

October 21, 2020

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

National Stock Exchange of India Ltd.,
Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051.

Scrip ID: KPITTECH
Scrip Code: 542651

Symbol: KPITTECH
Series: EQ

Kind Attn: The Manager,
Department of Corporate Services

Kind Attn: The Manager,
Listing Department

Subject: - Investor Update - Q2 FY 2021.

Dear Sir / Madam,

Please find enclosed the investor Update - Q2 FY 2021.

Kindly take the same on your records.

Thanking you.

Yours faithfully,

For KPIT Technologies Limited
(Formerly KPIT Engineering Limited)



Nida Deshpande
Company Secretary & Compliance Officer

Encl.: - As mentioned above.

KPIT

October 21, 2020

Investor Update Q2FY21



KPIT Technologies Ltd.

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 competitive market for the type of services and solutions 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



Performance Overview

- Q2FY21

Q2FY21 Performance Overview

KPIT Q2FY21 Net Profit rises 16.1% Q-o-Q, EBITDA at 14.3% as compared to 13.4% last quarter



Net Profit for the quarter stood at ₹ 279 million as compared to ₹ 240 million last quarter



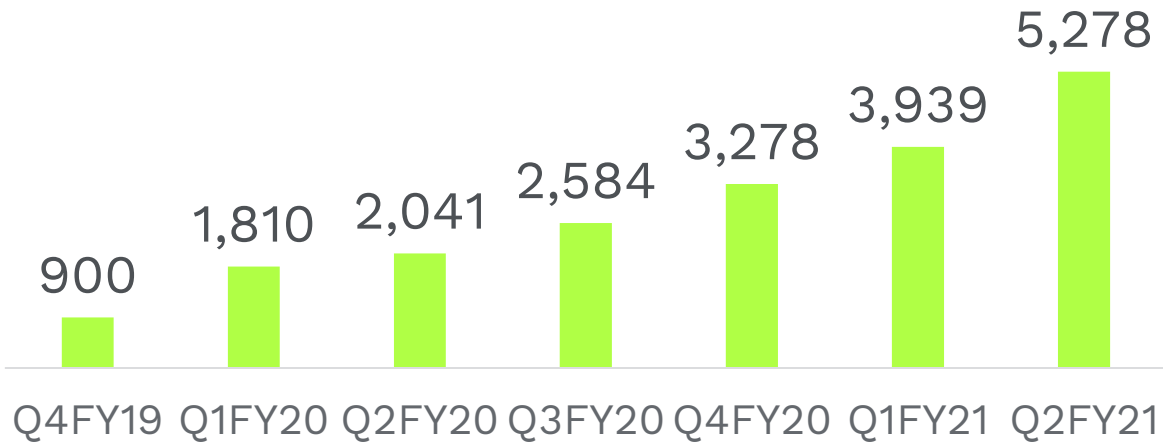
Net Cash as at the quarter end stood at ₹ 5,278 Million as compared to ₹ 3,278 at the beginning of the year



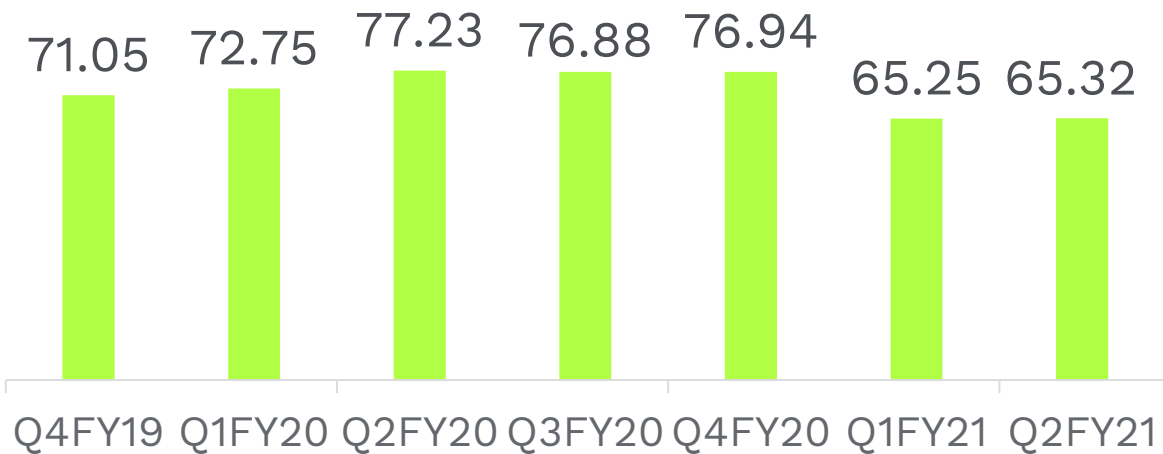
Q2FY21 reported revenue at USD 65.32, flattish over Q1FY21. Change in revenue mix, lower onsite, reflect volume growth.

