

KPIT

April 28, 2021

Investor Update Q4FY21

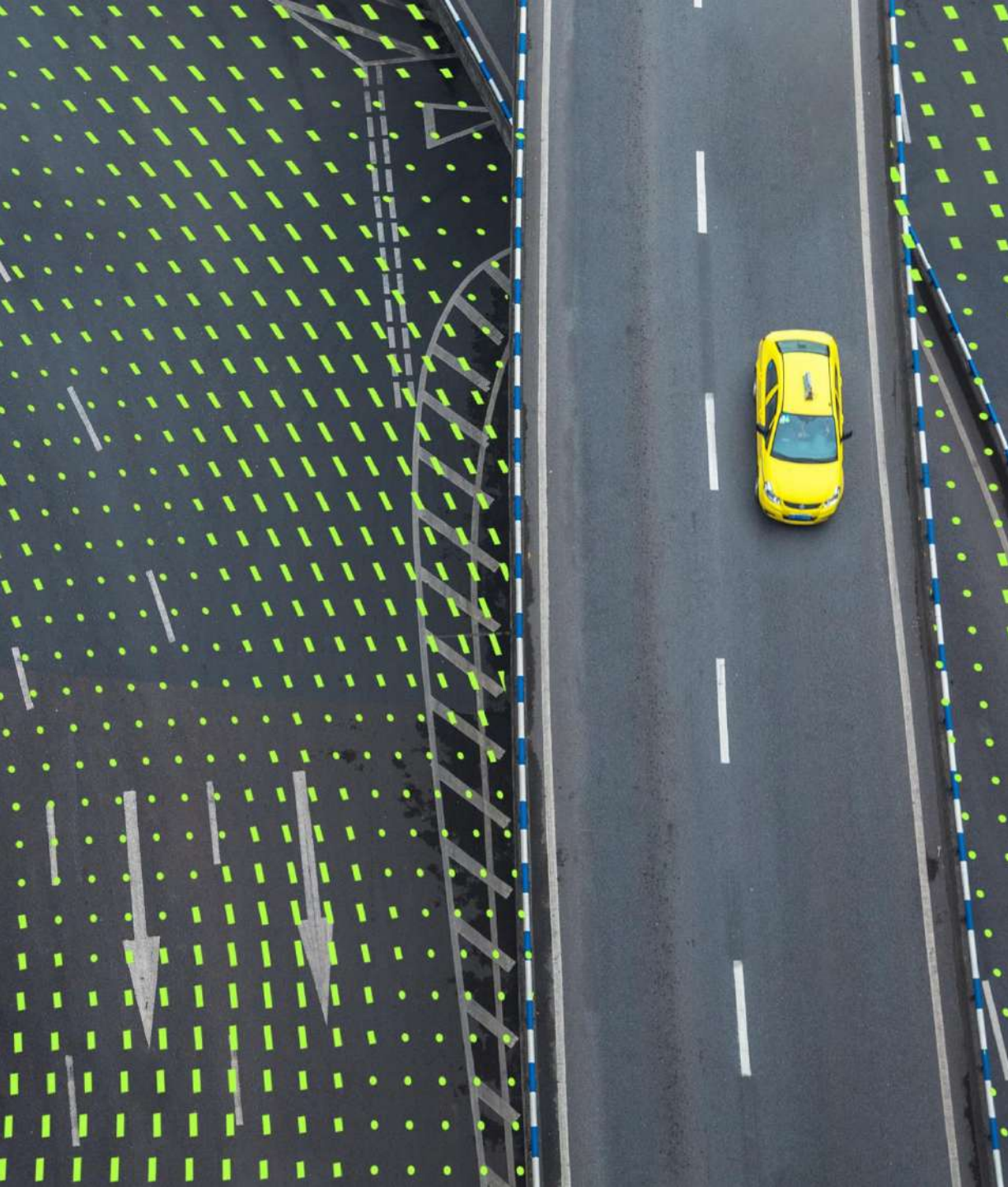


KPIT Technologies Ltd.



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 clients 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

- Q4FY21

Q4FY21 Performance Overview

**KPIT Q4FY21 USD Revenue grows 6.8% sequentially
Net Profit growth of 11.9% sequentially**

1

Q4FY21 EBITDA at 17.2% as compared to 15.7% last quarter.

