KPIT Fourth quarter Results FY 2015

KPIT registers 10%+ growth in $ revenue for FY15 over FY14, PAT declines by 4.8%
QoQ constant currency revenue marginally down
Strong people addition, 650+ people added during the quarter

Investor Release BSE: 532400 | NSE: KPIT

Pune, April 28, 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 fourth quarter and full year ended March 31, 2015.

Highlights for the quarter ended March 31, 2015

- Revenue at $ 122 Million, a Y-o-Y growth of 7.7%.
- ₹ Revenue grew by 9% Y-o-Y to ₹ 7,630 Million.
- Profit After Tax declined by 18% Y-o-Y to ₹ 503 Million.

Highlights for the full year ended March 31, 2015

- ₹ Revenue grew by 11% Y-o-Y to ₹ 29,899 Million.
- Revenue at $ 489 Million, a Y-o-Y growth of 10%
- Profit After Tax stood at ₹ 2,370 Million, a Y-o-Y decline of 4.8%.
- Good traction in Products & Platforms, Intelligent Transportation System (ITS) achieved $18.5 Million revenues in the first year of operation.

Management comments

Commenting on the performance of Q4 FY15 and FY15, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said, *"As we look back, it has been a mixed year, with Engineering and Products & Platforms, especially Intelligent Transportation System (ITS) being the positives and overall ERP business witnessing challenges. We will focus strongly on operational excellence and invest in the right growth areas, especially Products, Consultative front-end, Engineering and Digital Transformation, to capture the market potential in these and get back to growth in the coming quarters."*

Kishor Patil, Co-founder, CEO & MD, KPIT said," *While we have invested in senior people, the changed market conditions have not allowed us to leverage the investments fully. We have scrutinized our performance in great depth and have an action plan defined, to be executed over the next 2 quarters. We will invest in fresh graduates and people training to correct the pyramid and resultant people cost. We believe we will be on the right track midway through FY16 and as we exit FY16, we will be on a sound footing, ready to run faster*"

Mission & Purpose

At KPIT, our mission and purpose is clear. We envision a cleaner, greener, intelligent world, a world that is self-sufficient, sustainable and efficient. We provide technologies that help our customers succeed in the marketplace, such that the products our customers produce are of high quality, less costly, use less energy or fewer materials and improve the state of the industries we serve. It is our mission to provide **Technologies for a Better World.**

We are an organization focused on providing transformational solutions and services using product engineering and IT for three verticals: Automotive & Transportation, Manufacturing, Energy & Utilities. Our goal is to make customer operations efficient by using technology, to make plants more efficient through manufacturing systems, or to make better products through technology advancement and thus create value for both the customer and KPIT.

More about KPIT's Mission & Purpose http://www.kpit.com/company/about-us/mission-purpose

Corporate Update

FY15 was a crucial year for us as it was the first full year post our organizational restructuring and formation of new business units. We created customer focused Industrial Business Units (IBU) and staffed them with senior front end people. The purpose being, to ensure full range of our services are made available to our set of customers through unified Account Management Process. With a modest start to the year, we continuously focused on strengthening our sales, execution and operations across the organization. Continuing with our dedicated efforts towards innovation and focused investments in R&D and IP development, we achieved success with our Intelligent Transportation System (ITS) product, which is the first On-Bus ITS product in India to be certified by ARAI for JNNURM II specifications. It contributed significantly to the revenues for the year. However macro-economic circumstances like significant cross currency movements and turmoil in the Energy vertical due to lower oil prices, coupled with periodical revenue fluctuations in a few top customers and the overall sluggishness in the ERP area, impacted us negatively. We will discuss in detail the quarter and the year performance in the ensuing paras.

Our revenue guidance for the year was $ 498 Million to $ 506 Million and we closed the year with $ 489 Million. The overall impact of cross currency fluctuations was around $ 6 Million. Our initial PAT guidance for the year was ₹ 2,940 Million to ₹ 3,005 Million, which was revised lower by 10% during the year. We closed the year with PAT of ₹ 2,370 Million.

INDUSTRY UPDATE

The automotive sales are expected to grow to 91.5 million units in 2015 from 87 Million units in 2014 with strong performance in developed economies in North America and Europe. The growth is expected to be moderate in China due to economic slowdown and high base effect. In India the auto market is expected to turn around due to improved consumer confidence and favorable macro-economic parameters.

Major trends in Automotive industry are Clean, Safe, Efficient, Connected and Affordable supported by expanding regulatory requirements and enhanced consumer demands. A recent survey showed infotainment features to be the most challenging attribute in 2014 vehicles and therefore provides the upside for companies which can provide superior infotainment systems. Telematics, including features like semiautonomous driving aids as well as sensor based reporting on car maintenance and usage is another differentiating factor for car makers to increase their market share. With the concept of connected car, there is increasing scope for embedded software and innovation, which is disruptive for traditional players. From the technology perspective, active safety measures, body electronics, chassis, passive safety, powertrain and instrument cluster will be the key areas of focus for OEMs and vendors in the auto industry during 2015.

KPIT engineering practices of powertrain, safety, infotainment, diagnostics and telematics are aligned towards these industry trends to enable faster growth in this vertical for KPIT.

