

KPIT First Quarter Results FY 2017

KPIT Q1FY17 PAT grows 30% Y-o-Y

Q1FY17 Revenues grow 1.23% Y-o-Y in USD terms

Q1FY17 Revenues at USD 119.78 million

Investor Release BSE: 532400 | NSE: KPIT

Pune, July 20, 2016: KPIT (BSE: 532400; NSE: KPIT), a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy and Utilities companies, today reported its consolidated financial results for the first quarter ended June 30, 2016.

Highlights for the quarter ended June 30, 2016

- In ₹ terms, revenue grew by 5.78% Y-o-Y to ₹8,032 million
- \$ revenue declined by 3.52% Q-o-Q
- EBITDA margins for the quarter at 10.66%, wage hikes impact of ~ 250 bps during the quarter
- PAT for the quarter stood at ₹550 million, a Q-o-Q decline of 41%

Management comments

Commenting on the performance of Q1 FY17, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said, "The current quarter results are in line with our communication earlier. In the changing world of IT where investments are directed more towards new technologies and are based on critical customer needs, we are getting ready with our investments in Digital Technologies, IoT, Industry Specific Solutions and Account Management."

Kishor Patil, Co-founder, CEO & MD, KPIT said, "The revenue decline in the current quarter coupled with the wage hikes, has affected the profitability during the quarter. The revenue decline is a result of reduction in IT spend by some of our customers. Given this context, while we continue to maintain our wallet share, we are working on new technology and business domains to further our partnership with these customers. We remain committed to increasing the operating profitability as the year progresses and are working towards the same."

Corporate Update

As we had mentioned in our previous communications, the main focus during FY17 would be to focus on growth investments. We had also mentioned that the first two quarters of the year will remain flattish from revenue growth perspective and some growth would be visible during second half of the year. However due to certain market factors and client specific issues, we faced setbacks on the revenue growth assumptions during the first quarter of the year. There is slowdown in global manufacturing and energy market and this has been affecting the business and revenues of our customers in these markets. With reduction in their revenues and profits, they have been consequently reducing their IT spends mainly in the area of ERPs, which still constitutes a good portion of our IT services. On the other side, we are garnering good traction in cloud based offerings in this space. Another area where we are observing good momentum is digital transformation and our investments here have started to yield results.

AUTOMOTIVE AND TRANSPORTATION

- Automotive vertical contributed 38.6% of total revenue for the quarter, registering a Q-o-Q decline of 5.7% mainly due to higher milestones billed in the earlier quarter. If we consider both the quarters simultaneously over the earlier two quarters the PES growth has been 20% annualized.
- Globally, automotive industry has been pretty stable despite volatility in the economic and sales outlook. The worldwide car sales in May 2016 grew by 4% over the same period in 2015 with Western Europe and China leading the way.
- The car is becoming more electronic with significant investments in powertrain, infotainment, ADAS and other safety features. With shift in customer preferences and mobility needs, auto companies are looking at new value propositions to explore the market for fit-for-purpose mobility solutions. With growth in digitization, automation and connectivity requirements there is a subsequent rise in software content in the vehicles.
- In alignment with the industry trends we are enhancing our practice capabilities in the major traction areas so that we remain the first port of call for embedded electronics by the automotive customers.
- We are also focusing on revenue growth in the existing accounts through sharpened practice focus, cross selling opportunities, tapping new geographies and offering IT+ Engineering integrated solutions.

MANUFACTURING

- Manufacturing vertical contributed 37.5% of total revenue for the quarter depicting a sequential growth of 2.2%.
- We work in industrials and consumer electronics, hi-tech and Life sciences in the manufacturing industry. Most of our customers confirm to core characteristics viz. they are largely in discreet manufacturing and they sell products which have intelligence in them. Therefore, our ability of engineering plus business IT presents a special advantage to the customers.
- Considering the manufacturing industry globally is under cost pressure, our customers are looking for faster, leaner and less expensive solutions in their operations.
- Our solutions for the manufacturing vertical cover the entire range of requirements from product design, manufacturing processes, supply chain management, after market and customer experience. We are developing the roadmap for integrated offering leveraging our capabilities in Predictive analytics, Manufacturing Execution Systems, Connectivity and IoT based solutions. We have developed our offerings competency around Industrial IoT. We are proposing solutions to our customers leveraging DT SBUs Big Data and BI Analytics initiatives. We have offerings in the area of supply chain solutions with ERP systems, shop floor to top floor integration and customer experience management solutions.
- In Hi-Tech we are largely focusing on offering IT transformation, cloud, mobility, Big Data & Analytics and product engineering solutions. Amongst the industry sub-segments, we are largely catering to consumer

equipment and OEMs. We are leading with our Digital Transformation SBU and PES SBU capabilities. We are also consolidating SAP SBU's Hi-Tech industry offering like Hi-Tech Edge etc.

