estimated to be $ 201 Billion.

Source: Research reports

Digital @ KPIT

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

KPIT cloud solutions encompass cloud solutions in SAP, Oracle and bespoke development. KPIT cloud solutions include Cloud Advisory, Cloud implementation and Application Management. Leveraging our industry expertise, we advise customers on their cloud roadmap with focus on business and IT drivers for cloud strategies. The advisory offerings include cloud applications awareness, strategic roadmap definition, cloud readiness evaluation, business process evaluation and standardization & optimization.

Our biggest opportunities in IoT are in the areas of ideation, consulting, architecture and system integration. We have expertise in all the areas relevant to IoT like device design, embedded software, telematics, protocol stack, product engineering, MDM, EAI, cloud computing and CBM etc. We have developed packaged productized solutions like Intelligent Transportation Solution (ITS), KPIT In-Vehicle Infotainment (KIVI) and KPIT Seamless Connectivity Platform (Konnect) in the IoT area. We will further move ahead in this space by gaining expertise in information technology (IT), operational technology (OT) and vertical knowledge combined with our strong focus on R&D and innovation.

Big data and Analytics is a big focus area for KPIT. Engineering analytics is a key element of our analytics practice. We have developed proprietary tools and industry specific solutions for predictive analytics in the areas of warranty management, supply chain, warehouse management and inventory management.

SAP SuccessFactors EC & BizX Suite, SAP HANA, Advanced Analytics and workforce planning, BusinessObjects, Oracle Fusion Middleware, Oracle Sales Cloud applications, Hadoop, IoT connectivity platforms, infotainment, telematics and vehicle diagnostics are some of the areas in the digital transformation practice at KPIT.

Our focus on industry verticals and the expertise in engineering as well as business IT is helping us march forward in the digital space with our strategic customers and helping us transform into a true global technology company.

Technology Update

During this quarter we have filed 3 patents in automotive domain. These also include provisional patents for which complete specifications are yet to be filed.

PATENT DETAILS

We have explained below details of our granted patent "**Method for reorganizing tasks for optimization of resources**".

Method for reorganizing tasks for optimization of resources: In the area of High performance computing we have effectively come up with a new method for scheduling different tasks that are independent. As per this method, the tasks are scheduled for optimization of resources and execution time in an environment. We determine optimal number of resources required for execution of the tasks, determine minimum resources required for any given execution time, determine execution time required if the number of resources is fixed, determine resource utilization if the number of resources is fixed and determine resource utilization for given execution time and available resources.

RESEARCH & DEVELOPMENT (R&D) PROJECTS

In Business IT we have been working on legacy migration tools and techniques as customers are constantly moving from legacy applications to upgraded platforms from the same vendors, or moving to other vendors. The migrations need a lot of efforts, which are reduced substantially by using the tools. We have developed tools and techniques to achieve the same e.g. we have a tool set for upgrading the JD Edwards installations, oracle EBS installations, Lotus

Notes migrations etc. The Toolsets are designed to go beyond just migrations, they capture all the business rules and details of customisation and configurations that help in the on-going maintenance of Business Applications.

Financial Update

REVENUE UPDATE

In $ terms our revenue grew by 1.15% Q-o-Q and 15.3% Y-o-Y to $ 126.44 Million. In constant currency revenue growth for the quarter was 2.05%. Our ₹ revenue stood at ₹ 7,798.13 Million, a Q-o-Q growth of 2.96% and Y-o-Y growth of 15.03%.

On a Q-o-Q basis, we saw the highest growth in Europe- 14.26% while US grew by 2.48%. There was a decline of 12.39% in ROW. The decline in ROW revenue was mainly on account of lower delivery schedule of the Intelligent Transportation Solution (ITS) product. ITS revenues for the quarter stood at $ 4 Million as against $ 6.5 Million in Q2FY15. We expect these revenues to again pick-up in Q4FY15. Amongst the SBUs, SAP grew by 4.48% while IES grew by 2.85%. There was a decline of 4.26% and 1.81% in BTU and A&E respectively. The decline in A&E was again only due to the reduction in ITS revenues during the quarter. Excluding ITS, A&E SBU grew by 5.44%. The quarterly fluctuation in ITS revenues is related to the structure of the deal and we expect the revenues to go up in the next quarter.

