

KPIT TECHNOLOGIES LIMITED (erstwhile KPIT ENGINEERING LIMITED)

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PART I

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

₹ in million (except per share data)

Particulars	Quarter ended			Nine Months ended		Year ended
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2018 (Unaudited) (Refer note 9)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited) (Refer note 9)	March 31, 2019 (Audited)
Revenue from operations (Refer note 16)	2,292.79	2,999.32	-	7,374.70	-	2,303.00
Other income :						
- Fair value gain on investments carried at fair value through profit or loss	5.62	-	-	-	-	319.01
- Others (Refer note 3)	93.40	30.57	0.04	129.21	0.04	38.74
Total Income	2,391.81	3,029.89	0.04	7,503.91	0.04	2,660.75
Expenses						
Cost of materials consumed	0.22	0.82	-	1.22	-	2.31
Changes in inventories of finished goods and work-in-progress	-	-	-	-	-	-
Employee benefits expense	1,445.36	1,414.31	-	3,892.08	-	1,040.65
Finance costs (Refer note 4 & 12)	28.92	47.66	21.32	110.81	21.32	61.25
Depreciation and amortization expense (Refer note 12)	217.52	212.78	-	619.03	-	157.74
Fair value loss on investments carried at fair value through profit or loss	-	63.53	-	104.35	-	-
Other expenses (Refer note 3 & 12)	277.37	388.71	2.21	1,092.11	2.32	483.16
Total expenses	1,969.39	2,127.81	23.53	5,819.60	23.64	1,745.11
Profit/(loss) before exceptional items and tax	422.42	902.08	(23.49)	1,684.31	(23.60)	915.64
Exceptional items (Refer note 10)	-	-	-	-	-	(101.40)
Profit/(loss) before tax	422.42	902.08	(23.49)	1,684.31	(23.60)	814.24
Tax expense						
Current tax	167.99	149.06	-	399.71	-	117.87
Deferred tax (benefit) / charge	(89.33)	(105.33)	-	(231.39)	-	(48.10)
Total tax expense	78.66	43.73	-	168.32	-	69.77
Profit/(loss) for the period	343.76	858.35	(23.49)	1,515.99	(23.60)	744.47
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans	(8.74)	(6.99)	-	(30.04)	-	(24.51)
Income tax on items that will not be reclassified to profit or loss	0.88	4.11	-	4.83	-	(11.40)
Items that will be reclassified to profit or loss						
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	(17.63)	(16.16)	-	(38.68)	-	12.59
Income tax on items that will be reclassified to profit or loss	6.16	5.65	-	13.52	-	(4.39)
Total other comprehensive income	(19.33)	(13.39)	-	(50.37)	-	(27.71)
Total comprehensive income for the period	324.43	844.96	(23.49)	1,465.62	(23.60)	716.76
Paid up equity capital [Face value ₹ 10/- per share]	2,687.37	2,685.02	1.00	2,687.37	1.00	2,685.02
Other equity						6,549.71
Earnings per equity share for continuing operations (face value per share ₹ 10 each) (Refer note 11)						
Basic	1.28	3.20	(234.90)	5.64	(236.00)	11.23
Diluted	1.28	3.18	(234.90)	5.62	(236.00)	11.20

Notes:

- The above unaudited standalone financial results have been reviewed by the Audit Committee and thereafter approved and taken on record by the Board of Directors in their respective meetings held on January 29, 2020. These unaudited standalone financial results have been prepared in accordance with the Indian Accounting Standard ("Ind-AS") as specified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and provisions of the Companies Act, 2013.
- The Statutory Auditors of the Company have conducted a limited review of the above standalone financial results of the Company for the quarter and nine months ended December 31, 2019. An unqualified opinion has been issued by them thereon.
- Details of foreign exchange gain/ (loss) included in above results :

Particulars	Quarter ended			Nine Months ended		Year ended
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2018 (Unaudited) (Refer note 9)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited) (Refer note 9)	March 31, 2019 (Audited)
Foreign exchange gain / (loss) (net)	85.12	32.62	0.04	100.01	0.04	(34.25)