- With increasing M&A activities we are witnessing consolidation of ERPs mainly in SAP. There is also growing consolidation of PLM solutions in medical device customers. There is higher adoption of cloud based solutions in regulatory compliance sensitive areas like serialization, track & trace, Unique Device ID (UDI), Global Trade Management (GTM) and PLM.

UTILITIES

- Utilities vertical contributed 4.4% of the total revenue for the quarter depicting a sequential decline of 11.8%.
- One large project for a utility company in SAP in US geography ended last quarter contributing largely to the decline in Utilities vertical
- In utilities changing business needs are driving the IT focused investments. With large number of connected devices there is a vast amount of data being generated and it is leading to more emphasis on predictive technologies. We are leveraging our HANA capabilities in this space. Our UtilitiesEDGE Customer Relationship & Billing (CR&B) solution is helping mid-size utilities to streamline their entire customer call to cash collection life cycle.
- Utilities are experiencing a bigger challenge in terms of aging workforce and short supply of skilled labor. Through SuccessFactors and other work management solutions we are enabling utilities to manage better their skilled labour, contractors and workforce forecasting.
- We see major traction in the areas of Utilities IT/OT convergence, Digital Transformation, SAP HANA, Oracle offerings, Business Focus, CRM, BI and CR&B

ENERGY & RESOURCES

- Energy vertical contributed 11.7% of the total revenue for the quarter depicting a sequential decline of 15.3%.
- The market conditions for Oil & Gas (O&G) companies continue to be gloomy with pressure on their business operations. The customer is under pressure to reduce costs and increase realization. Thus, O&G companies are exploring new technologies to innovate, minimize costs and contribute towards achieving a lower emissions environment. They are investing in digital technologies, data and analytics capabilities and leveraging cloud platform to add more value to the organization.
- We are working with companies to reduce their overall operating costs by optimizing overall delivery model, vendor consolidation and improve productivity by leveraging offshore and outsourcing. There is higher traction around initiatives in areas of digital transformation, IoT and data analytics capabilities. We are devising outcome based models for addressing business concerns and working on automation process to improve productivity and thus reduce cost. In digital transformation, we have developed IoT solutions which have a direct impact on the business operations to make them lean, productive and cost efficient.

GEOGRAPHY UPDATE

- During the quarter we witnessed a sequential growth of 3.4% in the APAC geography, whereas there was a decline of 6.47% and 2.64% in US and Europe geographies respectively.
- On a Y-o-Y basis, US grew by 2.49%, Europe grew by 16.03% and APAC grew by 10.05%.
- We had a cut in the IT spend by some of our customers and included in the same were revenues from our largest customer which is serviced mainly through the US geography. We also completed a large deal in the utilities vertical in SAP for a US geography customer. Some of our large energy customers are also based out of the US, where we had some decline in the revenues during the quarter. These contributed mainly to the decline in revenues from US.
- In Europe for a couple of automotive accounts we had additional milestones built in the last quarter and the same were lower during the quarter, resulting in a decline the overall revenues for the geography.
- In APAC there was good growth in India and South East Asia in the utilities and manufacturing verticals

- US continues to be the largest geography for us and we have made most of our IBU investments in the US geography. With maximum number of enterprise customers, we are focusing on account management and newer technology offerings in the US market. We have developed industry specific solutions with focus on operational cost reduction and productivity improvement for our energy customers in the US.
- Europe is going through transition due to the macro economic environment. We continue to focus on automotive and manufacturing verticals in Europe and see good traction in the areas of embedded software, IMS and digital technologies in Europe. In the medium term we expect Europe customers to look at more outsourcing and hence believe in the growth opportunities in the European market within our focus verticals.
- APAC has been one of the fastest growing geographies for us in the last 2 years and we expect the growth momentum to continue in this geography. We see good traction for the P&P business and especially ITS in South East Asia. India is an important geography for us. We have added large enterprise customers in India as well as APAC. There is good growth traction in the automotive offerings like ADAS, infotainment, telematics, safety and powertrain in Japan and India. The profitability of the operations in this region is also comparable to the profitability in the other geographies.