Additional facts - timeseries

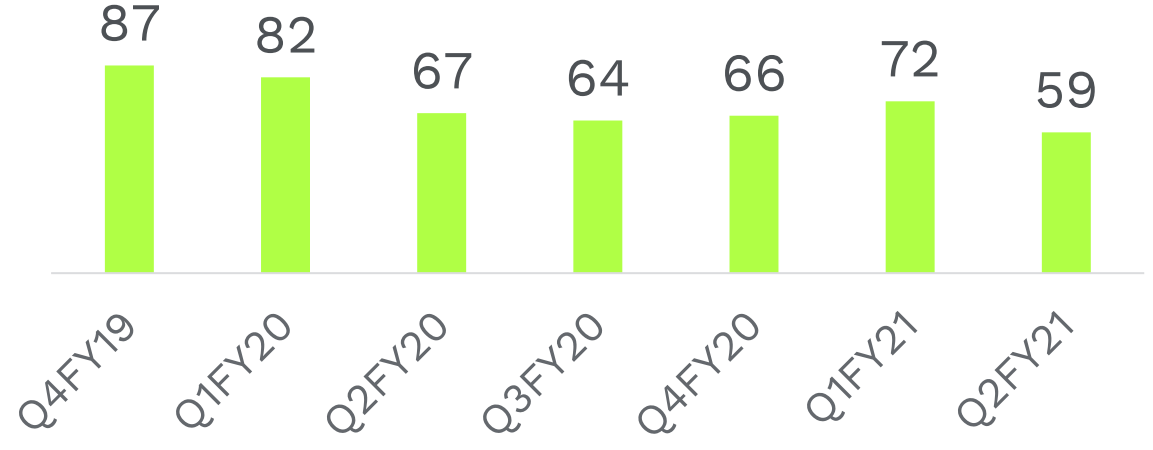
Qtr End Net Cash ₹ M



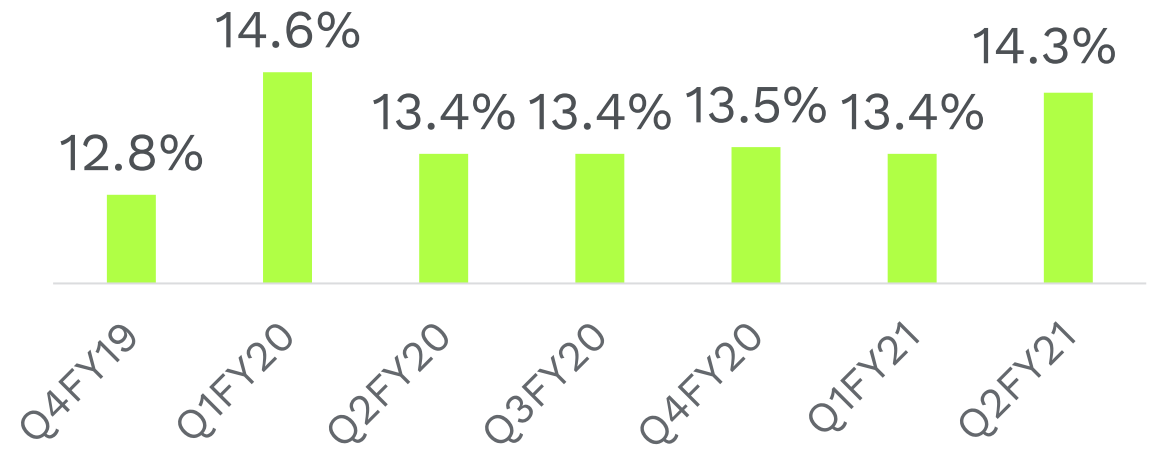
Revenue \$ M



Qtr End DSO



EBITDA %



Management Quotes

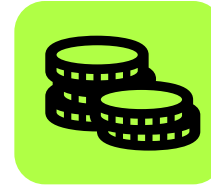
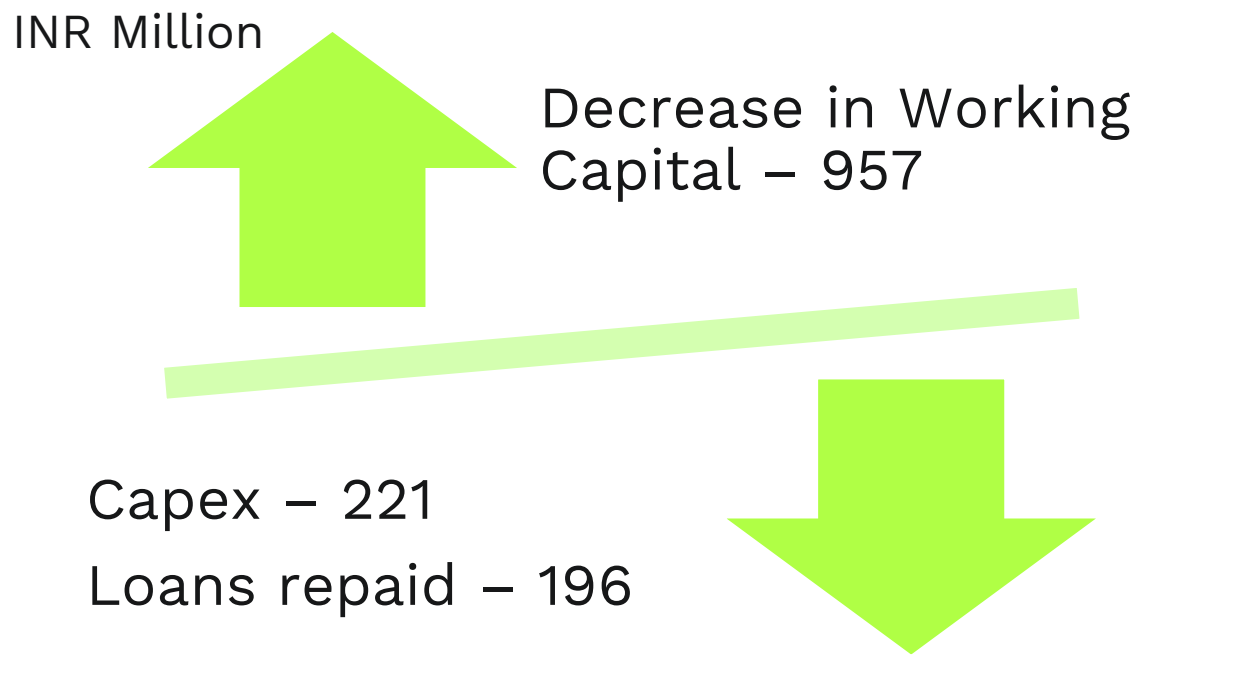


Kishor Patil, Co-founder, CEO and MD, KPIT said,” The revenue for the quarter was in line with our expectation and we delivered better on profitability. Change in revenue mix helped us grow volumes and we expect offshoring to increase for a couple of quarters. Despite rupee appreciation, we increased operating margins on the back of improved operational efficiency and productivity. We are confident of growth and further margin improvement in H2 over H1”.