Similar to automotive industry, Industrial Internet of Things and digital technologies both in products and processes will be an important technology trend in the manufacturing industry. It is expected that by 2016, 70% of global discrete manufacturers will offer connected products, driving increased software content in every sold product. In the digital manufacturing space, investments that enable digitally executed manufacturing will increase 50% by the end of 2017 as manufacturers seek to be more agile in the marketplace. The operational intelligence platform which help in bridging real-time information coming from the machine level with transactional BI will drive 65% of the companies with more than 10 factories, to invest in this area. With growing emphasis on cloud it is estimated that by 2017 manufacturers are expected to invest 25% of their IT budgets through industry clouds. Big data analytics is another key technology trend and it is being already applied to various manufacturing functions like process & design. By 2016, 30% of manufacturers will invest substantially in increasing the visibility and analysis of business processes within the company and with partners. The need to be more customer centric will drive 75% of manufacturers to invest in customer-facing technologies in 2015.
We are aligned to capture a good share of this spend, with more of our investments aligned towards engineering abilities (Digital Transformation in Product) and business IT expertise (Digital Transformation in Processes)

In the utility industry, it is expected that in 2015, utilities will invest 27% of IT budgets on hybrid/ composite solutions as they will be unable to replace their legacy systems. By 2018, cloud services will also make up half of the IT portfolio for over 60% of utilities with their growing emphasis on cutting capital and operational costs. Asset utilization and management will drive the future growth as companies will largely invest in analytics to support their operations and maintenance of plant and network infrastructure. With enterprise mobility being another key technology trend for the year, 60% of utilities are expected to focus on transitioning enterprise mobility to the next generation. Big data and analytics are also driving E&U companies to develop infrastructure and capabilities that will engage consumers on an individualized basis.
Our focus on SAP HANA and smart metering solutions will enable us to get a good foothold in the expected utilities' spend.

Data Source: Industry research reports

Digital @ KPIT

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

- **KPIT Social Network Analytics Platform** aids in better customer engagement and satisfaction, improved brand reputation, optimization of market campaigns and new product development information.
- **KPIT Real Time Vehicle Analytics** provides for driving pattern, battery charge status, predictive part failure alerts and real time dashboard.
- **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.
- **KPIT cloud connector** collaborates data between the various enterprise applications using **KPIT connector framework** and then publishes the same on any device (mobile, desktop, tablet).
- **KPIT mobility solutions** in the areas of field service management, work order management, truck-trailer management and warehouse management are deployed as pilot projects at enterprise customers.
- 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.

- During the year we have seen good growth in ITS and we expect the same to further grow in the coming years. ITS is currently installed in the buses running on the roads and further enhancement will happen by connecting and managing the operational productivity of the bus command centres.
- **Both KIVI and Konnect have been sourced for production** by Global OEMs and the platforms are expected to be part of models rolled out in 2017.
- We will further move ahead in the IoT space by gaining expertise in information technology (IT), operational technology (OT) and vertical knowledge combined with our strong focus on R&D and innovation.
- KPIT digital technologies in our focus verticals cover the whole spectrum of manufacturing operations viz. supply chain, order fulfillment, manufacturing operations, after sales service and support, sales and marketing.
- **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.
- In the year gone by, **digital technologies contributed to around 12%+ of the total revenues for KPIT**. We expect this share to move up substantially in the coming years.

Technology Update

During this quarter we have filed 8 provisional patents across Automotive, manufacturing and energy domain. The complete specifications for these provisional patents are yet to be filed. With these**, the total number of patents filed till date are 60, including 45 patents with complete specifications filed**. These patents are in the areas of Hybrid Technologies, Battery Management Systems, Advanced Driver Assistance Systems, Parallel Computing and high performance computing.

As on Q4FY15 end we have **19 granted patents** across different geographies with most of these patents in the domain of hybrid technology along with other areas of VLSI and High Performance computing.

Financial Update

REVENUE UPDATE

For Q4FY15, in $ terms our revenue grew by 7.7% Y-o-Y while it declined by 3.2% on a Q-o-Q basis to $ 122.35 Million. The constant currency revenue for the quarter declined by 0.7%. Our ₹ revenue stood at ₹ 7,630 Million, a Q-o-Q decline of 2.2% while on Y-o-Y basis it grew by 9%.

For FY15, our $ revenue stood at $ 489 Million, a Y-o-Y growth of 10.06%. In constant currency terms revenue grew by 11.4%. In ₹ terms revenue grew by 11% to ₹ 29,899.2 Million.

On a Q-o-Q basis, Europe and APAC grew by 5.2% and 5.1% respectively while US declined by 7.3%. Amid verticals, we saw growth in Automotive & transportation which grew by 11% while there was decline in other verticals. Manufacturing declined by 1.9%, Energy & utilities declined by 20.9% and others declined by 21.5%. Amongst the SBUs, Product Engineering SBU (PES, earlier A&E) SBU grew by 16.6% and Enterprise Solutions (ES, earlier BTU) grew marginally by 0.1%. There was a decline of 4% and 27.9% in IES and SAP SBU respectively.
Our top client Cummins declined marginally by 0.9% while there was a growth of 1.8% and 2% in the Top 5 and Top 10 customers respectively.

On an annual basis, APAC was the highest growing geography with 44% growth followed by Europe's growth of 20%. US geography grew by 1.7%. Amid the verticals, Energy & Utilities was the highest growing vertical with 45.5% growth followed by Automotive & Transportation with 15.4% growth. Manufacturing declined by 5.5% while there was decline

of 1.2% in others. PES led the SBU growth with 34.3% followed by IES which grew by 10.1%. SAP SBU declined by 4.4% while ES declined by 10.8%. Amongst the customer accounts, Cummins declined by 0.6% while the Top 5 and Top 10 customers declined by 9.2% and 2.5% respectively.

