KPIT First quarter Results FY 2015

KPIT registers 5.87% Y-o-Y growth in USD Revenues
Net Profit for the Quarter at ₹ 508 Million
₹ Revenues at ₹ 6.9 Billion, grow 12.47% Y-o-Y

Investor Release BSE: 532400 | NSE: KPIT

Pune, July 22, 2014: 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 first quarter ended June 30, 2014.

Highlights for the quarter ended June 30, 2014

- Q1 FY15 USD Revenue at $ 115.21 Million, Q-o-Q growth of 1.41%
- Q1 FY15 INR Revenue at ₹ 6,897 Million, Q-o-Q decline of 1.49%
- SAP SBU in the black at the EBITDA level, for the quarter
- Reduction in DSO by 5 days, strong operational cash generation

Management comments

Commenting on the performance of Q1 FY15, Kishor Patil, Managing Director & CEO, KPIT said, "While we had a modest start to the year, we continue to build on our strong pipeline. Our focus is now on deal closure and execution. We expect the growth during the year to be spread across the remainder of the year. We have given above-average wage hikes during the quarter, with onsite hikes in the range of 4%-5% and offshore in the range of 9%-11%. We continue to invest in the right kind of people DNA at the leadership level." He added," Europe has shown good growth during the quarter and we expect Asia and US to pick up during the remainder of the year. We remain positive on the overall business scenario and especially on the macro ecosystem in the Automotive and Manufacturing vertical."

Sachin Tikekar, Board Member, President - Strategic Relationships and Business Transformation, KPIT said, "SAP SBU showed operational improvement during the quarter and was in the black at the EBITDA level for Q1FY15 after absorbing wage hikes and visa costs. We continue to focus on the SAP SBU and are confident of further improvement in operational profitability in the SBU going forward." He added," We are almost through the implementation of the new organization structure and believe the same to start delivering expected results in a couple of quarters. We are persistently focusing on our strategic accounts and on developing industry specific value-add solutions, spanning across engineering and business IT, to enable us enhance our share of the technology spending."

Corporate Update

Q1FY15 is the first complete quarter post our organizational restructuring and formation of new business units. We have almost completed the desired changes in our organization structure. Internally most of the roles and responsibilities for employees have been clearly defined and the teams have been formed accordingly. We have filled up some new strategic positions by hiring senior level industry partisans, whereas there has been some internal realignment to the new structure. We anticipate the new organization structure to be completely in place in a quarter's time.

Externally across the markets we have seen some good order closures and we have been able to build a strong order book and pipeline. We are at the early stages of creating value added Industry specific solutions going across Engineering and Business IT and these need to be accelerated in order to further mine our existing accounts at an accelerated pace. We need greater emphasis on Subject Matter Expert (SME) and senior program management hiring, in order to deliver on complex projects. With an average start to the year, the overall focus is to build further on the pipeline and to ensure closure and proper execution of the closed deals.

INDUSTRY UPDATE

AUTOMOTIVE:

In US, car sales number rose by 1.2% in the month of June 2014 with seasonally adjusted annualized sales rate of 16.98 million vehicles. This is the highest rate since July 2006. With good growth in the first half, automakers are expecting the pace to improve in the second half of the year. As per The Society of Motor Manufacturers and Traders (SMMT) data, improving economic conditions have led the new car sales in UK to grow by 10.6% to 1.28 Million in the first half of 2014, compared to corresponding period, a year ago.

The increasing trend to make vehicles more intelligent is generating substantial opportunities for technology companies. The connected car market is evolving at a much higher pace than the traditional automotive industry and it is expected to be worth more than USD 50 Billion over the next decade. Currently about 10% of the vehicles have in-built connectivity and this number is expected to increase to more than 90% by 2020. The application of Intelligent Transportation Systems is growing fast as it helps in improving the operational benefits of the transportation system by reducing delays and developing a proper infrastructure for road transportation. In many developed countries like US, Germany and France this system is already installed in a number of highways while its adoption and installation is growing in developing nations such as India and China among others. Many automotive companies including names like Nissan Motor, Volkswagen AG's Audi and Toyota Motor are working with technology companies to test self-driving car technology. As a key step towards the emergence of self-driving or driverless vehicles, there is a lot of interest in automotive advanced driver assistance systems (ADAS) area. It is being driven by the reduction of ADAS end-user application' prices, government regulations for ensuring safety and convergence of consumer demand towards fully autonomous vehicles.