During the quarter, there was a decline in the top 5 and top 10 customers. We have one large customer where there is a decline. The revenues from this customer have gone down quarter on quarter for the first 3 quarters of the year as was known to us at the beginning of the year. We believe we have hit the bottom and will see growth from Q4 onwards. The revenues from other top customers are marginally lower on account of lesser billing days in Q3. We have won large deals in these accounts and we will be back to growth in Q4 in the top 10 accounts.

As we have been stating, we expect the overall growth for the company to be a lot better in Q4FY15 as compared to Q3FY15, reinstating our confidence to hit the annual revenue guidance number of $ 498 Million.

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

PROFITABILITY

EBITDA margins for the quarter improved by 59 bps to 13.92% as compared to 13.33% in the last quarter. SAP SBU continues to show improvement in the operational margins and for the third quarter, SAP reported around 8% EBITDA margins. We are confident of hitting the double digit EBITDA margin number for SAP SBU for the fourth quarter. The improvement in the company level margins is sustainable and we expect the Q4FY15 company level EBITDA margins to be better than Q3FY15.

The effective tax rate for this quarter was substantially higher than last quarter, post the revised tax return credit taken in the last quarter.

Net profit for the quarter grew by 7.49% Y-o-Y to ₹ 653.28 Million. On a Q-o-Q basis, there is a decline of 7.40%.

Our realized rate for the quarter stood at ₹ 61.67/ $ against ₹ 60.59/ $ in last quarter.

Other income for the quarter was ₹ 25.06 Million as compared to ₹ 42.01 Million in last quarter. There was a forex loss of ₹ 2.22 Million against a forex gain of ₹ 10.81 Million in last quarter.

CASH FLOW

Details	₹ Million
Cash Profit for Q3FY15	**872.20**
Working Capital Adjustments	(830.20)
Cash Generated from Operations	**42.00**
Fixed Assets + Dividend + ESOPs	(329.84)
Balance Cash Flow	**(287.84)**
Debt Availed	0.00
Debt Repayment	(155.00)
Total Surplus/(deficit) for the Quarter	**(442.84)**

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

We are 1 of the 6 partners in Oracle's "Mastering the Cloud" campaign where we will work with Oracle to show companies how to maximize the effectiveness of their Cloud based applications through Master Data Management (MDM), how to solve their data quality issues as a result of Cloud CX implementations, how Oracle MDM applications are Cloud CX and ERP agnostic, and how implementing Oracle MDM capabilities re-enables growth and efficiencies. We have been engaged with Oracle for certification as a partner for JD Edwards BPaaS. We have already completed it for India.

Recently we announced the release of our iLink^{sm} Product Lifecycle Management (PLM) adapter for Oracle JD Edwards. The adapter connects leading PLM applications to Oracle JD Edwards facilitating to-and-from information flow between the ERP and PLM applications. iLink^{sm} provides a packaged implementation that improves quality and reduces overall costs and it works with all PLM systems and Oracle EBS and JDE.

THOUGHT LEADERSHIP

- KPIT was a sponsor and exhibitor at UKOUG Conference and showcased JD Edwards and value chain solutions.

CUSTOMER HIGHLIGHTS

- KPIT won a large transformational project to implement JD Edwards, Value Chain Planning (VCP), Value Chain Execution (VCE), SOA and UPK solution. The tenure of this deal is around 2.5 years and the value is significant. This deal win is an outcome of one KPIT experience through close collaboration between respective industry units, SBUs and geographies.
- In the Middle East market, KPIT has been selected by a leading equity group for its first Oracle Fusion Applications (Financials Cloud) Project.

AUTOMOTIVE & ALLIED ENGINEERING (A&E) SBU

We are seeing a lot of traction in diagnostics, powertrain, safety Body & Chassis and infotainment. In Infotainment we have developed solutions across entire product lifecycle from HMI conceptualization, design and implementation, verification and validation, integration to maintenance. Konnect, our connectivity platform is also gaining ground due to its concurrent and multi device connectivity. In ITS there is good momentum with State transport units and Bus Rapid Transits for end to end ITS solution. We are leading the panel for standardization of Vehicle Tracking System specifications at Bureau of Indian Standards (BIS). In powertrain we see good momentum in North America and APAC market.