Sachin Tikekar, President and Whole-time Director, KPIT said,” Our clients are witnessing a steady build up in their operations and we persist to drive zero defect delivery and uphold our commitments to them. We continue to invest in relevant practices aligned to CASE (Connected, Autonomous, Shared, Electric). Our pipeline remains strong with a few strategic deals, reiterating our position as a software integrator partner to our clients.”.

Cash Flow – Major Movement



Q-o-Q Increase in Net Cash : INR 1,339 Million

Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	2,021
In Investment Accounts (outside India)	1,705
In Operating Accounts	1,736
TOTAL	5,462

NET CASH (INR Mln)	Q2FY21	Q1FY21
Gross Cash	5,462	4,319
Long Term Debt	184	380
Short Term Debt	NIL	NIL
NET CASH	5,278	3,939

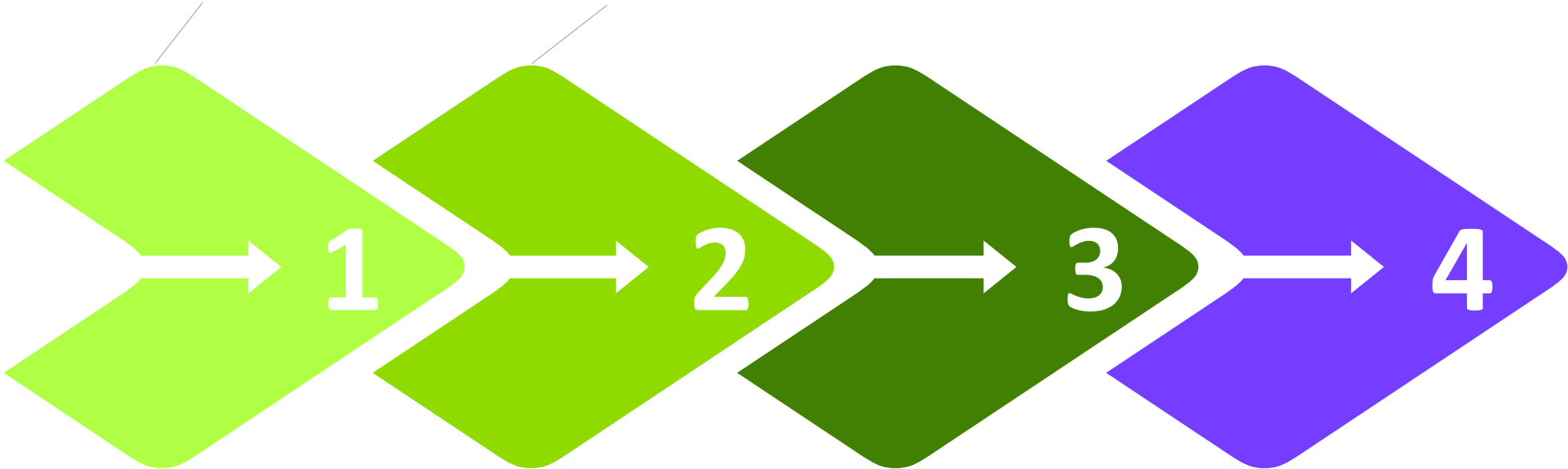
Improvement in Operations – Q2FY21

Change in revenue mix

Onsite to offshore movement enabled volume growth, albeit reduction in billed revenue

Reduction in Onsite Cost

Reduction in onsite revenues led to proportionately lower salary and sub-contracting costs