The Indian government intends to provide subsidy to the tune of ₹ 13,600 Crore between now and 2020 to support the roll out of electric and hybrid vehicles in the country, under the National Electric Mobility Mission Plan. This step will also lead to more automotive manufacturers exploring the Indian markets for electric and hybrid vehicles. It will also aid in subsidizing the charging infrastructure and accelerate the addressable market expansion. As per a new research, the total electric and hybrid vehicles market stood at 125,257 units in 2013 and it is expected to reach 1.1 million units by 2021 at a CAGR of 31.6%. Domestic and international vehicle manufacturers are expected to launch more than 25 EV models by 2021.

MANUFACTURING:

The PMI (global) grew from 53 to 54.3 in the past quarter which is the fastest growth registered in last three years. The growth was led by the developed economies with UK registering the highest growth of PMI of 57.5 in June from 57 in May. The growth in UK manufacturing PMI was a 40 months high and the average pace of growth over the second quarter as a whole was at its strongest for 20 years. The PMI of Italy (52.6) and Spain (54.6) also saw considerable growth. The emerging markets registered slow growth with BRIC nations registering a marginal increase. China registered manufacturing PMI of 50.8 in June which is an increase over 49.4 in May. India registered manufacturing PMI of 52.3 in June which is an increase over 50.6 in May. The expansion in Brazil and Russia was flattish. US manufacturing PMI was recorded as 57.3 in June 2014 which is highest since May 2010. The growth was driven by fast growth in output and new orders.

In next two years the manufacturing sector will see investments in wide variety of analytics systems and the businesses worldwide are attempting to get more insights on the cost and profit information in real-time. The business strategies will be highly dependent on the analytics findings. Management focus will be more on the predictive and scenario analytics. In next two years the R&D spending in manufacturing is expected to increase by 2-3%.

ENERGY & UTILITIES:

The global smart grid market was valued at USD 37.7 Billion in 2012 and it is expected to reach USD 118.1 Billion by 2019, growing at a CAGR of 18.2%. Many smaller utility companies are exploring hosted or managed services solutions, smart grid as-a-service (SGaaS), to leverage the full benefits of smart grid infrastructure. The annual utility spending on SGaaS technology is expected to grow from USD 1.7 Billion in 2014 to USD 11.2 Billion in 2023, totaling USD 57.6 Billion over that period. These offerings are now available across a range of smart grid applications in different categories.

Europe has spent €3.15 Billion on more than 450 smart grid projects since 2002. By 2020 it is estimated that around 200 million smart electricity meters will be deployed in Europe with an estimated investment of €35 Billion. The smart grid revolution is also picking up in the Middle East & North African (MENA) region as the countries in these regions are looking forward to make investments related to modernization of their electric grids. The spending will be equal to approx. USD 9.8 Billion, cumulatively for smart grid infrastructure, by 2024.

Technology Update

The patents filed during Q1FY15 are

Application Number	Patent Title	Domain
1722/MUM/2014	Power assist steering system and method	Automotive
1904/MUM/2014	A System and Method for Power Assist Steering	Automotive

The above mentioned patents are provisional with their complete specifications yet to be filed.

PATENT DETAILS

As part of the series to provide a better understanding on our research work, technology focus and domain expertise, we would look into the details of our granted patent "**Method of converting a vehicle into Hybrid vehicle**".

Method of converting a vehicle into Hybrid vehicle: This method converts a vehicle having an internal combustion engine, a transmission, an alternator and a battery into a hybrid vehicle and it can be installed as a retrofit application. The method is economical and can be applied on new as well as existing vehicles. The existing pulley on the crankshaft of the internal combustion engine is replaced with a new pulley configured to receive a first belt extending between the new pulley and an auxiliary motor pulley and a second belt extending between the new pulley and an electric motor pulley.

Research & Development (R&D) PROJECTS

The CREST team is currently working on a project to use C2M tool for conversion of legacy code to Simulink models. Modern automotive industry practices Model Based Development (MBD) to design and develop applications. Matlab/Simulink models are designed manually and code is auto-generated depending on the platform chosen. Due to the simplicity and maintainability of models, MBD is preferred in automotive industry. However, there exists lot of legacy automotive code, for which models are not present. C2M tool helps in this transformation and it is extremely useful when large amount of source code is to be transformed. It reduces huge amount of efforts spent manually thereby increasing the productivity. The tool adheres to MathWorks Automotive Advisory Board (MAAB) guidelines for generating Simulink models.

