

January 28, 2021

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

Scrip ID: KPITTECH
Scrip Code: 542651

Kind Attn: The Manager,
Department of Corporate Services

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

Symbol: KPITTECH
Series: EQ

Kind Attn: The Manager,
Listing Department

Subject: - Investor Update - Q3 FY 2021.

Dear Sir / Madam,

Please find enclosed the investor Update - Q3 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

January 28, 2021

Investor Update Q3FY21



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

- Q3FY21

Q3FY21 Performance Overview

**KPIT Q3FY21 USD Revenue grows 6.7% sequentially
Net Profit growth of 49.8% sequentially**



Q3FY21 EBITDA at 15.7% as compared to 14.3% last quarter.



Net Profit for the quarter at ₹ 418 million as against ₹ 279 million last quarter



Q3FY21 reported revenue at USD 69.72 million, a CC growth of 6.5% Q-o-Q



Net Cash as at the quarter end stood at ₹ 6,295 Million as compared to ₹ 5,278 at the beginning of the quarter

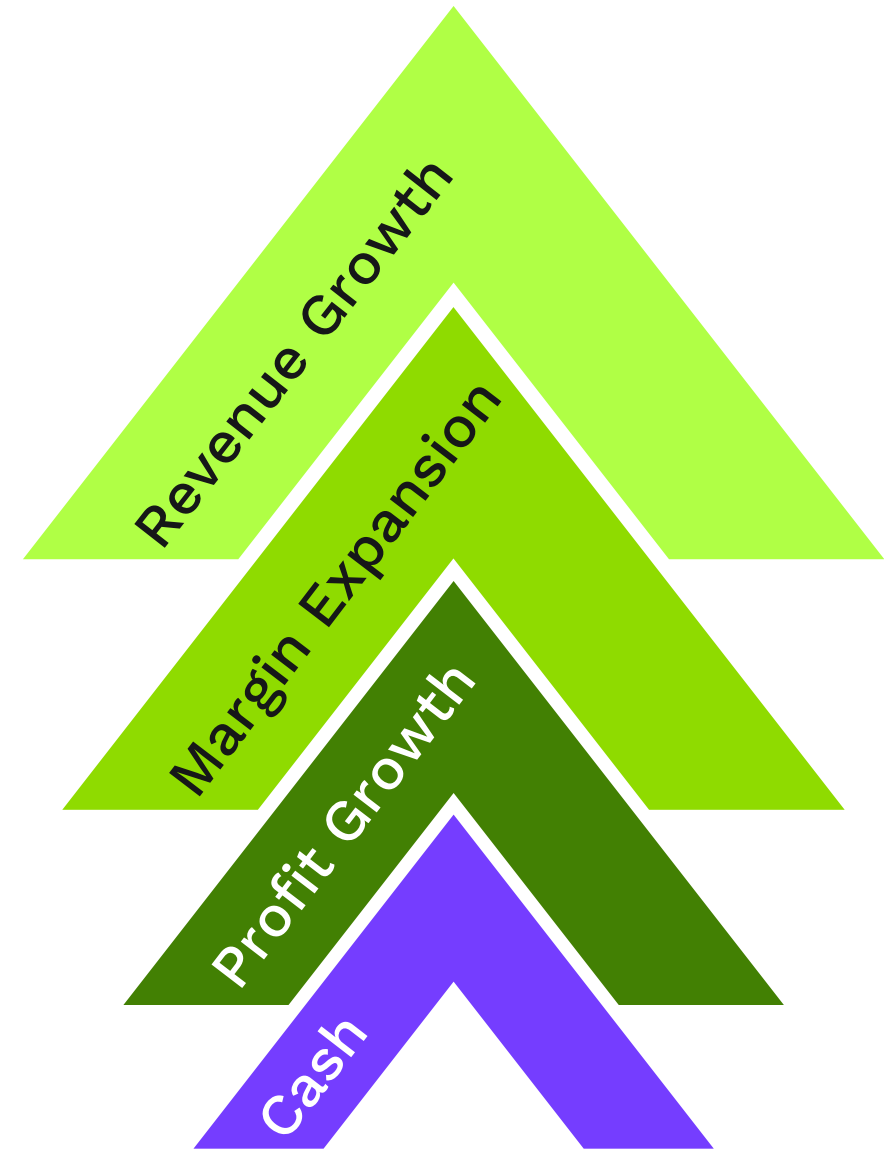
Q3FY21 Performance Highlights

01 Sequential growth of 6.7% led by electric powertrain and Europe geography. Execution started on the large deals won in earlier quarters