Looking back at our growth in FY15, we have mixed feelings. Couple of early areas of investment for us during the re-organization exercise were Products & Platforms and Automotive IBU. These investments have slowly started giving us the desired returns. We had a tremendous growth in the Products & Platforms area with the ITS revenues touching $ 18.5 Million for the whole year. We also signed some significant deals in the infotainment and connectivity platform areas, parts of which are royalty based non-linear revenues. We worked with the government of India and industry to complete the regulatory framework and the incentive framework for electric mobility. During the year REVOLO cleared the regulatory test. The government also announced incentives for electric mobility, providing a potential boost for hybrid sales. The Automotive and Embedded SBU excluding the Products & Platforms also showed encouraging growth during the year. In IES SBU, the growth slowed down as we ended the year, albeit the overall growth was more than 10%. We continue to get good traction in JDE though in Oracle EBS, there are certain challenges. The year again turned out to be topsy-turvy for SAP with decent traction in the first 3 quarters of the year and a big decline in the last quarter. In a couple of projects we have certain issues with lot of scope changes and estimation errors. As a prudent measure, we did not recognize any revenue from these 2 projects in Q4 and also provided for additional costs during the quarter. Some of the new deals which we expected to start in Q4 have been delayed and will now begin in Q1FY16. Additionally, one of the large troubled projects, had an additional milestone billed in Q3 as the project ended satisfactorily, which created a gap for Q4. Thus all the above factors resulted in a sharp decline in SAP revenues in Q4FY15 as compared to Q3FY15.

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

PROFITABILITY

The Net Profit for the Quarter Stood at ₹ 503.1 Million, a Q-o-Q decline of 23%. The Profit for the year marginally declined by 4.8% to ₹ 2,369.9 Million as compared to ₹ 2,489.5 Million in FY14.

There was a sharp decline in the EBITDA for the quarter. As explained above we had a severe decline in SAP revenues in Q4FY15. There was also a small decline in the Oracle revenues for the quarter. This drop in the ERP revenues though compensated to some extent by an increase in engineering and product revenues, led to an overall decline in revenue of around ₹ 170 Million. Both these declines in revenue were not accompanied by a corresponding decline in costs during the quarter. In addition, we continued to invest during the quarter and there was an addition of 689 people, 250+ of them being fresh graduates. This led to an increase in the direct cost, resulting in a steep margin decline. During the quarter there was a one-time cost provision of around ₹ 300 Million for the couple of ERP projects mentioned in the revenue para above. This provision, though appropriate for the quarter is non-recurring and thus will not be there in the next quarter.

During the year one of the subsidiary companies SYSTIME India merged into KPIT India. The amortization of Goodwill on amalgamation was recognized as a tax deductible expense for FY14 and FY15 resulting in a tax provision reversal of ₹ 280 Million. Similarly cleaning up of past year tax provisions based on the assessments completed led to a one time provision reversal of ₹ 72 Million. Thus the tax provision during the quarter turned negative.

The goodwill amortization benefit will be present for FY16, although the quantum will be much lower, around ₹ 90 Million. Thus the effective tax rate for FY16 will be slightly lower than normal.

CASH FLOW

Details	₹ Million
Cash Profit for Q4FY15	**729.20**
Working Capital Adjustments	135.53
Cash Generated from Operations	**864.73**
Fixed Assets + Dividend + ESOPs	301.83
Balance Cash Flow	**562.90**
Debt Availed	899.58
Debt Repayment	1,030.58
Total Surplus/(deficit) for the Quarter	**431.90**

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

- During this quarter we registered some significant wins in the JD Edwards space across manufacturing, automotive and E&U verticals in North America. Some of these wins came in our existing GAM accounts.
- On the Delivery side, our JD Edwards team has delivered large complex global JD Edwards upgrades at two of our strategic GAM accounts, which will help strengthen our presence in the Oil & Gas industry.

We have developed new age solutions and offerings around IoT, M2M, Endeca Procurement solution, JD Edwards UI Package and Social ERP integration. Some of the key features of these solutions are:

- **KPIT JD Edwards Endeca Extension Capability Browser Solution for Procurement**
  - Oracle/KPIT JD Edwards Procurement Extensions for Oracle Endeca applications leverage Endeca's intuitive search features that allow users to easily explore operational data in real-time
  - The applications, featuring a simplified user interface with guided navigation and visual analytics, help in fetching information faster and easier as compared to the conventional ERP query interfaces
- **KPIT Social JD Edward ERP Solution :**
  - This unique solution tracks real and potential connections and automatically connects us when collaboration is needed. It creates a record of intermediate communications, thus, creating more knowledge connections.
  - Business users can annotate, share and collaborate on an existing report, visualize in real time and gain insight from reports and views
- **Accelerators and Solution Development - Oracle Fusion Middleware :**
  - 10 Accelerators and 2 solutions being developed by the Oracle Fusion Middleware (FMW) practice, which will be positioned as key differentiators as a part of our GTM strategy for FMW solutions.

- We have developed various offerings covering all the Oracle cloud products in existence, including advisory offerings (e.g. Path to Cloud), Implementation services and Application management services and Upgrades. We also offer fixed price packaged service offerings for Cloud Financials, HCM and CRM unlike any other system integrator.

We recently won the **FY15 Oracle Excellence Award in the 'Growth Partner of the Year' category for India region**. We were recognized for having a diverse practice with continued excellence and proven success across Oracle Red

Stack including Oracle applications, Oracle Fusion Middleware and Oracle engineered systems and were also acknowledged for implementing Oracle Exadata Database Machine on Oracle's JD Edwards.