SBU Update

PRODUCT ENGINEERING SERVICES (PES)

PES SBU contributed 29.4% of the total revenue for the quarter, depicting a sequential decline of 6.6%. If we consider the current and last quarter simultaneously over the earlier two quarters the PES growth has been 20% annualized. Almost 40% of the decline in the revenues of PES during the quarter was contributed by the top customer. In a couple of cases the fixed price milestones billed in the last quarter were higher than those billed during the quarter. The decline in PES SBU revenues will be limited to this quarter and we will be back to growth in Q2FY17 in PES.

- In PES SBU we are witnessing traction in ADAS, Infotainment & Clusters, Powertrain & AUTOSAR practices.
- In view of the deal wins and future growth opportunities we are making investments to enhance our capabilities and strengthen our go-to-market solutions in ADAS, Powertrain, Infotainment and MEDS. We are also incubating new technologies to remain the first port of call for embedded electronics in automotive.

PRODUCTS & PLATFORMS (P&P) SBU

P&P SBU contributed 2.2% to the total revenue for the quarter and it declined by 45.6%. Our ITS revenues were lower during the quarter. Since majority of the dispatches were made in the last week of the quarter we were not able to recognize the corresponding revenue for these kits during the quarter. We will see growth in ITS in Q2FY17.

- In P&P SBU we continue to see traction across diagnostics, defence and ITS related opportunities.
- Our ITS project for Pune Smart City was launched by Prime Minister, Mr. Narendra Modi on June 25th, 2016.
- We are working on a Traffic mapping initiative for smart cities with a leading smart city that will help our ITS offerings see better traction in future. We are looking into Vehicle diagnostics for Public transport as an extension of our diagnostics capabilities in smart cities.

THOUGHT LEADERSHIP

- KPIT's electrification technology 'REVOLO' for buses won **Promising Transport Innovation Award** at prestigious International Transport Forum (ITF) 2016 Summit in Leipzig, Germany.
- KPIT moderated a round table at the event on 25th April 2016 to discuss 'How can we drive standardization in HMI implementation - to improve reusability & reduce cost' at the Car HMI USA Event dated April 25-26, 2016, Detroit, US.
- KPIT was invited in IBM's Continuous engineering for the internet of things event at Dearborn, MI on April 19th. David Risler, Application Lifecycle Management (ALM) Solutions Architect represented KPIT and spoke on 'Applying IBM Continuous Engineering for World's First Complete AUTOSAR R4.0.3. by KPIT Technologies Ltd'.

- KPIT in collaboration with a leading multinational automotive company, participated at the Capability Counts 2016 (CMMI Conference), May 10th-11th 2016 at Maryland, US. Sripathy Ramachandran, Practice Lead & Principal Consultant (Functional Safety & Automotive SPICE) spoke on the topic 'Setting up a Compliance and Risk Management Office'.
- KPIT was invited to speak at the 2nd Smart cities India 2016 expo, May 13th 2016 at New Delhi. Mohit Kochar, Head - Global Marketing and Corporate Affairs represented KPIT and spoke on the session "Public Transport: Shaping the future of cities."

SAP SBU

SAP SBU contributed 24% of the total revenue for the quarter depicting a sequential growth of 2%.

In this SBU, currently, annuity revenues contribute 30% of the total SBU revenues while on-premise and digital revenue share is 45% and 25% respectively.

- With SAP continuing to strengthen its position as the cloud and platform innovator for business software, we are experiencing good traction in SuccessFactors, Hybris, C4C, Cloud and HANA Solutions besides recognition for our M&A Solutions.
- With market research firm IDC recognizing KPIT as a leader in HANA for the second year in a row, coupled with greater adoption of HANA enabled solutions, we have structured our HANA GoToMarket along with major solution offerings like S/4 HANA - Net New & Migrations, S/4HANA Central Finance for shared financial services, Enterprise Data Warehouse solutions and IoT, Big Data & Analytics offerings with expanding capabilities globally.
- Our HANA Assessment and Road Mapping includes not just the technical dimensions but also integrates our unique Value Harvesting approach and IP that leads to true value realization and business process reengineering. In SAP we are also establishing and strengthening partnerships with industry leaders in our focus areas.