2

Net Profit for the quarter at ₹ 467.5 million as against ₹ 418 million last quarter

3

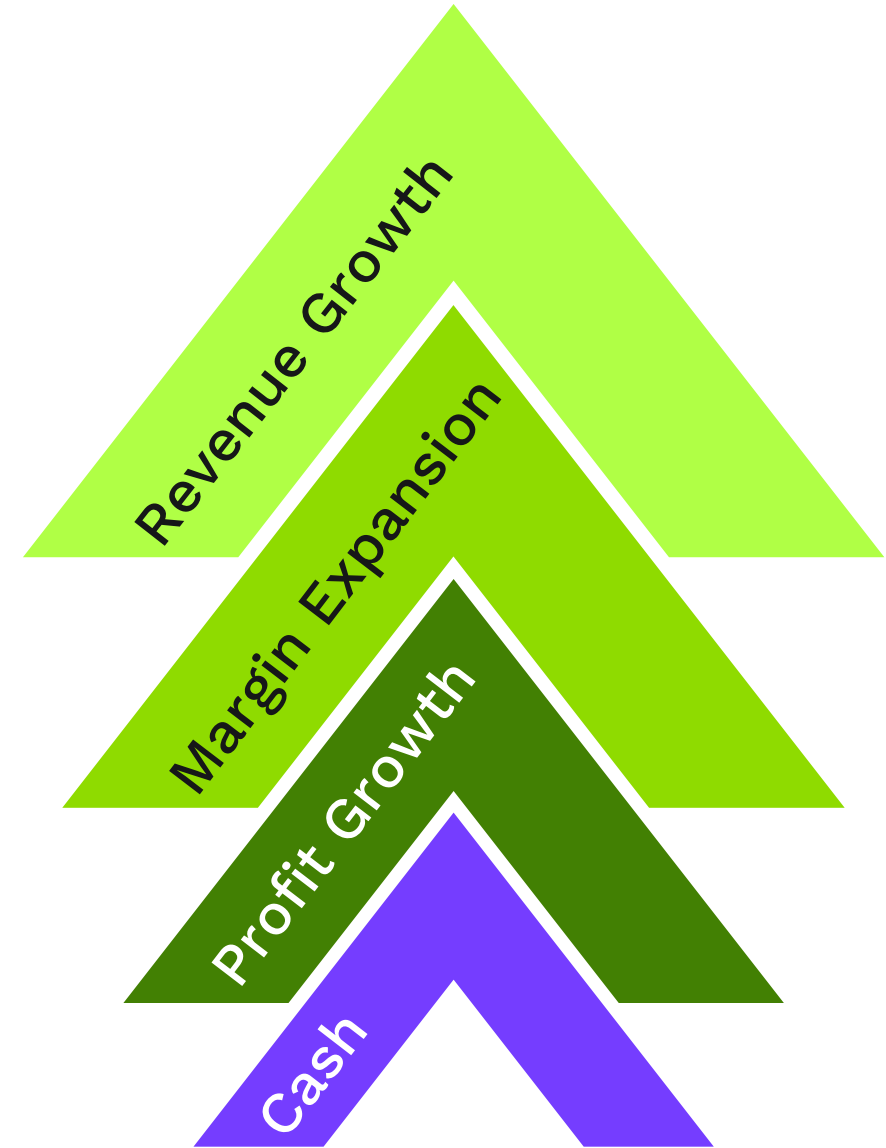
Q4FY21 reported revenue at USD 74.48 million, a CC growth of 5.1% Q-o-Q

4

Net Cash as at the quarter end stood at ₹ 8,224 Million as compared to ₹ 6,295 last quarter, ZERO DEBT