We were also awarded the **2015 JD Edwards Partner Excellence Award for Outstanding Year-Round Success Story Nominations** by Oracle at the JD Edwards Summit held in Colorado. The award is a reflection of KPIT leadership in providing success stories that complement and enhance JD Edwards applications. Also, due to our outstanding marketing initiatives of Oracle JD Edwards, we were recognized in the **top 4 as a leader in the Marketing Buzz award category**.

Recently there has been a significant pricing and budget pressure in the energy sector with fall in oil prices. This will impact the new investments being made on ERP and related areas by our customers. However we are expecting a significant increase in cloud deals in the enterprise segment, especially outside North America. We are also starting to see more discussions on Internet of Things (IOT) initiatives, coupled with tighter linkage to backend ERP systems.

THOUGHT LEADERSHIP

- KPIT was one of the four select Oracle partners given the opportunity to be a Platinum Sponsor of the 3rd Value Chain Summit in San Jose, California.

CUSTOMER HIGHLIGHTS

- KPIT completed a major project for a leading Pharma Company in the US for a Global Deployment in Tier II Manufacturing locations. The differentiators which helped KPIT close the deal were the depth and breadth of its JDE Practice, reusable components proposed to be used and commitment from Executive Leadership of KPIT.
- A Leading Global Medical Device Manufacturer in Australia selected KPIT for its first Oracle eAM Endeca extensions project.
- In Middle East, KPIT has been selected by an Oil and Gas Product and Service Provider for an Oracle Sales Cloud and CPQ implementation project. This is the First Oracle Sales Cloud and CPQ engagement for KPIT.
- KPIT was selected for an implementation and rollout project of Oracle EBS R12 by an Aerospace and Defense component Manufacturer and Supplier in USA.

PRODUCT ENGINEERING SERVICES (PES, earlier A&E) SBU

- We have been investing in developing Advanced Driver Assistance Systems (ADAS) algorithms and IPs and these investments have started delivering results. We are witnessing increased traction with Tier Is and OEMs, alike.
- There is also significant development in our GAM accounts as we have won deals in the areas of Infotainment, Clusters and AUTOSAR.
- We are seeing a lot of traction in Powertrain with increased deal sizes and in Diagnostics in terms of volume of deals won.
- In the Products & Platforms area we see good momentum for KIVI platform and multi-device connectivity solution KONNECT. There are new areas of applications for KONNECT in 'smart home' as the possibilities go well beyond auto and into Internet of Things (IoT). We have solutions aligned with open source platforms- Android, Linux and we are actively engaged with customer for developments based on these platforms.
- We are building holistic capabilities & aligning our go to market, to key industry needs - Software Tier 1 partner, Safety & Security, Enterprise cost management, Value Engineering and Connected World. This will help us in a stronger positioning for larger deal wins.

We have recently launched the **KPIT Engineering Cloud** and we have taken first steps towards set up of a Benchmarking and Components Tear down facility. This facility will significantly improve our positioning in Value Engineering and Cost Management.

During this quarter we have been honored by Volvo Buses India with **Project Development Excellence Award 2014**. The award recognizes our quick project delivery that included hardware and software integration for the On Bus

Intelligent Transportation Systems (ITS). Our expedient deployment and integration has helped Volvo become the first OEM to complete homologation of their buses with Automotive Research Association of India (ARAI) and Central Institute of Road Transport (CIRT).

THOUGHT LEADERSHIP

- KPIT published 15 research papers on automotive technology, largely in the areas of driver assistance and imaging technology, at SAE 2015 World Congress.
- KPIT showcased its connectivity product - Konnect at CES 2015, USA in January 2015. The forum helped to increase Konnect's visibility amongst the target market & to reach maximum prospects.
- KPIT participated in SIAT 2015 at Pune organized by ARAI as an Innovative Engineering Solution provider and demonstrated its products - ITS, KIVI/Konnect, Diagnostics, ADAS, Hybrid Bus and ePLM.
- KPIT has tied up with Kenesto and has a cloud based engineering design and workflow execution utility. Through this association customers will have licences to access this and have their design work done and it will also help in creating different transaction based business models.
- KPIT was invited for demonstrating Konnect at SAP's flagship IoT event – SAP Hyperconnected Asia. KPIT was the only partner invited for showcasing IoT technologies within automotive domain.
- KPIT was invited to be part of Auto Executive Round Table at IBM Interconnect 2015, Las Vegas and made a presentation on future of systems engineering with new paradigms like autonomous driving, connected vehicles and Internet of things.

CUSTOMER HIGHLIGHTS

- A leading Chinese car OEM selected KPIT for a multi-million dollar battery management system (BMS) project. KPIT will offer its engineering services as well as its own BMS IP.
- KPIT is seeing excellent traction from a European Tier1 and US based Tier1 for a major engagement in the area of AUTOSAR.
- KPIT has been selected by a Chinese Tier-1 for a production program for AUTOSAR R4.0.3. It is a joint venture between a Chinese and European OEM. As part of this engagement, KPIT will develop Basic Software & bootloader catering to OEM specifications as part of the product. KPIT will also provide services to integrate the AUTOSAR stack and bootloader with Application Software Components provided by the Tier 1.

REVOLO UPDATE

- Government of India has laid Rs.795 crores under FAME (Faster adoption and manufacturing of hybrid and electric vehicles) India scheme which is to be spend over next two years. The prime focus areas of this scheme would be technology development, demand creation, pilot projects and charging infrastructure.
- This subsidy is also applicable for retro fitment of kits.