THOUGHT LEADERSHIP

- KPIT participated in the Gulf Traffic 2014 conference at Dubai, UAE and made a presentation on "Impact of ITS on Safety". This event provided an opportunity to meet decision makers of ITS in this region.
- KPIT participated in the 7th Urban Mobility India Conference and Expo 2014 at Delhi and made a presentation on "Sustainable Mobility".
- KPIT presented on "How to handle functional safety in AUTOSAR-based developments efficiently – the new AUTOSAR concept "Safety Extensions" at the 7th AUTOSAR Open Conference in Detroit, MI, USA. A joint session was also organized with IEEE - SA Ethernet and IP Conference where KPIT made a presentation on "Ethernet Trends & Application Possibilities".
- KPIT participated in 4th Workshop on Hybrid & Electric Vehicles by iCAT seminar at New Delhi, India and presented on "Intelligent Battery Sensor for Engine Start Stop application – a case study".
- KPIT presented on topic "Software Optimization Using Targetlink & Best practices" at dspace User conference 2014, India organized by DynaFusion Technologies Pvt. Ltd.
- KPIT showcased its capabilities in making mobility smarter, safer & sustainable through the Integrated ITS Solution at "ITS & Road Safety Forum, Qatar 2014". The company also made a presentation on "Integrated public transport for sustainable urban development".

CUSTOMER HIGHLIGHTS

- KPIT was selected by a Japanese Tier1 for an engagement in the areas of Infotainment. This is a major feat as KPIT delivers its own KIVI Infotainment platform, the HMI, the BSP layer and the entire software integration for the IVI solution.

REVOLO UPDATE

- Revolo has been successfully tested in order to establish compliance to the provisions of CMVR, 1989, as applicable. It has received Type Approval certificate for compliance to the central motor vehicle rules vide letter ARAI/CMVR/Hybrid-Inuse/2014-179 dated 18th November, 2014 from Automotive Research Association of India (ARAI) Pune.
- Multiple initiatives on the government policy front are moving in the right direction.

SAP SBU

During the quarter we witnessed good momentum in SuccessFactors and AMS as we also won a few multi-million dollar deals in AMS across geographies. We also won our first SAP Cloud for Service and Social implementation project in this quarter. Our One KPIT strategy along with focus on industry led solutions has helped us in acquiring new customers in utilities space across India and Asia market. SAP SBU is working closely with other SBUs to develop an integrated automation story for utilities vertical.

In terms of profitability improvement the EBITDA margins for the quarter increased to ~8% and we expect to close the year with double digit margin.

THOUGHT LEADERSHIP

- KPIT participated in SuccessFactors Virtual HR leadership conference in October 2014.
- KPIT participated and demonstrated its HCM Cloud capabilities at GITEX 2014, Dubai.
- KPIT co-hosted a high level CIO summit at Detroit CIO Executive Summit and earned significant recognition from CIOs of large companies for its innovative solutions.

  KPIT's customer Consul Consolidated Private Limited and Syngene International Limited won prestigious SAP ACE 2014 award for Jury Recognition in ERP and Complex SAP Implementation of the Year respectively.

CUSTOMER HIGHLIGHTS

- KPIT's expertise on Big Data and HANA were selected by a large electricity distribution utility in the Asia Pacific region.
- KPIT implemented its largest SuccessFactors project at a leading producer of electricity in the Middle East region.

- One of the largest business conglomerates and a diversified investment company in Middle East region selected KPIT for a large SuccessFactors project.

BUSINESS TRANSFORMATION UNIT (BTU) SBU

We see traction in content and portal related solutions mainly SharePoint and digital transformation solutions. The digital transformation team have developed multiple solutions especially targeting the UX/ UI and mobility functions. Our content and portal practice team has built a collaborative Information Portal solution called Minerva based on SharePoint platform. Minerva is an intuitive solution that enhances the reach and use of various type of reports available within the organization by bringing it all together in one single platform.

As a member of Infor Partner Network, we were awarded the **Promising Partner of the Year 2014 award** for Indian subcontinent. This award reflects our success in Infor's specialized solutions aimed at enabling partners to establish industry recognition. We are globally recognized for our leadership position in Infor M3Consulting and Services, enabling best in class experience to our global customer base.

THOUGHT LEADERSHIP

- KPIT participated in the SynerTrade Key Customer Day at Paris, France. KPIT was the Platinum sponsor of the event and also the only global SynerTrade service partner.

CUSTOMER HIGHLIGHTS

- A leading European industrial manufacturing company has engaged KPIT for Service Level Management (SLM) consulting and roll out of best-of-breed Financial Reconciliation Solution.

Thought Leadership- Others

- A joint research paper titled "Comparison of Different Approaches for Temperature Analysis in an Automotive HVAC System" was published at SAE 2014 Commercial Vehicle Engineering Congress.
- KPIT Technologies has been awarded the "**EMC Transformer Award**" for the **4th consecutive year**. The award is conferred upon for redefining IT and impacting business growth & agility by adopting cutting edge technology.