THOUGHT LEADERSHIP

- SAP hosted Sapphire 2016 in May and at the KPIT stall, we saw huge interest from customers and prospects looking to disrupt their businesses and industries through technology.

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

IES SBU contributed 35.8% of the total revenue for the quarter depicting a sequential decline of 3.6%.

In this SBU, currently, annuity revenues contribute 48% of the total SBU revenues while on-premise and digital revenue share is 41% and 11% respectively.

ORACLE

- In Oracle we see major traction for cloud ERPs, transportation and logistics management, AMS around JDE, EBS upgrade and surround applications. We have also started building the GST framework for Infor products along with Infor.
- Oracle has aligned its Go-to-market around cloud and prefers to work with partners who can offer IAAS, PAAS & SAAS on cloud and hybrid mode around industry specific solutions. We have created 'path to cloud' and IT modernization solution and delivered successfully to a few customers. We are also working with IMS team to build effective solutions.
- In asset management, there is momentum using IoT, Mobility and wearables. We have jointly developed an IoT Orchestrator with Oracle and successfully delivered the first project globally. We have built connectors and

currently running POCs for asset management. We have also built solutions around Oracle Real Time Service Execution and won an award from Oracle for the same.

- We are focusing on enhancing customer experience, supplier experience and employee experience through our focused solutions and services. We have built automation tools around SMART AMS.
- Our I2D cloud based platform will cater to complete life cycle of upgrade and can be leveraged for implementation, roll outs and maintenance phases in future.

EPLM

- Product complexity, increasing regulations and globalization of engineering-manufacturing functions, is driving Product companies to re-look at their approach across the product life cycle. This has led to initiatives such as integrating ALM & PLM systems, PLM & MES systems, further extending to Service Life cycle systems (SLM). Major PLM technology vendors are launching 'integrated' platforms in this respect. Material compliance also continues to be a major area of spend to the companies operating in the regulated industry space.
- We are positioning ourselves under one ePLM umbrella by unifying our strengths of industry specific business processes, engineering thought leadership & IT technology, and extending our offerings across the life cycle. There is good traction for Software Engineering Process transformation for automotive & medical devices industry, PLM-ERP integrations, material compliance management, data migrations and SLM.
- In ePLM currently our annuity revenues contribute more than 35% of the total SBU revenues while for digital revenues we expect it to reach 10%-15% of our SBU revenue by the end of this fiscal.

IMS

- In IMS there is strong traction around digitization, IoT, Cloud and platform transformation. Security is coming along as well with these traction areas and we have seen the demand being stronger from the EU region. Customers are talking our language on application and infrastructure integrated solutions.
- Under digital space our solutions now cater to the market demands, as well as, give a transformation outlook. Complete portfolio of tools has also been aligned for cloud transformation. We are continuously expanding our offerings portfolio on the platform services and have IaaS, PaaS as well as SaaS offerings available to customers with flexible billing models. We are offering Application and infrastructure managed services (AIMS) to enable integrated service delivery and it is ready for market penetration.
- In IMS currently our annuity revenues contribute more than 85% of the total SBU revenues, while digital revenue share is edging towards 5% and this is set to grow exponentially.

DIGITAL TRANSFORMATION (DT) SBU

DT SBU contributed 8.6% of the total revenue for the quarter depicting a sequential growth of 0.9%.

In this SBU annuity revenues contribute 35% of the total SBU revenues while digital revenue share is 60%.

- Digital transformation is no longer focused only on technology but includes people and processes to drive innovation. In analytics, machine learning and predictive analytics is being adopted for operational efficiencies for IoT and enterprise analytics.
- We have developed embedded diagnostics platform with data science for fault detection and prognostics. We have released enhanced supply chain reformation platform for integrated supplier analytics and material rationalization.
- In IoT space we see traction across verticals like grid monitoring, distribution and production in E&U, Asset tracking, medical device tracking, connected car & services for enhanced customer experience. We also good momentum across predictive analytics, warranty cost management and content management.
- We have jointly developed go-to-market offerings with Oracle on IoT platform, Siemens and GE Digital Platform with used cases for asset management.