SAP SBU

- In the earlier part of this year SAP announced Business suite 4 SAP HANA, the next generation business suite fully built on the advanced in-memory platform and we are working closely with SAP to explore new opportunities in this space.
- During this quarter we signed our first SOW for a SAP Suite for HANA (S4) implementation in the manufacturing vertical. This also includes our first Hybris CPQ and simple Finance win.
- We are also partnering with Hortonworks and Cisco to expand Big Data and IoT solutions leveraging HADOOP and SAP HANA.

- The SAP SBU has registered deal wins in new technology areas such as Hybris besides HANA, Cloud, BI and CRM. These wins are across medical devices and manufacturing verticals.
- As we make early investments in new technologies like Hybris, Simple Finance, Predictive Analysis, and Enterprise Data Warehouse (EDW) among others, we continue to grow in our traditional strong areas of SucessFactors, BI and CRM.
- We have won a few multi-dollar AMS deals in our focused verticals across geographies. We are broadening our offerings base for industry focused solutions as we are developing Revenue Recognition (RevRec) and Unique Device Identification (UDI) solution for Hi-Tech and Medical devices industry respectively.

THOUGHT LEADERSHIP

- KPIT showcased transformative technology solutions for SMEs at SAP's Ambition Express across various cities in India along with other partners. KPIT Experts onboard the Ambition Express demonstrated SAP's HCM and SuccessFactors for human capital management.

CUSTOMER HIGHLIGHTS

- One of the largest electricity distribution utilities of India selected KPIT for a major SAP HANA project.
- KPIT was selected for a warranty analytics project with one of its existing Fortune 500 Clients - with HANA as platform and Lumira as the BI front end.

ENTERPRISE SOLUTIONS (ES, earlier BTU) SBU

- During this quarter ES SBU has registered major wins across different practices. We have won deals for Testing as a Service (TTS), Enterprise Manufacturing management (EMM) and Process Consulting (PCP) practices.
- With digital transformation our Technology & Testing Services (TTS) practice is seeing initial traction in web development, mobility apps, UX/ UI initiatives with our manufacturing and automotive customers.
- TTS practice has built a good competency in partnership with HP and continued enhancements of framework for mobile app testing is showing good traction.
- Our continued push for larger Infor partnership has resulted in Alliance Partnership for entire APAC Region. We are the only partner in the region who has been preferred by Infor for this level of partnership with such wide geographical coverage. This will help us while pursuing large and global accounts opportunities in this region.
- We have developed a new manufacturing execution system (MES) solution eDHR (Electronic Device History Record). This solution can be integrated with PLM, ERP (EBS, JDE, SAP) and with machines.

The key areas of growth for next year would be digital transformation, Testing as a Service, Manufacturing Execution Systems, IT security and migration to cloud based solutions.

THOUGHT LEADERSHIP

- Dassault Systemes, world leader in 3D design software, 3D Digital Mock Up and Product Lifecycle Management (PLM) solutions, inducted KPIT as its newest partner in India. The Association Will Strengthen Dassault Systèmes' Play in the Industrial Equipment Space
- SynerTrade, Europe's leading provider for purchasing technology, partnered with KPIT making KPIT the main global partner for SynerTrade. KPIT will dedicate a consulting team for SynerTrade's solutions, allowing SynerTrade and KPIT to jointly expand their global market share.

CUSTOMER HIGHLIGHTS

- A leading European industrial manufacturing company has engaged KPIT for its offerings in Product development area.
- KPIT has been selected by a leading European industrial manufacturer for its MES Application.

Awards & Recognitions

- Kishor Patil, Co-founder, CEO & MD of KPIT, has been honored with the **CA Business Leader Award – Corporate** at the 8th ICAI Awards, 2014 by the Institute of Chartered Accountants of India (ICAI). The ICAI Awards felicitate chartered accountants who create value for their company's stakeholders on a sustainable basis.

- Vaishali Vaid, VP and Head, Global HR at KPIT was honored with the '100 most talented Global HR Leaders' Award CHRO Asia at the 23rd edition of the World HRD Congress.

Thought Leadership- Others

- KPIT and College of Engineering, Pune's announced the winners of their national design and development contest, Sparkle 2015. Over 400 innovative ideas were submitted by students from 100+ colleges across India. The grand finale and exhibition was held in KPIT campus, Pune on 21st March 2015.
- Mandar Marulkar, VP & CIO, is appointed on the Council of 'Verafirm Council for Constructive Partnership on Software' (V-CCPS). This is first Council of experts in the world and very few Senior Leaders in India have an opportunity to be a Council Member.

The Way Forward

As we close FY15 and get into FY16, we have looked back at the performance of the year in great depth and formed an action plan for ourselves which is being implemented now and should be over by the end of Q2FY16. The broad actions we are looking at can be summarized in three broad areas as detailed below :

1. **Delivery Excellence:** As we have grown over the years, there are certain inefficiencies that have crept in the overall operations of the company. There is a specific initiative driven at the organization level to filter out these inefficiencies and also ensure these do not resurface as we progress. The specific areas of improvement include operational efficiency, people pyramid, utilization and people productivity
2. **Qualitative Growth:** Qualitative Growth is essential to avoid cost overruns and collection issues. Qualitative growth focus for us will encompass customer and offering qualification, contract management, account mining and focus on new technologies.
3. **Investments for Future Growth:** We have been investing in senior level people, Automotive Vertical and Products& Platforms for the last 2 years and the leverage from these has started ticking in. We believe despite the tough year gone by, we need to continue to invest in the right areas to enable us to increase the pace of growth in the coming years. The investments will be targeted towards :
    a. Growth Areas viz. Products & Platforms, Digital and IMS
    b. Value Add avenues for engineering
    c. Fresh Graduates, people training and competency development
    d. Consultative Front end, Sales training and sales productivity

As mentioned earlier we have already started working on the above action items and believe we will have substantial implementation done by the end of Q1FY16 and the complete implementation by Q2FY16. Thus we should start seeing positive results of the above changes from H2 FY16 onwards. We believe the year FY16 will thus be a year of change and hence we expect the growth in both top line as well as bottom line to be marginal. Since the impact of most of the actions taken during the quarter will be felt in H2FY16, H1FY16 will be similar to the last year in terms of growth, though the EBITDA will see improvement over Q4FY15.