Income statement for quarter ended December 31st, 2014 (Revised Format)

₹ million	Q3 FY15	Q2 FY15	Q-o-Q Growth	Q3 FY14	Y-o-Y Growth
Sales	**7,798.13**	**7,574.10**	**2.96%**	**6,779.37**	**15.03%**
Cost of materials consumed	195.30	290.93	(32.87%)	-	-
Employee Benefit Expenses	4,431.59	4,134.27	7.19%	3,470.36	27.70%
Depreciation & Amortization Expenses	218.93	244.54	(10.47%)	134.57	62.68%
Other Expenses	1,142.92	1,075.27	6.29%	1,103.98	3.53%
Professional fees Subcontractor	948.92	1,070.28	(11.34%)	1,170.11	(18.90%)
Total Expenses	**6,937.65**	**6,815.29**	**1.80%**	**5,879.02**	**18.01%**
Profit before Other Income, Finance costs & Exceptional Item	**860.48**	**758.81**	**13.40%**	**900.34**	**(4.43%)**
Other Income	25.06	42.01	(40.35%)	17.50	43.20%
Profit before Finance costs & exceptional Items	**885.54**	**800.82**	**10.58%**	**917.84**	**(3.52%)**
Finance costs	44.87	32.80	36.79%	71.71	(37.42%)
Profit after Finance costs & exceptional Items	**840.67**	**768.02**	**9.46%**	**846.13**	**(0.65%)**
Exceptional Items	-	-	-	-	-
Profit Before Tax	**840.67**	**768.02**	**9.46%**	**846.13**	**(0.65%)**
Tax Expenses	187.39	62.50	199.83%	238.35	(21.38%)
Net Profit from ordinary activities after Tax	**653.28**	**705.52**	**(7.40%)**	**607.79**	**7.49%**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**653.28**	**705.52**	**(7.40%)**	**607.79**	**7.49%**
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	**653.28**	**705.52**	**(7.40%)**	**607.79**	**7.49%**
Paid up Capital	374.92	373.83	-	369.81	-
EPS (₹₹ 2/-Face Value each)					
- Basic	3.44	3.72	(7.70%)	3.30	4.18%
- Fully Diluted	3.26	3.52	(7.44%)	3.06	6.51%
Common Size Analysis:					
EBITDA Margin	13.92%	13.33%	0.59%	15.37%	(1.46%)
Net Profit Margin	8.38%	9.31%	(0.94%)	8.97%	(0.59%)

- 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, 2014 (Revised Format)

₹ million	DEC- 2014	DEC-2013	Y-o-Y Growth
Sales	**22,269.23**	**19,939.13**	**11.69%**
Cost of materials consumed	562.01	-	-
Employee Benefit Expenses	12,522.51	10,185.85	22.94%
Depreciation & Amortization Expenses	625.95	404.65	54.69%
Other Expenses	3,193.68	3,127.19	2.13%
Professional fees Subcontractor	3,081.26	3,544.52	(13.07%)
Total Expenses	**19,985.40**	**17,262.22**	**15.78%**
Profit before Other Income, Finance costs & Exceptional Item	**2,283.83**	**2,676.91**	**(14.68%)**
Other Income	174.94	99.48	75.85%
Profit before Finance costs & exceptional Items	**2,458.77**	**2,776.39**	**(11.44%)**
Finance costs	119.95	194.21	(38.24%)
Profit after Finance costs & exceptional Items	**2,338.82**	**2,582.18**	**(9.42%)**
Exceptional Items	-	-	-
Profit Before Tax	**2,338.82**	**2,582.18**	**(9.42%)**
Tax Expenses	472.03	705.66	(33.11%)
Net Profit from ordinary activities after Tax	**1,866.79**	**1,876.52**	**(0.52%)**
Extraordinary Items	-	-	-
Net Profit for the Period	**1,866.79**	**1,876.52**	**(0.52%)**
Share of profit from associate	-	-	-
Minority Interest	-	-	-
PAT	**1,866.79**	**1,876.52**	**(0.52%)**
Paid up Capital	374.92	369.81	-
EPS (₹₹ 2/-Face Value each)			
- Basic	9.86	10.03	(1.69%)
- Fully Diluted	9.32	9.47	(1.62%)
Common Size Analysis:			
EBITDA Margin	13.14%	15.56%	(2.42%)
Net Profit Margin	8.38%	9.41%	(1.03%)

Y-o-Y growth refers to the growth during the period as compared to the corresponding period of the previous year.