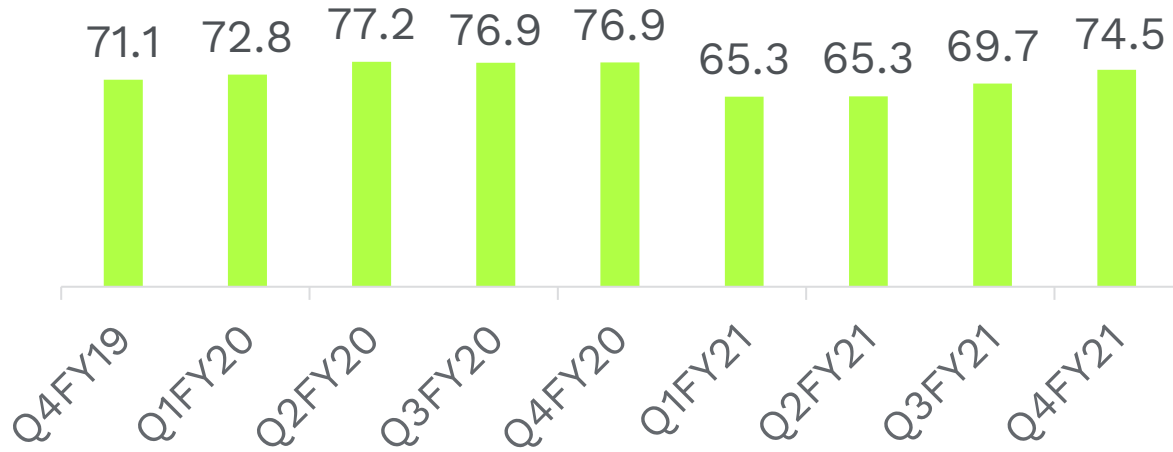
Q4FY21 Performance Highlights

- 01** Sequential growth of 6.8% led by Connected Vehicles and Autonomous Driving. Full fledged execution started on all large engagements won earlier.
- 02** Operating Margin (EBITDA) expansion of 150 bps despite rupee appreciation. Improvement in utilization, offshore revenues and revenue growth helped expand margins
- 03** Sequential net profit growth of ~12% despite higher forex conversion loss due to rupee appreciation. Lower depreciation and higher yields on cash during the quarter
- 04** High cash conversion continues with DSO at 54 days. 9th consecutive quarter of increase in net cash