02 Operating Margin (EBITDA) expansion of 140 bps post salary restoration. Improvement in utilization, offshore revenues, consolidation of facilities

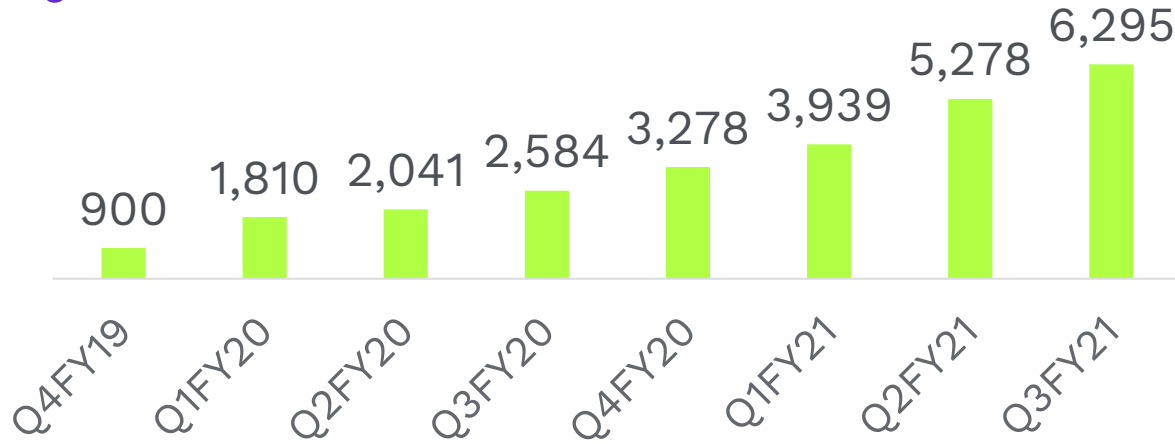
03 Sequential net profit growth of ~50% led by higher operating margins, lower depreciation and higher yields on cash

04 High cash conversion continues with DSO at an all-time low of 58 days. 8th consecutive quarter of increase in net cash