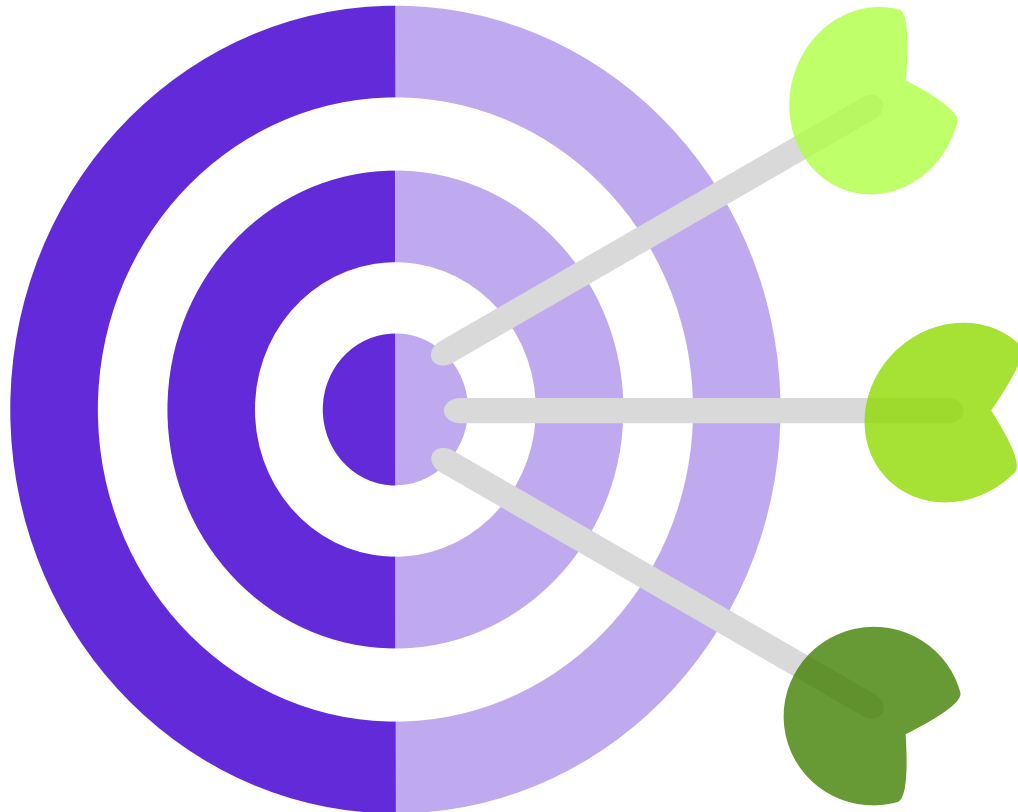
Consolidation of offices
Consolidation of a couple of offices, proportionately lower operational costs

Improvement in DSO
Extended credit period for a couple of customers got over, rigor in collections

Improved Operating Margins
Better Cash Conversion

H1 Goals and progress

H1 Goals as set end FY20 (Q4FY20 Investor Update)



Conserve Cash, Improve Liquidity

We started the year at a Net Cash Balance of ₹ 3,278 Million and are at ₹ 5,278 Million at the end of H1 FY21