In Business IT space we are working in the area of Supply Chain Planning and Execution where we have developed an integrated framework for vendor managed inventory that uses our capabilities in telemetry, logistics, planning and optimization engine for a raw material manufacturer. This framework has a model for online optimization that helps operations.

OTHER TECHNOLOGY HIGHLIGHTS

- Technical paper titled - "Method of Extracting Parallelization in Very Large Applications through Automated Tool and Iterative Manual Intervention" has been accepted at the International Conference on Parallel and Distributed Processing Techniques and Applications, (PDPTA) 2014.
- Technical paper titled - "Enhanced Automated Data Dependency Analysis for Functionally Correct Parallel Code" has been accepted at the International Conference on Parallel and Distributed Processing Techniques and Applications, (PDPTA) 2014.
- Technical paper titled - "A New Approach for Removing Haze from Images" has been accepted at IPCV'14 - Conference on Image Processing, Computer Vision, and Pattern Recognition (July 21-24, 2014, USA).

REVENUE UPDATE

In USD terms the revenue for the quarter stood at USD 115.21 Million, a Q-o-Q growth of 1.41% and Y-o-Y growth of 5.87%. Our ₹ revenue grew by 12.47% Y-o-Y while it declined by 1.5% on a Q-o-Q basis to ₹ 6,897 Million. We have consolidated I-Cubed numbers during the quarter. The integration process is happening as planned and we have started making proposals to existing strategic customers in the areas of Core PLM and Enterprise cost management. We are focusing on increasing the pipeline and leveraging the offshore consulting capabilities.

On a Q-o-Q basis, Europe growth was 10.96%, while US marginally grew by 0.4%. During the quarter APAC had a marginal de-growth of 3.06% due to quarterly fluctuations in billing. We expect APAC to return to growth in the next quarter and contribute higher growth for the year. During the quarter we saw mixed growth across the SBUs as IES and A&E grew by 4.64% and 2.72% respectively while SAP and BTU declined by 3.44% and 2.69% respectively.

Amongst the top customer accounts, Cummins has grown by 3.58% on a Q-o-Q basis with revenue share at 15.86% during the quarter. The top 5 and top 10 customers marginally de-grew Q-o-Q by 2.41% and 0.19% respectively.

We have closed multiple deals during the quarter and the execution on these has started in the month of July. We have also started delivering on the telematics deal in India and expect a good ramp up in delivery during the coming quarters. We remain positive on the growth prospects during the remainder of the year
**All the growth numbers mentioned under revenue update are in equivalent USD terms*.

PROFITABILITY

Net Profit for the Quarter stood at ₹ 508 Million, a decline of 17.13% sequentially. The EBITDA margins were 12% as compared to 16% last quarter.

Wage hikes were effective from April 01 and had a negative impact of 240 bps on the EBITDA margin during the quarter. On a like to like basis the average wage hikes were 4%-5% onsite and 9%-11% offshore. Some corrections and

promotions will additionally take effect from July 01 and October 01. The net impact on operational margins due to this would be around 0.5% in Q2 and Q3 respectively. The visa cost impact will be spread out throughout the year and the impact during the quarter was 25 bps. The rupee depreciation continued during the quarter and as a result the realized rate stood at ₹ 59.87 / USD as compared to ₹ 61.63 / USD last quarter, a depreciation of 3%. This had a negative impact of around 60 bps on the EBITDA margin. I-Cubed numbers were consolidated for a part of the quarter in Q1FY15. Due to one-time transaction and integration expenses, operationally I-Cubed had a loss, which had a 30 bps impact on the overall EBITDA margins of KPIT.

We expect sustained improvement in the operational profitability in the coming quarters aided by growth, utilization improvement and pyramid improvement.

The other income during the quarter stood at ₹ 107.86 Million as against loss of ₹ 177.09 Million in Q4FY14. Other income included forex gain of ₹ 74.57 Million against a loss of ₹ 239.17 Million in Q4 FY14.