We appreciate your patronage with the company and expect to have a mutually rewarding partnership in the years to come.

Income statement for quarter ended March 31st, 2015 (Revised Format)

₹ million	Q4 FY15	Q3 FY15	Q-o-Q Growth	Q4 FY14	Y-o-Y Growth
Sales	**7,629.94**	**7,798.13**	**(2.16%)**	**7,001.27**	**8.98%**
Cost of materials consumed	289.58	195.30	48.28%	25.72	-
Employee Benefit Expenses	4,897.04	4,431.59	10.50%	3,618.18	35.35%
Depreciation & Amortization Expenses	225.40	218.93	2.96%	134.89	67.11%
Other Expenses	1,064.92	1,142.92	(6.82%)	1,175.02	(9.37%)
Professional fees Subcontractor	1,044.11	948.92	10.03%	1,081.17	(3.43%)
Total Expenses	**7,521.05**	**6,937.65**	**8.41%**	**6,034.97**	**24.62%**
Profit before Other Income, Finance costs & Exceptional Item	**108.89**	**860.48**	**(87.35%)**	**966.30**	**(88.73%)**
Other Income	176.85	25.06	-	(177.09)	-
Profit before Finance costs & exceptional Items	**285.73**	**885.54**	**(67.73%)**	**789.21**	**(63.79%)**
Finance costs	139.89	44.87	211.73%	63.48	120.38%
Profit after Finance costs & exceptional Items	**145.85**	**840.67**	**(82.65%)**	**725.73**	**(79.90%)**
Exceptional Items	-	-	-	122.41	-
Profit Before Tax	**145.85**	**840.67**	**(82.65%)**	**848.14**	**(82.80%)**
Tax Expenses	(357.24)	187.39	-	235.16	-
Net Profit from ordinary activities after Tax	**503.08**	**653.28**	**(22.99%)**	**612.98**	**(17.93%)**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**503.08**	**653.28**	**(22.99%)**	**612.98**	**(17.93%)**
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	**503.08**	**653.28**	**(22.99%)**	**612.98**	**(17.93%)**
Paid up Capital	376.13	374.92	-	370.99	-
EPS (₹₹ 2/-Face Value each)					
- Basic	2.64	3.44	(23.18%)	3.26	(18.98%)
- Fully Diluted	2.52	3.26	(22.81%)	3.17	(20.64%)
Common Size Analysis:					
EBITDA Margin	4.51%	13.92%	(9.41%)	16.14%	(11.63%)
Net Profit Margin	6.59%	8.38%	(1.78%)	8.76%	(2.16%)

- Q-o-Q or 'sequential' growth refers to growth during the quarter compared to the immediately preceding quarter.
- Y-o-Y growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year.

Income statement for full year ended March 31st, 2015 (Revised Format)

₹ million	FY 2015	FY 2014	Y-o-Y Growth
Sales	**29,899.17**	**26,940.40**	**10.98%**
Cost of materials consumed	851.59	25.72	-
Employee Benefit Expenses	17,419.55	13,804.03	26.19%
Depreciation & Amortization Expenses	851.35	539.54	57.79%
Other Expenses	4,258.60	4,302.21	(1.01%)
Professional fees Subcontractor	4,125.36	4,625.69	(10.82%)
Total Expenses	**27,506.46**	**23,297.19**	**18.07%**
Profit before Other Income, Finance costs & Exceptional Item	**2,392.72**	**3,643.21**	**(34.32%)**
Other Income	351.79	(77.61)	-
Profit before Finance costs & exceptional Items	**2,744.50**	**3,565.60**	**(23.03%)**
Finance costs	259.83	257.69	0.83%
Profit after Finance costs & exceptional Items	**2,484.67**	**3,307.92**	**(24.89%)**
Exceptional Items	-	122.41	-
Profit Before Tax	**2,484.67**	**3,430.33**	**(27.57%)**
Tax Expenses	114.79	940.82	(87.80%)
Net Profit from ordinary activities after Tax	**2,369.87**	**2,489.50**	**(4.81%)**
Extraordinary Items	-	-	-
Net Profit for the Period	**2,369.87**	**2,489.50**	**(4.81%)**
Share of profit from associate	-	-	-
Minority Interest	-	-	-
PAT	**2,369.87**	**2,489.50**	**(4.81%)**
Paid up Capital	376.13	370.99	-
EPS (₹₹ 2/-Face Value each)			
- Basic	12.49	13.30	(6.06%)
- Fully Diluted	11.87	12.95	(8.32%)
Common Size Analysis:			
EBITDA Margin	10.94%	15.71%	(4.77%)
Net Profit Margin	7.93%	9.24%	(1.31%)

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 March 31st, 2015 (Old Format)