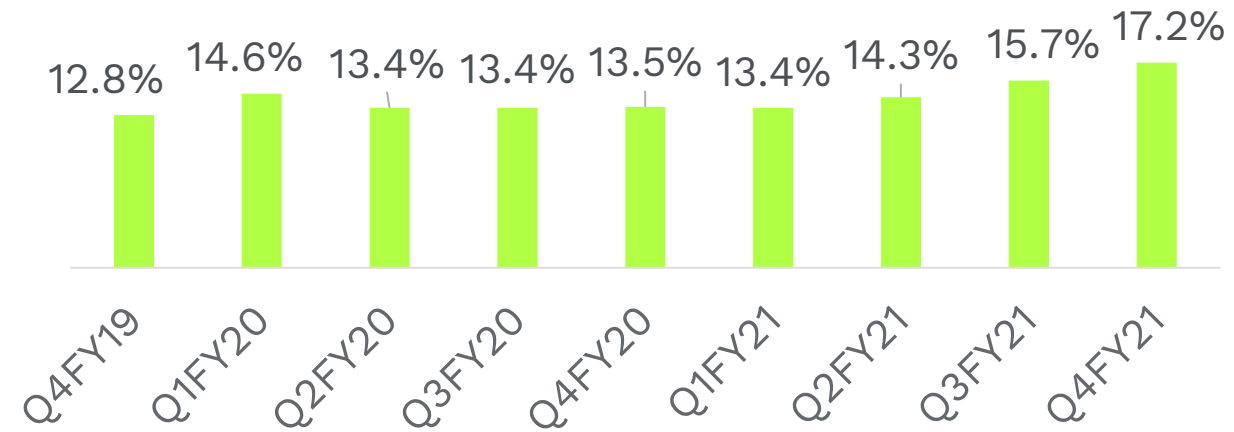


Additional facts - timeseries

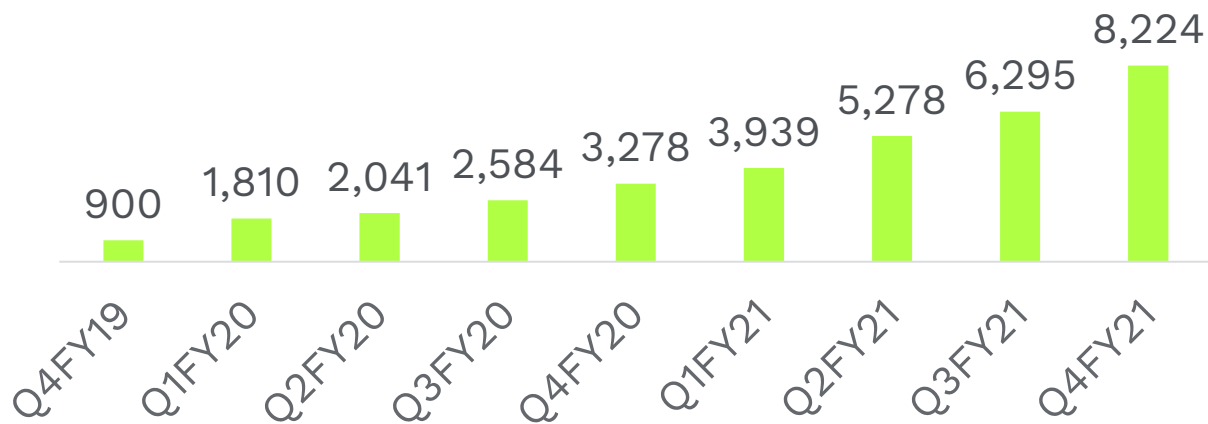
Revenue \$ M



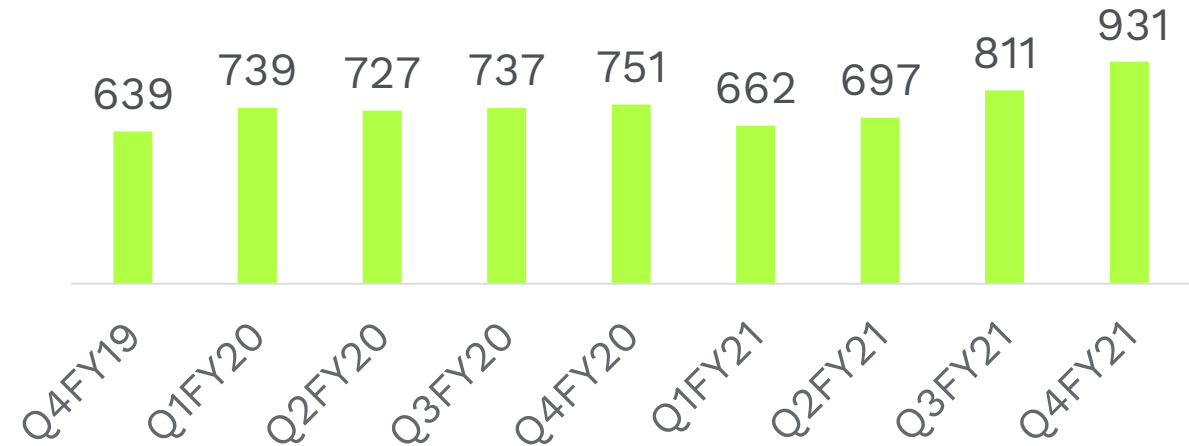
EBITDA %



Qtr End Net Cash ₹ M



EBITDA ₹ M



Management Quotes



Commenting on the performance of FY21, Ravi Pandit, Co-founder and Chairman, KPIT said,” FY21 was a challenging year in many ways and I am happy on the way we have emerged stronger. The mobility industry is embracing new engineering technologies with open arms and KPIT is proud to be at the forefront of these adaptations. KPIT’s leading positioning in this technology-led transformation gives us good business visibility over the next 4-5 years”.



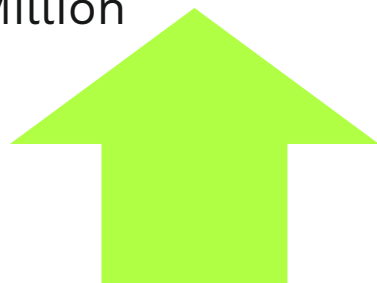
Kishor Patil, Co-founder, CEO and MD, KPIT said,” We have delivered consecutive quarters of good growth and margin expansion. KPIT teams, globally, have done an exceptional job on delivering these numbers. We are assertive of the growth trajectory and feel fairly confident of delivering double digit growth in FY22. We continue to focus on people development, operational efficiency and productivity improvement”.



Sachin Tikekar, President and Whole-time Director, KPIT said,” During the year our focus was on upholding commitments to our clients and keeping our employees safe. We continue to deepen our strategic client engagements and focus on further enhancing our practices with relevant technology investments to make our clients successful in their technology roadmaps. Longer strategic client engagements give us good growth visibility for the medium term”.

Cash Flow – Major Movement

INR Million

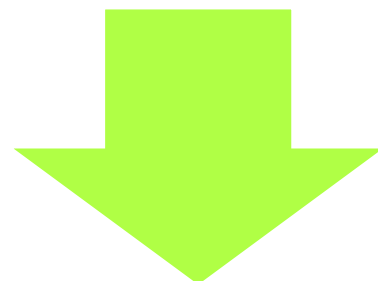


Decrease in Working Capital – 1,135

Capex – 40

Term Loan

Repayment - 188



Q-o-Q Increase in Net Cash : INR 1,929 Million

Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	4,059
In Investment Accounts (outside India)	2,865
In Operating Accounts	1,300
TOTAL	8,224

NET CASH (INR Mln)	Q4FY21	Q3FY21
Gross Cash	8,224	6,478
Long Term Debt	NIL	183
Short Term Debt	NIL	NIL
NET CASH	8,224	6,295

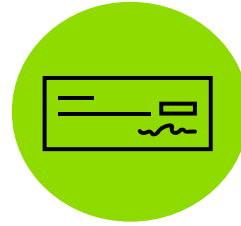
Cash and Dividend Policy



DIVIDEND POLICY

We have revised our dividend policy detailing our thought process on dividend.