CASH FLOW

Details	₹ Million
Cash Profit for Q1FY15	**670.46**
Working Capital Adjustments	296.31
Cash Generated from Operations	**966.77**
Fixed Assets + Dividend + ESOPs	(233.11)
Balance Cash Flow	**733.66**
M&A Investments (I-Cubed)	(715.07)
Debt Availed	500.00
Debt Repayment	(150.00)
Total Surplus for the Quarter	**368.59**

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

We continue to see traction in JD Edwards (JDE), Oracle E-Business Suite (EBS), Oracle Fusion Middleware (OFM), Master Data Management (MDM) and Business Intelligence (BI). We are increasing focus on EBS implementations and upgrades. During this quarter we won a large deal in the range of USD 10 Million for JDE implementation with a manufacturing company in US. This deal is spread across six divisions over a period of 3 years and it very well represents the success of ONE KPIT in the marketplace. We have also won a few other multi-million dollar deals across US & APAC regions.

In Infrastructure Management services (IMS) practice, we are working on enhancing the existing IMS portfolio and adding scale to deliver large global infrastructure programs. We are also focusing on M2M solutions with emphasis on the Industrial Internet space which is expected to be the next big opportunity for remote monitoring. We have formed a partnership with HP for cloud services and we have launched KPIT Cloud powered by HP which addresses:

- Enterprise grade technology public cloud
- On demand, pay as you go service
- Computing, Storage & Platform services

We are developing solution on MOC (Manufacturing Operations Centre) and warranty analysis catering to the manufacturing industry. In partnership with Oracle, we have introduced a new adapter that provides out-of-box integration between Oracle procurement and spend analytics and Oracle's JDE EnterpriseOne. It enables purchasing and sourcing organizations to quickly identify savings opportunities and improve operational performance through decision ready, best practice analytics. We are also defining a packaged solution for Unique Device Identification (UDI) in partnership with USDM, a leading global professional services firm, focused exclusively on solutions for the regulated life science industry.

The Oracle Centre of Excellence has developed a generic tool which works with any application based on Oracle Database and provides comprehensive functionality for archival, purging, creating data snapshots and masking. This tool will augment our AMS offerings and it has the potential to generate non-linear revenue.

THOUGHT LEADERSHIP

- KPIT had a very successful presence at the Collaborate '14 Event in Las Vegas in April.
- KPIT sponsored the Nordic Outsourcing event in Stockholm in May 2014. It demonstrated thought leadership in IMS areas of Transformation, M2M, consulting, mobility platform/architecture and optimized service desk.

CUSTOMER HIGHLIGHTS

- A leading Indian engineering solutions provider to energy and environment sector selected KPIT as the Oracle EBS upgrade and transformational partner in the Oracle Applications space.
- KPIT has been chosen by one of the world's largest brewing companies as a partner for JD Edwards Upgrade UAP project.
- KPIT was selected as a partner by a leading manufacturing organization in US for JDE implementation.

AUTOMOTIVE & ALLIED ENGINEERING (A&E) SBU

There is good traction in the areas of AUTOSAR & In-Vehicle networks, diagnostics, Infotainment, Powertrain and instrument clusters. During the quarter we signed an MoU with a Korean Tier I where the engagement would span across ADAS, Instrument Clusters and Infotainment. Some of the important deal wins include multi-million dollar deals from European OEMs in the areas of Chassis & Body Electronics, a large deal in the area of designing seating systems from an American Tier I, opportunities with an American OEM in the area of Infotainment, a Canadian recreational vehicles OEM in the area of Diagnostics & a Korean Tier 1 in the area of BMS Development. We have also started delivering on the large ITS deal that we won and it will be of significant volume in the next few months.

THOUGHT LEADERSHIP

- Mr. Anup Sable, Senior VP & Head, Automotive & Engineering business, has been nominated to the GENIVI Board of Directors. This is a recognition of thought leadership in the area of Infotainment and it will help the company to leverage and contribute to the best of Infotainment world and further expand its business opportunities.
- KPIT participated in MoRTH (Ministry of Road Transport and Highways) Conference in India and showcased ITS solution and presented on "Use of IT in Tech management & Data Recording".
- KPIT participated in Electronica China, one of the largest Automotive Electronics exhibition in China to strengthen market presence in the region.
- KPIT participated in Automotive Diagnostic Systems Conference in Germany and showcased its solutions & products to the automotive ecosystem.
- KPIT also participated in SAFE annual convention at Bangalore where it showcased its ITS solution and was a panelist on the topic of "Sharing and Adoption of good Policy and Practices in the area of Road Safety by State Government and Private Organizations".
- KPIT participated in 13th Asia Pacific ITS Forum and Exhibition 2014 with a presentation on "Real time Information sharing for Passenger Convenience & Safety in Public Transportation".