Income statement for quarter ended December 31st, 2014 (Old Format)

₹ million	Q3 FY15	Q2 FY15	Q-o-Q Growth	Q3 FY14	Y-o-Y Growth
Sales	**7,798.13**	**7,574.10**	**2.96%**	**6,779.37**	**15.03%**
Software Development Expenses	5,374.46	5,323.55	0.96%	4,554.58	18.00%
Gross Profit	**2,423.68**	**2,250.55**	**7.69%**	**2,224.79**	**8.94%**
SG&A	1,338.47	1,241.18	7.84%	1,182.58	13.18%
EBITDA	**1,085.21**	**1,009.37**	**7.51%**	**1,042.21**	**4.13%**
Interest	50.68	38.83	30.52%	79.01	(35.86%)
Depreciation	218.93	244.54	(10.47%)	134.57	62.68%
Profit After Depn. & Interest	**815.61**	**726.00**	**12.34%**	**828.63**	**(1.57%)**
Other Income	25.06	42.01	(40.35%)	17.50	43.20%
Exceptional Item	-	-	-	-	**-**
Profit Before Tax	**840.67**	**768.02**	**9.46%**	**846.13**	**(0.65%)**
Provision for Taxation	187.39	62.50	199.83%	238.35	(21.38%)
Profit After Tax	**653.28**	**705.52**	**(7.40%)**	**607.79**	**7.49%**
Minority Interest	-	-	-	-	-
Share of profit from associate	-	-	-	-	-
Net Profit for the period	**653.28**	**705.52**	**(7.40%)**	**607.79**	**7.49%**
Paid up Capital	374.92	373.83	-	369.81	-
EPS (₹₹ 2/-Face Value each)					
- Basic	3.44	3.72	(7.70%)	3.30	4.18%
- Fully Diluted	3.26	3.52	(7.44%)	3.06	6.51%
Common Size Analysis:					
Gross Profit Margin	31.08%	29.71%	1.37%	32.82%	(1.74%)
SG&A/ Revenue	17.16%	16.39%	0.78%	17.44%	(0.28%)
EBITDA Margin	13.92%	13.33%	0.59%	15.37%	(1.46%)
Net Profit Margin	8.38%	9.31%	(0.94%)	8.97%	(0.59%)

- 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.

Performance Metrics for quarter ended December 31st, 2014

	Q3 FY15	Q2 FY15	Q-o-Q Growth	Q3 FY14	Y-o-Y Growth
Revenue Spread – Geography					
USA	67.34%	66.47%	4.31%	72.64%	6.64%
Europe	15.51%	13.73%	16.30%	15.36%	16.09%
Rest of World	17.15%	19.81%	(10.83%)	12.00%	64.48%
Revenue Spread – Verticals					
Automotive & Transportation	35.98%	37.14%	(0.26%)	36.37%	13.82%
Manufacturing	32.82%	31.60%	6.92%	38.91%	(2.97%)
Energy & Utilities	21.75%	21.69%	3.25%	15.05%	66.19%
Others	9.45%	9.57%	1.69%	9.67%	12.33%
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	38.65%	38.01%	4.68%	39.17%	13.49%
Auto & Engineering	29.14%	30.02%	(0.06%)	25.13%	33.39%
SAP	23.33%	22.59%	6.35%	23.82%	12.64%
Business Transformation Unit	8.88%	9.38%	(2.55%)	11.87%	(13.98%)
Customer details					
No. of Customers Added	3	2	-	3	-
No. of Active Customers	206	203	-	195	-
Customers with run rate of >$1Mn	87	84	-	78	-
Top Client – Cummins	14.57%	14.90%	0.66%	17.91%	(6.42%)
Top 5 Clients	28.57%	32.08%	(8.30%)	38.15%	(13.87%)
Top 10 Clients	39.43%	42.80%	(5.15%)	47.59%	(4.69%)
Onsite / Offshore Split					
Onsite Revenues	53.49%	51.07%	7.85%	52.81%	16.51%
Offshore Revenue	43.16%	43.66%	1.79%	47.19%	5.21%
SI#	3.34%	5.27%	(34.69%)	-	-
Revenue by Contract Type					
Time and Material Basis	62.85%	65.09%	(0.59%)	75.62%	(4.41%)
Fixed Price / Time Basis	33.81%	29.64%	17.45%	24.38%	59.53%
SI#	3.34%	5.27%	(34.69%)	-	-
Debtors (days)	83	80	-	76	-