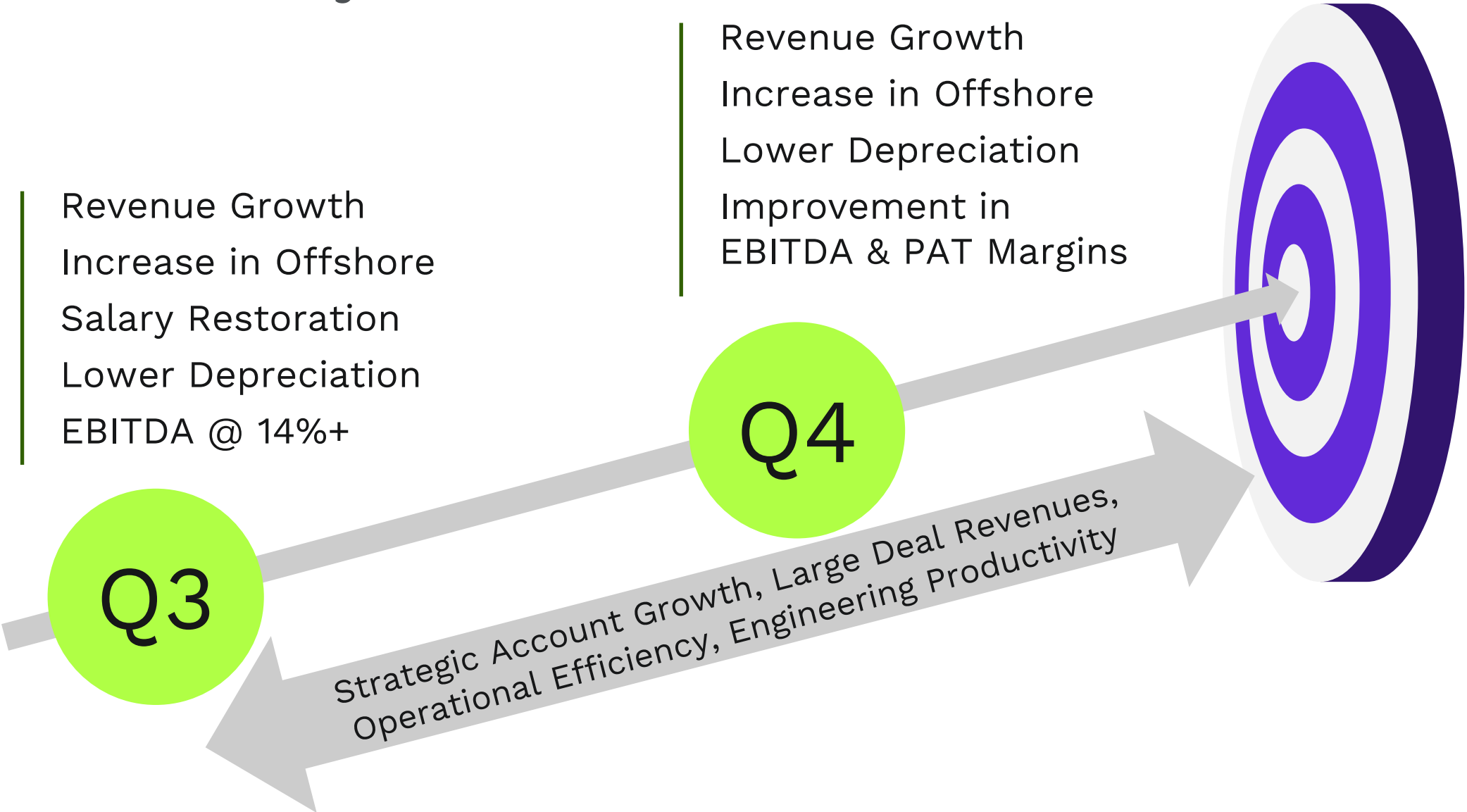
Increase share of Wallet in Strategic Accounts

We have been able to increase the share of wallet in several of our strategic accounts and maintained the same in some, despite pandemic challenges

Delivery and Operational Excellence

Consistent focus on operational excellence helped us improve operational efficiency, margins and productivity

H2FY21 - The way forward



Deal Wins

All OEM Deals, broad based across geographies



A leading American Car Manufacturer selected KPIT for a program in the autonomous driving area



A leading American Car Manufacturer selected KPIT for a program in the connected domain



A leading German Car Manufacturer selected KPIT for a program in the electric powertrain area



A leading European Car Manufacturer selected KPIT for a program in the in-vehicle networking area



A leading Asian Car Manufacturer selected KPIT for a program in the connected domain



Updates

Thought Leadership Updates



Mr. Ravi Pandit accepted the Chairmanship of Research Council, Central Electronics Engineering Research Institute (CEERI)

CEERI is based in Pilani. Council of Scientific and Industrial Research (CSIR) is India's highest body for Scientific and Industrial Research. CSIR employs over 4,600 scientists, runs 41 labs & 80 field centers. With a view to make these labs directly connected with industry, they have Research Councils.



KPIT contributes as a technology partner to develop India's first indigenous Hydrogen Fuel Cell technology for vehicles in partnership with CSIR

KPIT, in partnership with CSIR, successfully ran trials of India's first indigenously developed Hydrogen Fuel Cell prototype. Being a Technology company, KPIT will act as a technology and innovation partner and will partner with its clients to bring this technology on the road.