- An article co-authored by Mr. Ravi Pandit and Mr. Omkar Panse titled "Command Center: Securing connected cars of the future" was published on SAE International.
- KPIT participated at the 3rd International CTI Conference "ISO 26262 - International exchange on functional safety in the automotive industry" at Detroit, USA with a paper presentation on – ISO 26262 – Methodical approach of implementing functional safety in the software design life cycle.
- KPIT participated in "2014 Automotive SW Developer Conference" in Seoul/Korea with a presentation on ISO 26262 trends and challenges from a European perspective.
- KPIT presented on "AUTOSAR – A paradigm shift in automotive ECU software" at the Design Automation Conference held in the Silicon Valley.
- KPIT participated at Cummins Technology Fair hosted at Cummins Office in US with displays of its capabilities in the areas of Telematics, Revolo, ITS, Diagnostics, AUTOSAR & Model Based Systems Engineering (MBSE).
- Mr. Ravi Pandit, Chairman & Group CEO, presented at the Frost & Sullivan's Manufacturing Leadership Summit as he shared views on what manufacturing companies need to know about successfully embedding intelligent software in their products—from integration to updates, from lifecycle management to cyber security.

CUSTOMER HIGHLIGHTS

- A leading Canadian specialty vehicles OEM selected KPIT to provide engineering and development solutions in the area of Diagnostics.
- KPIT continued to gain good traction with a Korean Tier 1 to support in BMS Development for a Chinese OEM.
- An American OEM has selected KPIT for an important development and engineering engagement in the area of Infotainment.

REVOLO update

Government of India has released the Gazette notification in May 2014, enabling insertion of rule 115D in the Central Motor Vehicle Rules, 1989 for the Retrofitment of hybrid electric system kit for in-use vehicles.
Revolo will need to meet the requirement of AIS-123 as notified under BIS Act, 1986 and get the certification towards the same.

SAP SBU

There is growing importance of HANA and cloud in SAP's product strategy. SAP has launched the PartnerEdge program for Application Development to foster the creation of an app ecosystem around SAP's HANA in-memory computing platform. Being an early HANA adoption partner, we have also developed significant capabilities and a comprehensive portfolio of HANA services which enabled us to win multiple projects globally. We have launched the HANA microsite that explains the HANA lifecycle from discovery to implementation and it also includes a sampling of our proprietary toolsets and associated benefits. We have also seen good growth in cloud space with our SuccessFactors (SFSF) and OnDemand team and solutions and we have been able to win large SFSF deals in MENA, APAC and North America. Our strong expertise in SAP Analytics solutions has helped us in winning multiple projects including BI strategy and implementation, installation and configuration of BW, BusinessObjects and Data services. There is a lot of traction in our chosen verticals i.e. Energy & Utilities and manufacturing and we have closed multi-million dollar deals in these industries. We have been focusing on increasing the share of Application Management Services (AMS) revenues in SAP and the efforts are getting recognized as we continue to win a few AMS deals including 5 year support services. From the geography perspective we are seeing a lot of interest in Europe and significant focus on LATAM regions. We continued winning new deals in North America, APAC and MENA markets.

We have added a new RDS solution to our EDGE solution portfolio, MedEDGE for Medical devices industry. Our industry solutions- HiTechEDGE, IMCEDGE, AutoEDGE, UtilitiesEDGE, WholesaleEDGE, StratosCRM were recertified. These certifications are a commitment to our clients to provide the tools and support to reduce their Total cost of ownership.

A key concern for SAP SBU has been its profitability and this year our primary focus would be to improve the same. During this quarter we have been able to be marginally in black in terms of EBITDA margins after absorbing the wage hikes and visa costs.