₹ million	Q4 FY15	Q3 FY15	Q-o-Q Growth	Q4 FY14	Y-o-Y Growth
Sales	**7,629.94**	**7,798.13**	**(2.16%)**	**7,001.27**	**8.98%**
Software Development Expenses	5,704.55	5,374.46	6.14%	4,760.94	19.82%
Gross Profit	**1,925.39**	**2,423.68**	**(20.56%)**	**2,240.33**	**(14.06%)**
SG&A	1,581.40	1,338.47	18.15%	1,110.37	42.42%
EBITDA	**344.00**	**1,085.21**	**(68.30%)**	**1,129.97**	**(69.56%)**
Interest	149.59	50.68	195.20%	92.26	62.14%
Depreciation	225.40	218.93	2.96%	134.89	67.11%
Profit After Depn. & Interest	**(31.00)**	**815.61**	**-**	**902.82**	**-**
Other Income	176.85	25.06	-	(177.09)	-
Exceptional Item	-	-	-	122.41	-
Profit Before Tax	**145.85**	**840.67**	**(82.65%)**	**848.14**	**(82.80%)**
Provision for Taxation	(357.24)	187.39	-	235.16	-
Profit After Tax	**503.08**	**653.28**	**(22.99%)**	**612.98**	**(17.93%)**
Minority Interest	-	-	-	-	-
Share of profit from associate	-	-	-	-	-
Net Profit for the period	**503.08**	**653.28**	**(22.99%)**	**612.98**	**(17.93%)**
Paid up Capital	376.13	374.92	-	370.99	-
EPS (₹₹ 2/-Face Value each)					
- Basic	2.64	3.44	(23.18%)	3.26	(18.98%)
- Fully Diluted	2.52	3.26	(22.81%)	3.17	(20.64%)
Common Size Analysis:					
Gross Profit Margin	25.23%	31.08%	(5.85%)	32.00%	(6.76%)
SG&A/ Revenue	20.73%	17.16%	3.56%	15.86%	4.87%
EBITDA Margin	4.51%	13.92%	(9.41%)	16.14%	(11.63%)
Net Profit Margin	6.59%	8.38%	(1.78%)	8.76%	(2.16%)

- Q-o-Q or 'sequential' growth refers to growth during the quarter compared to the immediately preceding quarter.
- Y-o-Y growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year.

Income statement for full year ended March 31st, 2015 (Old Format)

₹ million	FY 2015	FY 2014	Y-o-Y Growth
Sales	**29,899.17**	**26,940.40**	**10.98%**
Software Development Expenses	21,473.10	18,180.06	18.11%
Gross Profit	**8,426.07**	**8,760.34**	**(3.82%)**
SG&A	5,154.98	4,527.66	13.86%
EBITDA	**3,271.09**	**4,232.68**	**(22.72%)**
Interest	286.86	307.62	(6.75%)
Depreciation	851.35	539.53	57.79%
Profit After Depn. & Interest	**2,132.88**	**3,385.53**	**(37.00%)**
Other Income	351.79	(77.61)	-
Exceptional Item	-	122.41	**-**
Profit Before Tax	**2,484.67**	**3,430.33**	**(27.57%)**
Provision for Taxation	114.79	940.82	(87.80%)
Profit After Tax	**2,369.87**	**2,489.50**	**(4.37%)**
Minority Interest	-	-	-
Share of profit from associate	-	-	-
Net Profit for the period	**2,369.87**	**2,489.50**	**(4.37%)**
Paid up Capital	376.13	370.99	-
EPS (₹₹ 2/-Face Value each)			
- Basic	12.49	13.30	(6.06%)
- Fully Diluted	11.87	12.95	(8.32%)
Common Size Analysis:			
Gross Profit Margin	28.18%	32.52%	(4.34%)
SG&A/ Revenue	17.24%	16.81%	0.43%
EBITDA Margin	10.94%	15.71%	(4.77%)
Net Profit Margin	7.93%	9.24%	(1.31%)

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

Performance Metrics for quarter ended March 31st, 2015

	Q4 FY15	Q3 FY15	Q-o-Q Growth	Q4 FY14	Y-o-Y Growth
Revenue Spread – Geography					
USA	64.51%	67.34%	(6.28%)	69.78%	0.75%
Europe	16.86%	15.51%	6.39%	14.46%	27.04%
Rest of World	18.64%	17.15%	6.29%	15.76%	28.87%
Revenue Spread – Verticals					
Automotive & Transportation	41.28%	35.98%	12.24%	33.14%	35.74%
Manufacturing	33.29%	32.82%	(0.76%)	39.19%	(7.44%)
Energy & Utilities	17.77%	21.75%	(20.05%)	17.99%	7.62%
Others	7.66%	9.45%	(20.67%)	9.67%	(13.67%)
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	38.33%	38.65%	(2.97%)	39.19%	6.58%
Product Engineering Services	35.11%	29.14%	17.87%	25.94%	47.52%
SAP	17.38%	23.33%	(27.11%)	23.68%	(20.01%)
Enterprise Solutions	9.19%	8.88%	1.23%	11.19%	(10.58%)
Customer details					
No. of Customers Added	2	3	-	3	-
No. of Active Customers	208	206	-	198	-
Customers with run rate of >$1Mn	90	87	-	80	-
Top Client – Cummins	14.93%	14.57%	0.25%	15.53%	4.75%
Top 5 Clients	30.05%	28.57%	2.92%	35.72%	(8.32%)
Top 10 Clients	41.57%	39.43%	3.15%	45.80%	(1.08%)
Onsite / Offshore Split					
Onsite Revenues	52.41%	53.49%	(4.14%)	54.31%	5.16%
Offshore Revenue	42.58%	43.16%	(3.47%)	45.69%	1.57%
SI#	5.01%	3.34%	46.55%	-	-
Revenue by Contract Type					
Time and Material Basis	63.72%	62.85%	(0.80%)	72.93%	(4.79%)
Fixed Price / Time Basis	31.27%	33.81%	(9.49%)	27.07%	25.91%
SI#	5.01%	3.34%	46.55%	-	-
Debtors (days)	82	83	-	87	-