Other Updates



Mr. Kishor Patil interviewed by Autocar Professional

Mr. Kishor Patil was interviewed by Mr. Sumantra B Barooah, Executive Editor, Autocar Professional. Kishor spoke about KPIT and its focus on Autonomous Driving, Vehicle Electrification and Connected Vehicles. He also spoke about the trends in electrification & types of autonomous vehicle technologies suitable for India



CATEGORY-7 EXEMPLARY INNOVATION

Award Winner-(irrespective of the turnover of the company)

KPIT TECHNOLOGIES LIMITED

Name of the Project- KPIT SPARKLE

Location- PAN- INDIA

Brief: KPIT Sparkle is an innovative platform that connects budding entrepreneurs to the incubation ecosystem to converge on the final objective of bringing innovative solutions to the common man. It is a platform to address challenges around innovation in India and around the globe. The project supports, nurtures and mentors students within STEM with a focus on areas of Mobility and Energy.



Mr.Tushar Juvekar
Head – CSR KPIT Technologies



Mr.Kedar Sapre
Head – Marketing, KPIT Sparkle



KPIT wins 18th FICCI CSR Award under Exemplary Innovation for KPIT Sparkle

FICCI Corporate Social Responsibility Awards – India's first CSR award was instituted in 1999 by FICCI. KPIT was awarded under Category 7- Exemplary Innovation (irrespective of the turnover of the company) for its annual flagship initiative **KPIT Sparkle**



Financial and Operational Data

- Snapshot

Profit & Loss Account Snapshot

INR MN

DETAILS	Q2FY21	Q1FY21	Q2FY20
Revenue from Operations	4,854.59	4,927.10	5,440.98
Other Income	24.52	25.17	90.03
Total Income	4,879.11	4,952.27	5,531.01
Operating Expenses	4,158.04	4,283.19	4,714.31
EBITDA	696.55	662.37	726.67
Depreciation	354.90	330.03	265.08
EBIT	341.65	332.34	461.59
Finance Costs	43.70	49.31	59.31
Change in FMV of Investments	0.68	3.21	(63.53)
Profit Before Exceptional Items	323.15	292.95	428.78
Exceptional items	32.04	-	24.92
PBT	355.19	292.95	453.70
Tax	83.66	50.70	86.40
PAT	271.53	242.25	367.30
Profit Attributable to owners of company	278.88	240.17	359.12
Profit Attributable to non-controlling interest	(7.35)	2.08	8.18

Balance Sheet Snapshot

INR MN

ASSETS	Q2FY21	Q1FY21
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	2,086.65	2,095.86
Right-of-use Assets	2,668.92	2,977.66
Other Tangible Assets	78.82	83.28
Goodwill & Other Intangibles	1,508.28	1,652.68
Other Non-Current Assets	860.98	987.39
TOTAL NON-CURRENT	7,203.65	7,796.87
<u>CURRENT ASSETS</u>		
Inventories	45.05	76.25
Cash and Cash Equivalents	5,462.39	4,318.57
Trade Receivables	3,207.61	4,345.75
Other Current Assets	1,784.94	1,969.97
TOTAL CURRENT	10,499.99	10,710.54
TOTAL ASSETS	17,703.64	18,507.41

EQUITY & LIABILITIES	Q2FY21	Q1FY21
Equity Share Capital	2,689.63	2,689.02
Other Equity	8,275.81	7,930.92
Equity attributable to owners	10,965.44	10,619.94
Non-controlling interests	13.92	21.03
TOTAL EQUITY	10,979.36	10,640.97
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	2,022.30	2,356.68
Other Non-Current Liabilities	97.63	159.76
TOTAL NON-CURRENT	2,119.93	2,516.44
<u>CURRENT LIABILITIES</u>		
Borrowings	184.20	380.08
Trade Payables	958.38	902.14
Lease Liabilities	403.36	461.45
Others	3,058.41	3,606.33
TOTAL CURRENT	4,604.35	5,350.0
TOTAL EQUITY AND LIABILITIES	17,703.64	18,507.41