Our overall digital revenues are 20% of the Business IT revenues of the company.

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

Technology Update

- During this quarter we have filed one provisional patent in automotive domain. The total number of patents filed as on June quarter end 2016 stood at 54 including 48 patents with complete specifications.
- We were also granted one patent in Q1FY17 with detail mentioned below:

Patent Number	Patent Title	Country	Domain
CH 201280044057.0	A system and method for determining state of charge of a battery	China	Battery Management System

Recognitions and Thought Leadership

- KPIT was featured in the '**Thomson Reuters Top 50 Indian Innovators**' list for the year 2015. KPIT received this recognition for its commitment to preserve and promote a culture of innovation in India.

Customer Highlights

- KPIT was selected by leading global OEMs/ Tier1s in the domains of Body & Chassis, Powertrain and Infotainment & Clusters owing significantly to our domain experience and delivery readiness. KPIT will be providing support to their engineering design and development activities as well as provide software validation.
- A leading global manufacturer selected KPIT for a major EBS upgrade.
- KPIT was selected by a leading US based defense supplier for a major PLM support project.
- A leading US based manufacturer selected KPIT for HANA EDW SOW.
- A leading pharmaceutical company based in India selected KPIT for an engagement in the area of Supply Chain cloud.

Financial Update

REVENUE UPDATE

Q1 FY17

Our \$ revenue for the quarter stood at \$ 119.78 Million, a Y-o-Y growth of 1.2% and Q-o-Q decline of 3.5%. In ₹ terms revenue grew by 5.8% on Y-o-Y basis to ₹ 8,032.36 Million. On a sequential basis revenue declined by 4.5%.

Amongst geographies, APAC grew by 4.4% on a Q-o-Q basis while US and Europe declined by 5.5% and 1.7% respectively.

In terms of industry verticals, manufacturing grew by 3.3% on a Q-o-Q basis while Automotive & transportation and Energy & Utilities declined by 4.8% and 13.5% respectively.

Amongst SBUs, SAP was the highest growing SBU with Q-o-Q growth of 3% and DT SBU grew by 1.9%. IES declined by 2.6%, PES SBU declined by 5.7% and Products & Platform declined by 45%.

On a Q-o-Q basis our top customer declined by 11.4%. However the top 2-4 customers grew significantly by 15.1% and the top 2-10 customers grew by 4.8%.

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

PROFITABILITY

EBITDA Margins for the quarter stood at 10.66%. We gave wage hikes to our employees during the quarter, effective April 01, 2016. Further there was a revenue decline of 3.5% sequentially. Since it takes a little bit of time to adjust the cost structure in line with the revenues, almost all of the revenue decline resulted in a consequent decline in the profits. We have added close to 30 account managers during the last 4 months which also resulted in higher costs for the quarter. Thus as a result of the above points the net profit for the quarter declined by 41% sequentially

As we could demonstrate in FY16, we are committed to improving the profitability as the year progresses and are confident of improved profitability quarter on quarter.

The realized rate for the quarter was ₹ 67.06/\$ against ₹ 67.74/\$ in Q4FY16. Thus there was a negative impact of around 25 bps on the EBITDA margins due to the overall appreciation of the ₹.

CASH FLOW

Details	₹ Million
Cash Profit for Q1FY17	738
Working Capital Adjustments	(1,270)
Cash Generated from Operations	(532)
Fixed Assets + ESOPs	(398)
Dividend	(252)
Balance Cash Flow	(1,182)
Debt Availed	1,178
Investment payouts	(48)
Total Increase/(Decrease) in cash balance	(52)

- The Cash Balance as at June 30, 2016 stood at ₹ 3,953.89 Million as compared to ₹ 4,006 Million as on March 31, 2016. During the quarter we paid interim dividend of ₹ 262 Million and repaid term loan to the tune of ₹ 167 Million. Variable performance incentive totaling around ₹ 600 Million was paid during the quarter.
- The DSO as at the quarter end were higher by 7 days as compared to the last quarter, though absolute debtors level was almost the same.
- As on June 30, 2016 our total debt stood at ₹ 3,689 Million (₹ 2,505 Million as of March 31, 2016) comprising of ₹ 1,879.60 Million of Term Loan and ₹ 1,809.40 Million of Working Capital Loan.
- Thus the Net Cash Balance as at June 30, 2016 stood at ₹ 264.89 Million