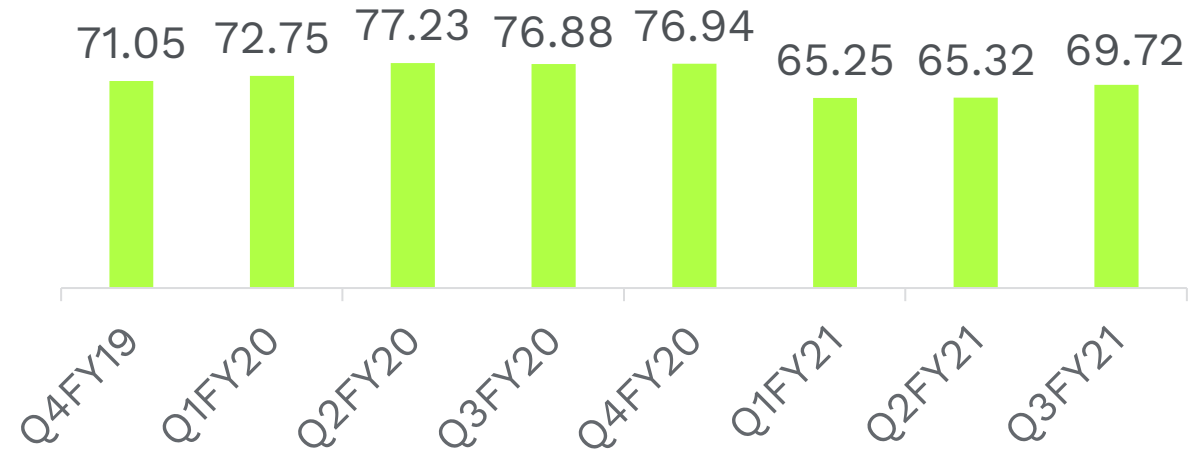


Additional facts - timeseries

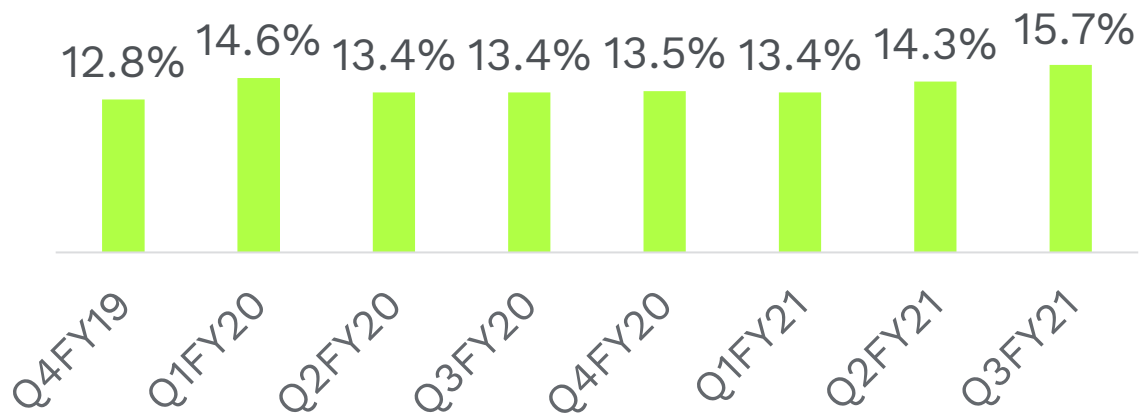
Qtr End Net Cash ₹ M



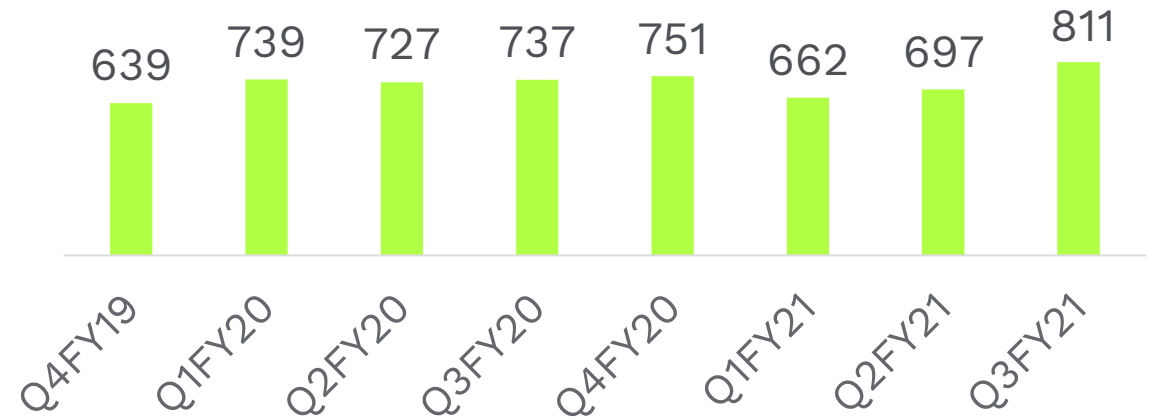
Revenue \$ M



EBITDA %



EBITDA ₹ M



Management Quotes

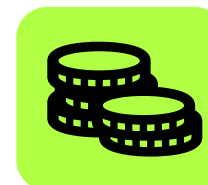
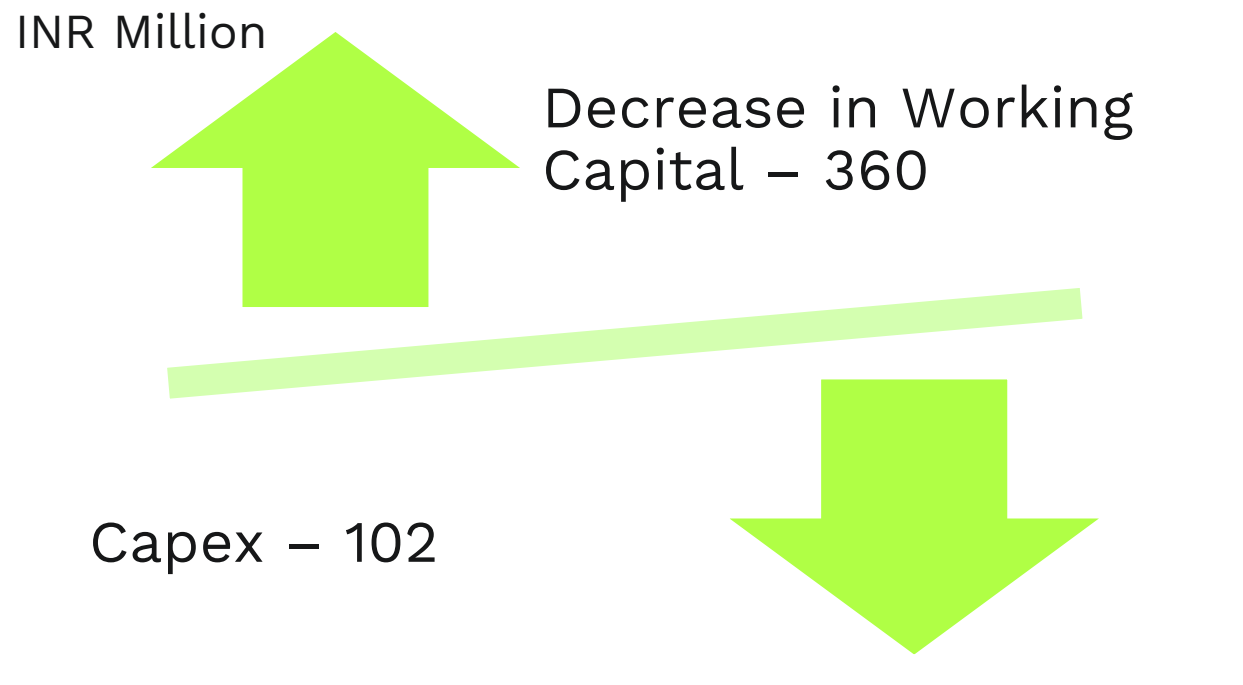


Kishor Patil, Co-founder, CEO and MD, KPIT said,” Our depth and experience in Electric Powertrain, Autonomous Driving and Digital Cockpit areas are helping us gain traction within our strategic clients. The Automotive and Mobility industry is prioritizing investments in new age technologies and we are at the forefront of technology in these areas. We had a handsome growth in revenues and profits this quarter and we are confident of continuing with the growth and margin improvement momentum going into the next quarter”.



Sachin Tikekar, President and Whole-time Director, KPIT said,” We continue to deepen our strategic engagements with our T25 clients, with emphasis on creating tremendous value for them through leadership in our Practices (via Platforms, Tools and Accelerators), delivery excellence and making KPIT the Best Place to Grow for our employees. Our operating performance is also trending in the right direction on the back of larger strategic engagements and overall productivity improvements”.

Cash Flow – Major Movement



Q-o-Q Increase in Net Cash : INR 1,017 Million

Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	2,996
In Investment Accounts (outside India)	1,985
In Operating Accounts	1,497
TOTAL	6,478

NET CASH (INR Mln)	Q3FY21	Q2FY21
Gross Cash	6,478	5,462
Long Term Debt	183	184
Short Term Debt	NIL	NIL
NET CASH	6,295	5,278

Deal Wins

T25 Deals, broad based across geographies



A leading American 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



A leading European Car Manufacturer selected KPIT for a program in the vehicle diagnostics 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 autonomous domain

Key partnership



Triumph Motorcycles and KPIT Technologies partner to bring ‘Distraction Free Digital Connected Experience’ to bikers. KPIT develops one of the earliest technology solutions for Turn-by-Turn navigation based on Google maps for Triumph’s premium bikes. KPIT software platform enables 15+ models of Triumph with digital connected experience across the globe that is safe and distraction free through ‘My Triumph Connectivity System’ application, effectively leveraging over 2 decades of expertise in building automotive software and connected vehicle technologies. KPIT played a key role in defining solution architecture of this digital connected services platform through its end-to-end capability of UX, app development, embedded software development, integration, hosting and automated testing and validation.