THOUGHT LEADERSHIP

- KPIT was the Platinum Sponsor at one of the largest exhibitions in Dubai – "Water, Energy, Technology and Environment Exhibition (WETEX) April' 2014". This event provided a good platform to position the company as the leading SAP services and solutions provider to utilities.
- KPIT was a diamond sponsor at SAPPHIRE 2014, with the theme: Driving Business Value with KPIT's Industry, Hana, and Cloud Expertise.
- KPIT presented its HCM Cloud solutions at HR2014, both at Orlando and France.

CUSTOMER HIGHLIGHTS

- KPIT was chosen for large million dollar CRM Implementation engagement with an American manufacturer of networking equipment.
- A leading North American offshore drilling contractor for the oil and gas industry selected KPIT for their expertise in AMS for a contract period of 3 years.
- One of the largest publicly traded fuel and convenience retailers engaged with KPIT for complete end-to-end support of their SAP Applications with associated service level agreements.

BUSINESS TRANSFORMATION UNIT (BTU) SBU

We have seen good traction in the area of Big Data and analytics. Customers want to leverage the open source technologies in the areas of product innovation, competitor analysis and customer voices through social analytics. Our Big Data practice is building domain specific solutions in the areas of manufacturing and automotive and the strategy is to provide it as an Analytics-as-a-service by combining Big Data platform, cloud and industry specific solutions. We are working on multiple customer projects in US & APAC markets. There is also demand for Testing as a service (TaaS) mainly around performance/ load/ stress testing services that will eliminate upfront capital investments on testing tools. We have partnered with HP to offer TaaS offerings which will alleviate customer's burden of purchasing, installing and maintaining testing software. The Enterprise Manufacturing Management (EMM) team has collaborated with Infor for product enhancement for India market specific localization (CVIN). It has helped in positioning us a specialized partner for India when it comes to India localisation implementation. We have formed a dedicated CRM practice and the key offering focus will be on Microsoft and Salesforce.com CRM solutions. We continue to add value at some strategic initiatives within IT Service Management (ITSM) and Business Productivity Improvement (BPI) areas.

We have formed an alliance partnership with Dassault Systems, to offer their digital manufacturing and production system to costumers. We have also formed partnership with IBM and Ramco systems to offer comprehensive asset lifecycle and maintenance management solutions. We signed partnership with SynerTrade, a leading solutions provider in eProcurement & Supplier Management area. We are setting up a dedicated Centre of Excellence (CoE) for the global customer base of this solution and this offering is expected to get good traction from our GAM accounts.

THOUGHT LEADERSHIP

- KPIT participated in STeP-IN SUMMIT 2014 – the 11th International Software Testing conference and chaired a session on Total cost of ownership.

Income statement for quarter ended June 30th, 2014 (Revised Format)

₹₹ million	Q1 FY15	Q4 FY14	Q-o-Q Growth	Q1 FY14	Y-o-Y Growth
Sales	**6,897.00**	**7,001.27**	**(1.49%)**	**6,132.11**	**12.47%**
Cost of materials consumed	75.79	25.72	194.69%	-	-
Employee Benefit Expenses	3,956.65	3,618.18	9.35%	3,285.55	20.43%
Depreciation & Amortization Expenses	162.48	134.89	20.46%	121.68	33.53%
Other Expenses	975.49	1,175.02	(16.98%)	789.26	23.60%
Professional fees Subcontractor	1,062.06	1,081.17	(1.77%)	1,091.32	(2.68%)
Total Expenses	**6,232.46**	**6,034.97**	**3.27%**	**5,287.81**	**17.86%**
Profit before Other Income, Finance costs & Exceptional Item	**664.54**	**966.30**	**(31.23%)**	**844.29**	**(21.29%)**
Other Income	107.86	(177.09)	(160.91%)	58.84	83.31%
Profit before Finance costs & exceptional Items	**772.40**	**789.21**	**(2.13%)**	**903.13**	**(14.47%)**
Finance costs	42.27	63.48	(33.41%)	56.26	(24.86%)
Profit after Finance costs & exceptional Items	**730.13**	**725.73**	**0.61%**	**846.88**	**(13.78%)**
Exceptional Items	-	122.41	-	-	-
Profit Before Tax	**730.13**	**848.14**	**(13.91%)**	**846.88**	**(13.78%)**
Tax Expenses	222.15	235.16	(5.53%)	245.50	(9.51%)
Net Profit from ordinary activities after Tax	**507.99**	**612.98**	**(17.13%)**	**601.38**	**(15.53%)**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**507.99**	**612.98**	**(17.13%)**	**601.38**	**(15.53%)**
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	**507.99**	**612.98**	**(17.13%)**	**601.38**	**(15.53%)**
Paid up Capital	372.55	370.99	-	386.17	-
EPS (₹₹ 2/-Face Value each)					
- Basic	2.69	3.26	(17.48%)	3.11	(13.50%)
- Fully Diluted	2.54	3.17	(19.87%)	3.04	(16.45%)
Common Size Analysis:					
EBITDA Margin	12.06%	16.14%	(4.08%)	15.86%	(3.80%)
Net Profit Margin	7.37%	8.76%	(1.39%)	9.81%	(2.44%)