Income statement for quarter ended June 30th, 2016

₹ million	Q1 FY17	Q4 FY16	Q-o-Q Growth	Q1 FY16	Y-o-Y Growth
Sales	8,032.36	8,409.93	(4.49%)	7,593.15	5.78%
Employee Benefit Expenses	5,065.32	4,787.15	5.81%	4,784.85	5.86%
Cost of materials consumed	22.33	29.33	(23.86%)	53.15	(57.99%)
Depreciation & Amortization Expenses	187.73	179.56	4.55%	163.90	14.54%
Other Expenses	1,064.02	1,258.41	(15.45%)	1,099.42	(3.22%)
Professional fees Subcontractor	1,024.57	1,012.45	1.20%	944.44	8.48%
Total Expenses	7,363.97	7,266.90	1.34%	7,045.76	4.52%
Profit before Other Income, Finance costs & Exceptional Item	668.39	1,143.03	(41.52%)	547.39	22.11%
Other Income	115.67	64.00	80.74%	99.58	16.15%
Profit before Finance costs & exceptional Items	784.06	1,207.03	(35.04%)	646.97	21.19%
Finance costs	56.36	25.61	120.04%	51.33	9.80%
Profit after Finance costs & before exceptional Items	727.70	1,181.42	(38.40%)	595.64	22.17%
Exceptional Items	-	112.98	-	-	-
Profit Before Tax	727.70	1,068.44	(31.89%)	595.64	22.17%
Tax Expenses	177.16	131.63	34.58%	172.49	2.71%
Net Profit from ordinary activities after Tax	550.54	936.81	(41.23%)	423.15	30.11%
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	550.54	936.81	(41.23%)	423.15	30.11%
Share of profit from associate	-	-	-	-	-
Minority Interest	-	-	-	-	-
PAT	550.54	936.79	(41.23%)	423.15	30.11%
Other Comprehensive Income	59.69	72.51	-	341.64	-
Total Comprehensive income for the period	610.23	1,009.32	(39.54%)	764.79	(20.21%)
Paid up Capital	375.82	375.65	-	376.48	-
EPS (₹ 2/-Face Value each)					
- Basic	2.87	4.89	(41.27%)	2.22	29.53%
- Fully Diluted	2.75	4.68	(41.31%)	2.11	29.87%
Common Size Analysis:					
Gross Profit Margin	28.90%	35.29%	(6.38%)	28.18%	0.73%
SG&A / Revenue	18.25%	19.13%	(0.88%)	18.71%	(0.46%)
EBITDA Margin	10.66%	16.16%	(5.50%)	9.47%	1.19%
Net Profit Margin	6.85%	11.14%	(4.29%)	5.57%	1.28%