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

Human Resources – Details	Q4 FY15	Q3 FY15	Q-o-Q Growth	Q4 FY14	Y-o-Y Growth
Development Team – Onsite (Avg)	1,534	1,494	-	1,366	-
Development Team - Offshore(Avg)	8,317	7,868	-	7,139	-
Onsite FTE	1,316	1,348	(2.33%)	1,231	6.90%
Offshore FTE	5,456	5,519	(1.15%)	5,064	7.73%
Total FTE	6,772	6,867	(1.38%)	6,295	7.57%
Development (at Quarter end)	10,213	9,541	-	8,583	-
Gen Management / Support (at Quarter end)	586	575	-	558	-
Marketing (Subsidiaries) (at Quarter end)	181	175	-	155	-
Total (at Quarter end)	10,980	10,291	-	9,296	-
Onsite utilization	85.80%	90.20%	-	90.12%	-
Offshore utilization	65.60%	70.15%	-	70.94%	-

SI represents the revenues for our Telematics solution

Performance Metrics for full year ended March 31st, 2015

	FY 2015	FY 2014	Y-o-Y Growth
Revenue Spread – Geography			
USA	66.82%	72.29%	2.65%
Europe	15.46%	14.18%	20.93%
Rest of World	17.71%	13.54%	44.91%
Revenue Spread – Verticals			
Automotive & Transportation	36.96%	35.26%	16.33%
Manufacturing	33.78%	39.34%	(4.69%)
Energy & Utilities	20.11%	15.21%	46.76%
Others	9.15%	10.19%	(0.39%)
Revenue Spread – by SBU*			
Integrated Enterprise Solutions	38.83%	38.82%	11.00%
Product Engineering Services	30.18%	24.73%	35.34%
SAP	21.47%	24.71%	(3.47%)
Enterprise Solutions	9.52%	11.75%	(10.04%)
Customer details			
No. of Customers Added	10	15	-
No. of Active Customers	208	198	-
Customers with run rate of >$1Mn	87	80	-
Top Client – Cummins	15.05%	16.66%	0.24%
Top 5 Clients	30.56%	37.05%	(8.44%)
Top 10 Clients	40.81%	46.07%	(1.68%)
Onsite / Offshore Split			
Onsite Revenues	53.46%	54.72%	8.44%
Offshore Revenue	42.77%	45.28%	4.82%
SI#	3.77%	-	-
Revenue by Contract Type			
Time and Material Basis	65.70%	75.42%	(3.32%)
Fixed Price / Time Basis	30.53%	24.58%	37.84%
SI#	3.77%	-	-
Debtors (days)	82	87	-

Human Resources – Details	FY 2015	FY 2014	Y-o-Y Growth
Development Team – Onsite (Avg)	1,477	1,265	-
Development Team - Offshore(Avg)	7,732	6,847	-
Onsite FTE	1,322	1,153	14.68%
Offshore FTE	5,364	4,937	8.67%
Total FTE	6,686	6,090	9.80%
Development (at Quarter end)	10,213	8,583	-
Gen Management / Support (at Quarter end)	586	558	-
Marketing (Subsidiaries) (at Quarter end)	181	155	-
Total (at Quarter end)	10,980	9,296	-
Onsite utilization	89.49%	91.11%	-
Offshore utilization	69.38%	72.10%	-

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 March 2015 : $ 38.85 Million

These hedges are maturing in FY16 and average rate for these hedges is ₹ 64.46

Balance sheet details

- The Cash Balance as at March 31, 2015 stood at ₹ 4,352.49 Million as compared to ₹ 3,921 Million as on December 31, 2014.
- Capital expenditure for the quarter stood at ₹ 167.57 Million including CWIP.
- As on March 31, 2015 our total debt was ₹ 5,027.44 Million (₹ 5,271 Million as of December 31, 2014) comprising of ₹ 1,350.83 Million of Term Loan, ₹ 899.50 Million of Working Capital Loan.

Balance Sheet Summary: As at (₹ Million)	Mar 31, 2015	Mar 31, 2014
Equity & Liabilities:		
Shareholders' Funds	12,953.85	12,736.37
Share Application Money pending allotment	7.65	14.84
Non-Current Liabilities:	1,203.15	1,533.68
Long Term Borrowings	779.85	1,300.52
Long Term Provisions	423.30	233.16
Current Liabilities:	8,536.03	7,164.10
Short term borrowings	3,677.16	3,089.34
Trade Payables	1,307.64	1,020.57
Other Current Liabilities	3,551.24	3,054.19
Total Equity & Liabilities	**22,700.69**	**21,449.00**
Assets:		
Non-Current Assets:	9,551.79	9,551.66
Fixed Assets	2,328.20	2,160.86
Goodwill on consolidation	5,087.92	5,994.10
Other Non-Current Assets	2,135.66	1,396.70
Current Assets:	13,148.90	11,897.34
Current Investments	590.38	1,741.29
Inventories	228.77	34.26
Trade Receivables	6,978.70	6,743.01
Cash & Cash equivalents	3,637.54	1,907.89
Other Current Assets	1,713.51	1,470.89
Total Assets	**22,700.69**	**21,449.00**

Conference Call Details

Conference name	:	KPIT Q4 FY2015 Conference Call
Date	:	April 29, 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.*
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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 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.

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