Q4FY21 - The way forward

REVENUE GROWTH

The revenue growth momentum will continue in Q4FY21 and beyond. Growth will be driven by Electric Powertrain and Autonomous within Europe and Asia

OPERATIONAL EFFICIENCY

With revenue growth we will further improve on utilization and leverage fixed costs

OTHER EXPENSES

Depreciation will be further lower in Q4 as compared to Q3. Interest income will continue to grow

MARGIN IMPROVEMENT

With revenue growth and operational efficiencies, operating margins (EBITDA) and PAT margins will improve further



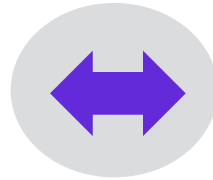
The financial year – positive exit

Q4FY21 (E*) Compared with Q4FY20

USD reported revenue



Revenue in terms of volume



EBITDA Margins

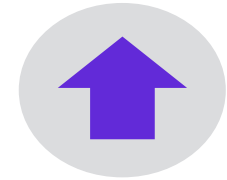


Q4FY21 (E*) Compared with Q4FY20

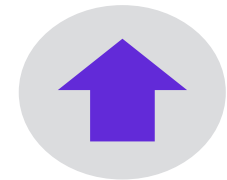
Absolute EBITDA



Reported PAT



Net Cash



Thus, we expect to exit FY21 with a higher EBITDA margin, higher absolute EBITDA, higher reported PAT and higher net cash as compared to the last quarter of last year



Other Updates

Other Updates



KPIT

Ravi Pandit
Co-founder, Chairman & Group CEO, KPIT
IN CONVERSATION WITH
Mr. Amit Paranjape
Chairperson, IT & ITES Committee, MCCIA



Future Of Mobility with Mr.Ravi Pandit, an interview with MCCIA

Mr. Ravi Pandit, Co-Founder, Chairman, KPIT, in his recent conversation with Mr. Amit Paranjape, Chairperson, IT & ITES Committee MCCIA (Maharatta Chamber of Commerce Industries and Agriculture) shared his views on Future of Mobility



KPIT publishes article in Financial Express Motobahn – “A Car is the most complex software-driven gadget”

In this article Kishor Patil, Co-founder, CEO & MD, KPIT, published in Financial Express leading Indian publication shared his views on why the automotive industry needs deep software competence.

Other Updates



'KPIT at The Battery Show and Electric & Hybrid Vehicle Technology, North America

Sophia Suo, Head, Electrified Powertrain Practice, KPIT spoke at The Battery Show and Electric & Hybrid Vehicle Technology, North America. At the event, she discussed on 'Challenges in Software Development for EV Charging Communication & Control'.



KPIT at the 24th International Automobil-Elektronik Kongress special 2020

KPIT is proud to be a partner to this leading industry event. Amidst the pandemic, the 2020 edition of this event was held in a virtual mode. Anup Sable, CTO KPIT, was a speaker at the event. In his talk, he shares views on how Software Integration is of key importance in the automotive software journey from prototype to production.



Financial and Operational Data

- Snapshot

Profit & Loss Account Snapshot

INR MN

DETAILS	Q3FY21	Q2FY21	Q3FY20
Revenue from Operations	5,172.45	4,854.59	5,500.92
Other Income	64.09	24.52	101.79
Total Income	5,236.54	4,879.11	5,602.71
Operating Expenses	4,343.13	4,158.04	4,764.06
EBITDA	810.57	696.55	736.86
Depreciation	337.72	354.90	283.22
EBIT	472.85	341.65	453.64
Finance Costs	39.83	43.70	48.12
Change in FMV of Investments	2.88	0.68	5.62
Profit Before Exceptional Items	518.74	323.15	512.93
Exceptional items	19.45	32.04	(31.2)
PBT	538.19	355.19	481.73
Tax	108.45	83.66	72.39
PAT	429.74	271.53	409.34
Profit Attributable to owners of company	417.73	278.88	428.53
Profit Attributable to non-controlling interest	12.01	(7.35)	(19.19)

This includes forex gain of INR 18.75 Million which is excluded in EBITDA computation

Balance Sheet Snapshot

INR MN

ASSETS	Q3FY21	Q2FY21
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	2,032.29	2,086.65
Right-of-use Assets	2,614.33	2,668.92
Other Tangible Assets	112.08	78.82
Goodwill & Other Intangibles	1,430.26	1,508.28
Other Non-Current Assets	804.15	860.98
TOTAL NON-CURRENT	6,993.11	7,203.65
<u>CURRENT ASSETS</u>		
Inventories	6.78	45.05
Cash and Cash Equivalents	6,478.61	5,462.39
Trade Receivables	4,291.94	3,207.61
Other Current Assets	1,570.31	1,784.94
TOTAL CURRENT	12,347.64	10,499.99
TOTAL ASSETS	19,340.75	17,703.64