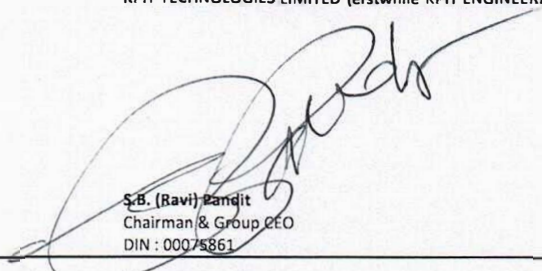
- As per para 6 (e) of Ind AS 23 "Borrowing costs", the exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs, are regrouped from other exchange differences to finance costs. Details of net loss on foreign currency transactions and translations considered as finance cost :


Particulars	Quarter ended			Nine Months ended		Year ended
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2018 (Unaudited) (Refer note 9)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited) (Refer note 9)	March 31, 2019 (Audited)
Interest expense	23.37	32.05	21.32	89.65	21.32	61.25
Net loss considered as finance cost	5.55	15.61	-	21.16	-	-
Total finance costs	28.92	47.66	21.32	110.81	21.32	61.25

- 5 Where financial results contain both consolidated financial results and standalone financial results of the parent, segment information is required to be presented only in the consolidated financial results. Accordingly, segment information has been presented in the consolidated financial results.
- 6 The standalone results of the Company are available on the Company's website, www.kpit.com and also on the website of the BSE Limited, www.bseindia.com and National Stock Exchange of India Limited, www.nseindia.com, where the shares of the Company are listed.
- 7 The Board of Directors of KPIT Technologies Limited (now known as Birlasoft Limited) at its meeting held on 29 January 2018 had approved a composite scheme which was subsequently filed with National Company Law Tribunal (NCLT) for: (a) amalgamation of Birlasoft (India) Limited ("Transferor Company") with KPIT Technologies Limited (now known as Birlasoft Limited) ("Transferee Company" or "Demerged Company"); and (b) demerger of the engineering business of KPIT Technologies Limited (now known as Birlasoft Limited) into KPIT Engineering Limited (now known as KPIT Technologies Limited) ("Resulting Company").
- Pursuant to the Composite Scheme approved by the National Company Law Tribunal, Mumbai Bench on 29 November 2018 for which the certified copy of the order was received on 18 December 2018, the Engineering Business (Primarily comprising Automotive vertical with embedded software, digital technologies (cloud, IoT, analytics), Mobility Solutions and application life cycle management Business) was demerged from the Transferee Company and transferred to the Resulting Company, with effect from 1 January 2019, the appointed date and the accounting as per Composite Scheme has been given effect to from the Appointed Date. Subsequent to demerger, the Company had filed for listing of its equity shares on NSE and BSE and has been listed with effect from April 22, 2019.
- 8 The name of the Company has been changed from KPIT Engineering Limited to KPIT Technologies Limited, vide the revised certificate of incorporation issued by the Registrar of Companies (ROC) dated March 13, 2019 pursuant to the composite scheme approved by the National Company Law Tribunal (NCLT) on November 29, 2018.
- 9 The Company was incorporated on January 8, 2018 and has been listed with effect from April 22, 2019 and hence the Company was not mandatorily required to prepare and publish quarterly results up to the quarter ended December 31, 2018. Accordingly, the figures for the quarter and nine months ended December 31, 2018 were not subjected to Limited Review.
- 10 In line with its re-defined strategy to focus on software led Engineering Services, during the previous year the Company on prudent assessment has provided for exposure in its joint venture company in the business in "KIVI-Smart Bus WIFI" towards the Corporate Guarantee for lease obligation towards running this business for ₹ 101.40 million.
- 11 As per Ind-AS 33, Earnings Per Share shall be calculated considering the weighted average number of shares outstanding during the period. For the year ended March 31, 2019, shares outstanding, for the purpose of calculating earnings per share, are 100,000 shares for nine months ended on December 31, 2018 and 268,502,435 shares for the period from January 1, 2019 to March 31, 2019. Hence the previous periods EPS are not comparable with the EPS reflecting for the current periods.
- 12 The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity as of April 1, 2019. Accordingly, the Company has not restated comparative information. This has resulted in recognising a right-of-use asset of ₹ 569.97 million and a corresponding lease liability of ₹ 750.85 million by adjusting retained earnings net of taxes of ₹ 168.92 million as at April 1, 2019. In the profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. In respect of leases that were classified as finance leases, applying Ind AS 17, an amount of ₹ 387.97 million has been reclassified from property, plant and equipment to right-of-use assets. An amount of ₹ 0.09 million has been reclassified from other current financial liabilities to lease liability – current.