- 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 quarter ended June 30th, 2014 (Old Format)

₹₹ million	Q1 FY15	Q4 FY14	Q-o-Q Growth	Q1 FY14	Y-o-Y Growth
Sales	**6,897.00**	**7,001.27**	**(1.49%)**	**6,132.11**	**12.47%**
Software Development Expenses	5,070.55	4,760.94	6.50%	4,199.50	20.74%
Gross Profit	**1,826.45**	**2,240.33**	**(18.47%)**	**1,932.61**	**(5.49%)**
SG&A	994.93	1,110.37	(10.40%)	960.32	3.60%
EBITDA	**831.53**	**1,129.97**	**(26.41%)**	**972.29**	**(14.48%)**
Interest	40.33	71.26	(43.41%)	62.56	(35.54%)
Depreciation	162.48	134.89	20.46%	121.68	33.53%
Profit After Depn. & Interest	**628.72**	**923.82**	**(31.94%)**	**788.04**	**(20.22%)**
Other Income	101.42	(173.83)	(234.02%)	58.84	72.36%
Exceptional Item	-	98.15	-	-	**-**
Profit Before Tax	**730.14**	**848.14**	**(13.91%)**	**846.88**	**(13.78%)**
Provision for Taxation	222.15	235.16	(5.53%)	245.50	(9.51%)
Profit After Tax	**507.99**	**612.98**	**(17.13%)**	**601.38**	**(15.53%)**
Minority Interest	-	-	-	-	-
Share of profit from associate	-	-	-	-	-
Net Profit for the period	**507.99**	**612.98**	**(17.13%)**	**601.38**	**(15.53%)**
Paid up Capital	372.55	370.99	-	386.17	-
EPS (₹₹ 2/-Face Value each)					
- Basic	2.69	3.26	(17.48%)	3.11	(13.50%)
- Fully Diluted	2.54	3.17	(19.87%)	3.04	(16.45%)
Common Size Analysis:					
Gross Profit Margin	26.48%	32.00%	(5.52%)	31.52%	(5.03%)
SG&A/ Revenue	14.43%	15.86%	(1.43%)	15.66%	(1.24%)
EBITDA Margin	12.06%	16.14%	(4.08%)	15.86%	(3.80%)
Net Profit Margin	7.37%	8.76%	(1.39%)	9.81%	(2.44%)

- 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 June 30th, 2014

	Q1 FY15	Q4 FY14	Q-o-Q Growth	Q1 FY14	Y-o-Y Growth
Revenue Spread – Geography					
USA	69.11%	69.78%	(2.43%)	74.97%	3.68%
Europe	15.82%	14.46%	7.79%	13.12%	35.67%
Rest of World	15.07%	15.76%	(5.83%)	11.91%	42.28%
Revenue Spread – Verticals					
Automotive & Transportation	32.68%	33.14%	(2.87%)	35.51%	3.50%
Manufacturing	40.93%	39.19%	2.88%	39.59%	16.27%
Energy & Utilities	17.77%	17.99%	(2.71%)	14.12%	41.60%
Others	8.62%	9.67%	(12.18%)	10.78%	(10.05%)
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	40.44%	39.19%	1.65%	38.52%	18.09%
Auto & Engineering	26.27%	25.94%	(0.21%)	23.62%	25.11%
SAP	22.55%	23.68%	(6.20%)	26.00%	(2.47%)
Business Transformation Unit	10.74%	11.19%	(5.47%)	11.86%	1.85%
Customer details					
No. of Customers Added	3	3	-	6	-
No. of Active Customers	201	198	-	189	-
Customers with run rate of >$1Mn	83	80	-	78	-
Top Client – Cummins	15.86%	15.53%	0.62%	16.75%	6.53%
Top 5 Clients	34.37%	35.72%	(5.20%)	38.57%	0.24%
Top 10 Clients	45.08%	45.80%	(3.04%)	47.31%	7.16%
Onsite / Offshore Split					
Onsite Revenues	57.16%	54.31%	3.68%	54.16%	18.70%
Offshore Revenue	42.84%	45.69%	(7.63%)	45.84%	5.11%
Revenue by Contract Type					
Time and Material Basis	71.62%	72.93%	(3.26%)	76.85%	4.82%
Fixed Price / Time Basis	28.38%	27.07%	3.28%	23.15%	37.88%
Debtors (days)	82	87	-	77	-