Performance Metrics for quarter ended June 30th, 2016

	Q1 FY17	Q4 FY16	Q-o-Q Growth	Q1 FY16	Y-o-Y Growth
Revenue Spread – Geography					
USA	67.48%	68.91%	(6.47%)	69.65%	2.49%
Europe	18.39%	18.04%	(2.64%)	16.76%	16.03%
Rest of World	14.13%	13.06%	3.40%	13.59%	10.05%
Revenue Spread – Verticals					
Automotive & Transportation	38.59%	39.10%	(5.73%)	36.77%	11.01%
Manufacturing	37.49%	35.02%	2.24%	37.25%	6.46%
Energy & Utilities	16.12%	17.98%	(14.36%)	18.68%	(8.72%)
Others	7.81%	7.91%	(5.72%)	7.30%	13.17%
Revenue Spread – by SBU*					
Integrated Enterprise Solutions	35.83%	35.49%	(3.58%)	38.88%	(2.50%)
Product Engineering Services	29.36%	30.02%	(6.62%)	27.41%	13.31%
Products & Platforms	2.17%	3.82%	(45.64%)	2.77%	(17.20%)
SAP	24.02%	22.50%	1.95%	21.07%	20.57%
Digital Transformation [^]	8.62%	8.17%	0.85%	9.87%	(7.59%)
Customer details					
No. of Customers Added	2	3	-	2	-
No. of Active Customers	220	218	-	210	-
Customers with run rate of >\$1Mn	88	94	-	87	-
Top Client – Cummins	12.80%	13.94%	(12.31%)	14.17%	(4.42%)
Top 5 Clients	28.11%	26.77%	0.29%	30.73%	(3.21%)
Top 10 Clients	40.32%	39.28%	(1.96%)	42.06%	1.40%
Onsite / Offshore Split					
Onsite Revenues	58.52%	57.93%	(3.52%)	55.29%	11.96%
Offshore Revenue	41.13%	41.35%	(4.99%)	43.73%	(0.51%)
SI [#]	0.35%	0.72%	(53.89%)	0.98%	(62.39%)
Revenue by Contract Type					
Time and Material Basis	71.15%	72.85%	(6.72%)	72.85%	3.32%
Fixed Price / Time Basis	28.50%	26.43%	3.00%	26.17%	15.21%
SI [#]	0.35%	0.72%	(53.89%)	0.98%	(62.39%)
Debtors (days)	82	75	-	85	-

Human Resources – Details	Q1 FY17	Q4 FY16	Q-o-Q Growth	Q1 FY16	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,651	1,643	-	1,564	-
Development Team - Offshore(Avg.)	8,553	8,279	-	8,514	-
Onsite FTE	1,470	1,486	(1.10%)	1,362	7.91%
Offshore FTE	5,826	5,813	0.23%	5,654	3.04%
Total FTE	7,296	7,299	(0.04%)	7,016	3.99%
Development (at Quarter end)	10,450	10,095	-	10,062	-
Gen Management / Support (at Quarter end)	604	592	-	585	-
Marketing (Subsidiaries) (at Quarter end)	234	223	-	192	-
Total (at Quarter end)	11,288	10,910	-	10,839	-
Onsite utilization	89.04%	90.47%	-	87.10%	-
Offshore utilization	68.12%	70.21%	-	66.41%	-

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

Products & Platforms SBU revenue has been separated from Product Engineering Services SBU.

^ Digital Transformation SBU (erstwhile Enterprise Solutions SBU)

SI represents the revenues for our Telematics solution.

Hedging details

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

Total Outstanding Hedges:

- Total amount of USD hedges as on 30th June 2016 : \$ 37.35 Million
These hedges are maturing in FY16-17 and average rate for these hedges is ₹ 69.4.

Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Jun 30, 2016	Mar 31, 2016
<u>Assets:</u>		
Non-current Assets:	9,292.82	8,954.95
Fixed Assets	3,028.04	2,815.17
Goodwill	3,886.27	3,846.99
Other Non-current assets	2,378.51	2,292.80
Current Assets:	13,620.09	12,781.84
Inventories	426.34	380.04
Trade Receivables	7,427.12	6,860.87
Cash & bank balances	3,922.14	3,953.26
Other Current Assets	1,844.49	1,587.66
Total Assets	22,912.91	21,736.79
<u>Equity & Liabilities:</u>		
Equity:	14,490.53	13,854.38
Share Capital	375.82	375.65
Other Equity	14,114.71	13,478.73
Non-current Liabilities:	2,204.16	2,267.57
Financial liabilities	1,595.26	1,728.09
Provisions	591.20	515.55
Deferred tax liabilities	17.70	23.94
Current Liabilities:	6,218.22	5,614.84
Short term borrowings	1,809.41	498.09
Trade Payables	1,057.01	1,233.37
Other Current liabilities	3,351.80	3,883.38
Total Equity & Liabilities	22,912.91	21,736.79

Conference Call Details

Conference name : KPIT Q1 FY2017 Conference Call
 Date : July 21, 2016
 Time : 1600 Hours (IST)

Dial-in Numbers for all the participants

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About KPIT Technologies

KPIT (BSE:532400, NSE: KPIT) is a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy & Utilities and Life Sciences companies. Together with its customers and partners, it creates and delivers technologies to enable creating a cleaner, greener and more intelligent world that is sustainable and efficient. For more information, visit <http://www.kpit.com>

Forward Looking Statements

Some of the statements in this update that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

Contact Details

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