- 13 Sparta Inc, a subsidiary of Birlasoft Limited entered into a settlement agreement for an ongoing lawsuit over last few years with Copart Inc. Both the parties have reached an amicable settlement agreement for USD 2.8 million (₹ 194.66 million) payable by Sparta Inc to Copart Inc. with no party admitting any liability or wrong doing, resulting in the Court dismissing the case. As defined in the composite scheme of arrangement between the parties, the Company through its Subsidiary in USA has reimbursed Sparta Inc. fully and the same has been accounted for during the quarter ended on June 30, 2019 for USD 2.8 million (₹ 194.66 million). With this outcome, the matter related to Copart is closed and there is no further exposure for the Company.
- 14 The Board of Directors of the Company at its meeting held on July 26, 2019 had approved a merger scheme of its wholly owned subsidiary Impact Automotive Solutions Limited with its parent company KPIT Technologies Limited. The merger scheme application seeking approval has been subsequently filed with National Company Law Tribunal (NCLT) on September 27, 2019.
- 15 The Board of Directors at its meeting held on January 29, 2020, has declared an interim dividend of ₹ 0.55 per equity share.
- 16 The Company has reviewed its intra group revenue sharing policy for subcontracting work by subsidiaries for offshore services in line with the transfer pricing guidelines. Under the revised policy, the Company has adopted a flexible revenue sharing percentage as against fixed percentage used in past to enable its subsidiaries retain appropriate margins for their marketing efforts. The revenue sharing percentages depend on the efforts required for marketing, nature of jurisdiction and related aspects which predominantly derives the cost of operations for the subsidiaries and hence the recovery to achieve a reasonable return on cost as per transfer pricing guidelines, resulting in net decrease in revenue for the standalone entity.
- 17 As per the agreement between the parties, consequent to the National Company Law Tribunal (NCLT) approved composite scheme, the joint control between the Transferee Company i.e. Birlasoft Limited (erstwhile KPIT Technologies Limited) and the Resulting Company i.e. KPIT Technologies Limited (erstwhile KPIT Engineering Limited) has concluded effective February 1, 2020. As a result, Mr. Rohit Saboo, Nominee Director, has resigned from KPIT Technologies Limited (erstwhile KPIT Engineering Limited) effective February 1, 2020.
- 18 Previous period's figures have been regrouped / reclassified wherever necessary to conform with the current period's classification / disclosure. Further, consequent to the Composite Scheme as aforesaid, the figures for the quarter and nine months ended December 31, 2018 are not comparable with the current period figures.

For and on behalf of the Board of Directors of
KPIT TECHNOLOGIES LIMITED (erstwhile KPIT ENGINEERING LIMITED)

Place : Pune
Date : January 29, 2020


S.B. (Ravi) Bandit
Chairman & Group CEO
DIN : 00075861


Kishor Patil
CEO & Managing Director
DIN : 00076190



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Limited review report on unaudited quarterly standalone financial results and standalone year-to-date financial results of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

Board of Directors of KPIT Technologies Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) (“the Company”) for the quarter ended 31 December 2019 and the year-to-date results for the period from 1 April 2019 to 31 December 2019 (“ the Statement”), being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”). Attention is drawn to note 9 to the statement, which mentions that figures for the corresponding quarter ended 31 December 2018 and corresponding period from 1 April 2018 to 31 December 2018, as reported in these financial results have been approved by the Company's Board of Directors, but have not been subjected to an audit or limited review for the reasons mentioned in note 9 to the standalone financial results.
2. This Statement, which is the responsibility of the Company’s management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



Limited review report on unaudited quarterly standalone financial results and standalone year-to-date financial results of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (continued)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Pune
Date: 29 January 2020

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022



Swapnil Dakshindas
Partner

Membership No. 113896
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