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

Human Resources – Details	Q1 FY15	Q4 FY14	Q-o-Q Growth	Q1 FY14	Y-o-Y Growth
Development Team – Onsite (Avg)	1,423	1,366	-	1,176	-
Development Team - Offshore(Avg)	7,224	7,139	-	6,553	-
Onsite FTE	1,293	1,231	5.01%	1,107	16.75%
Offshore FTE	5,068	5,064	0.06%	4,809	5.39%
Total FTE	6,360	6,295	1.03%	5,916	7.51%
Development (at Quarter end)	8,757	8,583	-	7,771	-
Gen Management / Support (at Quarter end)	568	558	-	545	-
Marketing (Subsidiaries) (at Quarter end)	165	155	-	140	-
Total (at Quarter end)	9,490*	9,296	-	8,456	-
Onsite utilization	90.84%	90.12%	-	94.15%	-
Offshore utilization	70.15%	70.94%	-	73.38%	-

** 90 employees from I-Cubed are a part of the quarter closing headcount.*

Hedging details

The currency market has been extremely volatile in the recent period and the company has major exposure in 3 currencies- USD, Euro and GBP. As per our hedging policy, we cover 75% of the net exposure through forward contracts for the next two quarters.

Total Outstanding Hedges:

- Total amount of USD hedges as on 30th June 2014 : $ 45.20 million

These hedges are maturing in FY15 and average rate for these hedges is ₹ 62.70

Balance sheet details

- The Cash Balance as at June 30, 2014 stood at ₹ 4,105.88 Million as compared to ₹ 3,737.30 Million as on March 31, 2014.
- Capital expenditure for the quarter stood at ₹ 237.14 Million including CWIP.
- As on June 30, 2014 our total debt was ₹ 5,289.47 Million (₹ 4,941.89 Million as of March 31, 2014) comprising of ₹ 2,201.73 Million of Term Loan, ₹ 3,087.74 Million of Working Capital Loan.

Balance Sheet Summary: As at (₹ Million)	Jun 30, 2014	Mar 31, 2014
Equity & Liabilities:		
Shareholders' Funds	13,254.03	12,736.37
Share Application Money pending allotment	5.70	14.84
Minority Interest	-	-
Non-Current Liabilities:	1,374.93	1,533.68
Long Term Borrowings	1,141.77	1,300.52
Deferred Tax Liabilities	-	-
Other Long Term Liabilities	-	-
Long Term Provisions	233.16	233.16
Current Liabilities:	7,494.22	6,949.22
Short term borrowings	3,087.74	3,089.34
Trade Payables	935.23	1,020.57
Other Current Liabilities	3,471.25	2,839.31
Total Equity & Liabilities	**22,128.88**	**21,234.11**
Assets:		
Non-Current Assets:	10,238.05	9,336.77
Fixed Assets	2,277.74	2,160.85
Goodwill on consolidation	6,628.80	5,994.10
Other Non-Current Assets	1,331.50	1,181.82
Current Assets:	11,890.83	11,897.34
Current Investments	746.81	1,741.29
Inventories	93.12	34.26
Trade Receivables	6,075.81	6,743.01
Cash & Cash equivalents	3,263.91	1,907.89
Other Current Assets	1,711.19	1,470.88
Total Assets	**22,128.88**	**21,234.11**

Conference Call Details

Conference name	:	KPIT Q1 FY2015 Conference Call
Date	:	July 23, 2014
Time	:	1600 Hours (IST)

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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 180+ global corporations including Original Equipment Manufacturers (OEMs), 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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