Revenue Break-up

USD MN

Geography	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
US	27.30	27.45	34.19	(0.6)%	(20.1)%
Europe	26.67	25.74	27.55	3.6%	(3.2)%
Asia	11.34	12.06	15.49	(5.9)%	(26.8)%
TOTAL	65.32	65.25	77.23	0.1%	(15.4)%
Verticals	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
Passenger Cars	50.63	50.76	58.58	(0.3)%	(13.6)%
Commercial Vehicles	14.05	13.55	17.16	3.7%	(18.1)%
New Mobility	0.33	0.61	0.78	(45.1)%	(57.5)%
Others	0.31	0.33	0.71	(8.9)%	(56.9)%
TOTAL	65.32	65.25	77.23	0.1%	(15.4)%
Practices	Q2FY21	Q1FY20	Q2FY20	Q-o-Q	Y-o-Y
Powertrain	24.18	23.92	28.64	1.1%	(15.6)%
AD-ADAS	16.38	14.37	15.29	14.0%	7.1%
Connected Vehicle	7.32	8.24	9.88	(11.1)%	(25.9)%
Others	17.44	18.72	23.42	(6.8)%	(25.5)%

P&L Metrics

	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	52.0%	48.2%	54.4%	7.9%	(19.1)%
Fixed Price Basis	48.0%	51.8%	45.6%	(7.2)%	(11.0)%
Customers					
Strategic Customer Revenue (T21)*	86.1%	86.0%	82.8%	0.2%	(12.06)%
Active Customers	55	55	55		

Revenue per Devp. Employee USD	42,602	41,394	45,647
EBITDA Margin	14.3%	13.4%	13.4%
EBIT Margin	7.0%	6.7%	8.5%
PAT Margin	5.7%	4.9%	6.6%
Effective Tax Rate	23.6%	17.3%	19.0%
EPS (Basic)	1.04	0.89	1.34
EPS (Diluted)	1.03	0.89	1.33

Currency wise revenues, Hedging Details

Currency wise revenue	Q2FY21	Q1FY21	Q2FY20
USD	43.9%	43.1%	45.8%
EUR	34.5%	34.8%	28.1%
GBP	4.5%	4.2%	7.3%
JPY	8.0%	9.4%	11.0%
INR	5.8%	5.3%	5.1%
Others	3.4%	3.2%	2.9%

Realized Rate	Q2FY21	Q1FY21	Q2FY20
INR/USD	74.32	75.51	70.45

Hedge Details	Q2FY21
Hedge Rates	
USD/INR	76.01
EUR/INR	87.36
GBP/INR	96.53
Hedge Amounts(Mn)	
USD/INR	16.55
EUR/INR	5.60
GBP/INR	3.00

Headcount Data

Period End Headcount	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
Development	6,133	6,305	6,768	-	-
Enabling & Sales	497	501	527	-	-
Total	6,630	6,806	7,295	-	-



Contact us

- [Contact](#)

Conference Call Details

Conference name	: KPIT Technologies Q2 FY2021 Post Earnings Conference Call
Date	: Thursday October 22, 2020
Time	: 1600 Hrs.
Participants	: Mr. Kishor Patil, Co-founder, CEO & MD Mr. Sachin Tikekar, President & Board Member Mrs. Priya Hardikar, SVP & Head of Finance Mr. Sunil Phansalkar, Head-IR
Dial-in Numbers for all participants	
Primary number	: +91 22 6280 1116
Local Access	: +91 22 7115 8017
International Numbers	: USA - 1 866 746 2133 UK - 0 808 101 1573 Singapore - 800 101 2045 Hongkong - 800 964 448

About KPIT Technologies

KPIT (BSE: 542651; NSE: KPITTECH), KPIT is a global technology company with software solutions that will help mobility leapfrog towards autonomous, clean, smart and connected future. With 6,000+ Automobelievers across the globe, specializing in embedded software, AI & Digital solutions, KPIT enables customers accelerate implementation of next generation mobility technologies. With development centers in Europe, USA, Japan, China, Thailand and India – KPIT works with leaders in mobility and is present where the ecosystem is transforming. 23

For more information, visit <http://www.kpit.com>

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For Investor Queries



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Thank You