EQUITY & LIABILITIES	Q3FY21	Q2FY21
Equity Share Capital	2,689.86	2,689.63
Other Equity	8,788.43	8,275.81
Equity attributable to owners	11,478.29	10,965.44
Non-controlling interests	26.97	13.92
TOTAL EQUITY	11,505.26	10,979.36
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	2,026.95	2,022.30
Other Non-Current Liabilities	74.93	97.63
TOTAL NON-CURRENT	2,101.88	2,119.93
<u>CURRENT LIABILITIES</u>		
Borrowings	182.51	184.20
Trade Payables	1,113.1	958.38
Lease Liabilities	345.02	403.36
Others	4,092.98	3,058.41
TOTAL CURRENT	5,733.61	4,604.35
TOTAL EQUITY AND LIABILITIES	19,340.75	17,703.64

Revenue Break-up

USD MN

Geography	Q3FY21	Q2FY21	Q3FY20	Q-o-Q	Y-o-Y
US	28.57	27.30	30.72	4.6%	(7.0)%
Europe	30.48	26.67	31.44	14.3%	(3.1)%
Asia	10.68	11.34	14.72	(5.9)%	(27.4)%
TOTAL	69.72	65.32	76.88	6.7%	(9.3)%
Verticals	Q3FY21	Q2FY21	Q3FY20	Q-o-Q	Y-o-Y
Passenger Cars	52.94	50.63	58.31	4.6%	(9.2)%
Commercial Vehicles	15.81	14.05	17.51	12.5%	(9.7)%
New Mobility	0.56	0.33	0.62	69.5%	(8.4)%
Others	0.41	0.31	0.45	34.7%	(9.1)%
TOTAL	69.72	65.32	76.88	6.7%	(9.3)%
Practices	Q3FY21	Q2FY21	Q3FY20	Q-o-Q	Y-o-Y
Powertrain	30.00	24.18	25.02	24.1%	19.9%
AD-ADAS	13.34	16.38	18.99	(18.5)%	(29.7)%
Connected Vehicle	6.76	7.32	9.94	(7.7)%	(32.0)%
Others	19.62	17.44	22.92	12.5%	(14.4)%

P&L Metrics

	Q3FY21	Q2FY21	Q3FY20	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	46.3%	52.0%	45.6%	(5.0)%	(7.9)%
Fixed Price Basis	53.7%	48.0%	54.4%	19.5%	(10.5)%
Customers					
Strategic Customer Revenue (T21)*	85.27%	86.1%	82.33%	5.7%	(6.1)%
Active Customers	55	55	55		

Revenue per Devp. Employee USD	49,456	42,602	45,403
EBITDA Margin	15.7%	14.3%	13.4%
EBIT Margin	9.1%	7.0%	8.2%
PAT Margin	8.1%	5.7%	7.8%
Effective Tax Rate	20.2%	23.6%	15.0%
EPS (Basic)	1.55	1.04	1.59
EPS (Diluted)	1.54	1.03	1.59

Currency wise revenues, Hedging Details

Currency wise revenue	Q3FY21	Q2FY21	Q3FY20
USD	42.0%	43.9%	41.4%
EUR	38.6%	34.5%	33.5%
GBP	4.5%	4.5%	6.7%
JPY	5.3%	8.0%	10.9%
INR	5.0%	5.8%	4.9%
Others	4.5%	3.4%	2.7%

Realized Rate	Q3FY21	Q2FY21	Q3FY20
INR/USD	74.19	74.32	71.55

O/s Hedge Details	Q3FY21
Hedge Rates	
USD/INR	75.17
EUR/INR	91.09
GBP/INR	100.83
Hedge Amounts(Mn)	
USD/INR	16.05
EUR/INR	10.15
GBP/INR	3.9

Headcount Data

Period End Headcount	Q3FY21	Q2FY21	Q3FY20	Q-o-Q	Y-o-Y
Development	5,639	6,133	6,773	-	-
Enabling & Sales	513	497	530	-	-
Total	6,152	6,630	7,303	-	-



Contact us

- [Contact](#)

Conference Call Details

Conference name	: KPIT Technologies Q3 FY2021 Post Earnings Conference Call
Date	: Friday January 29, 2021
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. ²⁴

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

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For Investor Queries



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Thank You