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

Human Resources – Details	Q3 FY15	Q2 FY15	Q-o-Q Growth	Q3 FY14	Y-o-Y Growth
Development Team – Onsite (Avg)	1,494	1,456	-	1,274	-
Development Team - Offshore(Avg)	7,868	7,518	-	6,987	-
Onsite FTE	1,348	1,327	1.57%	1,123	20.04%
Offshore FTE	5,519	5,383	2.54%	4,985	10.73%
Total FTE	6,867	6,720	2.35%	6,107	12.44%
Development (at Quarter end)	9,541	9,191	-	8,430	-
Gen Management / Support (at Quarter end)	575	572	-	554	-
Marketing (Subsidiaries) (at Quarter end)	175	170	-	152	-
Total (at Quarter end)	10,291	9,933	-	9,136	-
Onsite utilization	90.20%	91.12%	-	88.12%	-
Offshore utilization	70.15%	71.60%	-	71.34%	-

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 2014 : $ 40.2 Million

These hedges are maturing in FY15 and average rate for these hedges is ₹ 63.86

Balance sheet details

- The Cash Balance as at December 31, 2014 stood at ₹ 3,921 Million as compared to ₹ 4,363.43 Million as on September 30, 2014.
- Capital expenditure for the quarter stood at ₹ 168 Million including CWIP.
- As on December 31, 2014 our total debt was ₹ 5,271 Million (₹ 5,331.40 Million as of September 30, 2014) comprising of ₹ 2,024 Million of Term Loan, ₹ 3,223 Million of Working Capital Loan.

Balance Sheet Summary: As at (₹ Million)	Dec 31, 2014	Sep 30, 2014
Equity & Liabilities:		
Shareholders' Funds	12,480.72	11,841.02
Share Application Money pending allotment	6.42	0.19
Minority Interest	-	-
Non-Current Liabilities:	1,241.77	1,360.43
Long Term Borrowings	923.79	1,050.39
Deferred Tax Liabilities	-	-
Other Long Term Liabilities	-	-
Long Term Provisions	317.98	310.05
Current Liabilities:	8,240.36	7,981.51
Short term borrowings	3,763.28	3,699.50
Trade Payables	1,131.38	1,147.17
Other Current Liabilities	3,345.70	3,134.84
Total Equity & Liabilities	**21,969.27**	**21,183.16**
Assets:		
Non-Current Assets:	8,904.45	8,577.62
Fixed Assets	2,261.29	2,311.73
Goodwill on consolidation	4,726.40	4,567.01
Other Non-Current Assets	1,916.76	1,698.88
Current Assets:	13,064.82	12,605.54
Current Investments	760.03	749.06
Inventories	139.53	143.27
Trade Receivables	7,427.31	6,763.52
Cash & Cash equivalents	3,038.85	3,517.38
Other Current Assets	1,699.10	1,432.30
Total Assets	**21,969.27**	**21,183.16**

Conference Call Details

Conference name	:	KPIT Q3 FY2015 Conference Call
Date	:	January 22, 2015
Time	:	1600 Hours (IST)

Dial-in Numbers for all the participants

Primary number	:	+91 22 3960 0888
Secondary number	:	+91 22 6746 5988
Local access	:	6000 1221 Available in - Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Delhi, Goa, Guntur, Gurgaon, Hyderabad, Indore, Jamshedpur, Kanpur, Kochi/Cochin, Kolhapur, Kolkata, Nagpur, Noida, Patna, Pune, Raipur, Rajkot, Surat, Trivandrum, Vadodara, Vijayawada *Accessible from all major carriers except BSNL/MTNL.*
	:	3940 3977 Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Cochin, Gurgaon (NCR), Hyderabad, Kochi, Kolkata, Lucknow, Pune *Accessible from all carriers.*
Toll Free Number	:	USA- 1 866 746 2133 UK- 0 808 101 1573 Singapore- 800 101 2045 Hongkong- 800 964 448

About KPIT Technologies

KPIT Technologies, one of the fastest growing global IT consulting and product engineering partners, is focused on co-innovating domain intensive technology solutions for corporations, specializing in automotive & transportation, manufacturing, and energy & utilities. A leader in technology solutions and services, KPIT currently partners with 200+ global corporations including Original Equipment Manufacturers (OEMs), semiconductor companies and Tier 1 companies. For more information, visit 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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