We intend to improve our payout ratio to 35% in the next 2-3 years



FY21 PROPOSED DIVIDEND

In line with our revised Dividend Policy the proposed dividend payout for FY21 stands at 29.5%

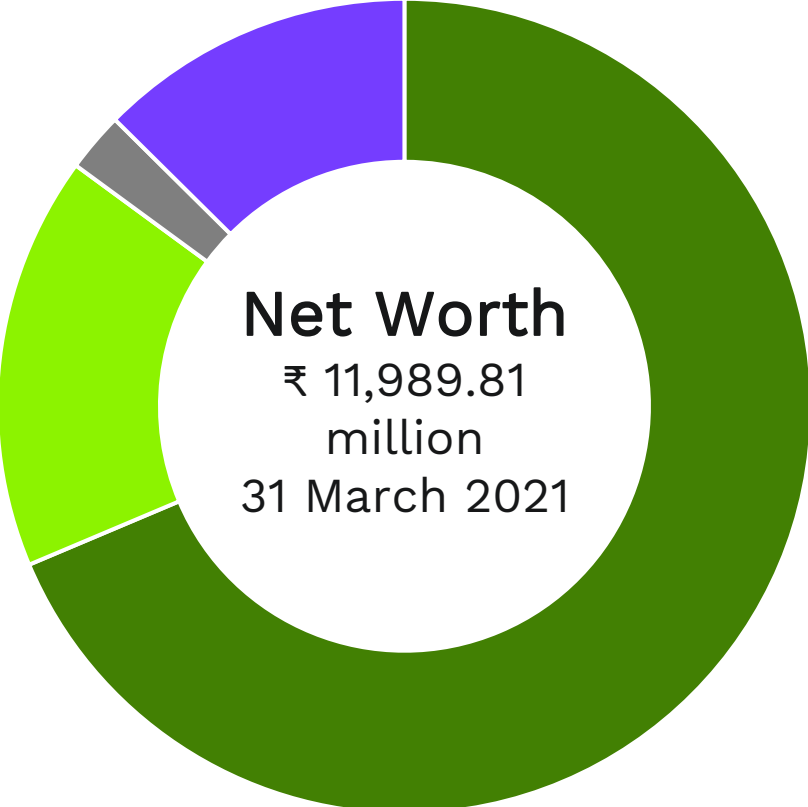
FY21 Proposed Dividend is ₹ 1.50/share as against ₹ 1.00 /share in FY20



CASH UTILIZATION

In addition to the intent to improve dividend payout consistently going forward, we will look for niche, bolt-on, technology led acquisitions to bolster our technology prowess in relevant practices

Sturdy Balance Sheet



Net Worth
₹ 11,989.81 million
31 March 2021

69%
NET CASH

16%
Fixed assets
(Land, Building, Plant & Property, Furniture)

Net Worth Represented by

13%
Net Operational Assets
(Debtors + oth. current assets + oth. non-current assets - current and non-current liabilities)

2%
Software
(Third Party Software Licences)

New Engagements

T25 Engagements, broad based across geographies



A leading Asian Car Manufacturer selected KPIT for a couple of programs in the Connected domain



A leading Asian Car Manufacturer selected KPIT for multiple programs in the Autonomous Driving domain



A leading European Commercial Vehicle Manufacturer selected KPIT for a program in the Vehicle Diagnostics area



A leading American Car Manufacturer selected KPIT for a program in the Autonomous Driving area



A leading American Tier I selected KPIT for a program in the Powertrain domain

The financial year – positive exit

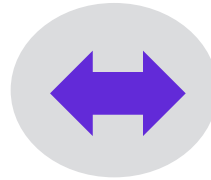
Q4FY21
vs
Q4FY20

USD reported
revenue (\$ M)

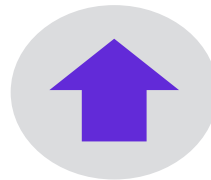


74.5
vs
76.9

Revenue in terms of
volume



EBITDA Margins



17.2%
vs
13.5%

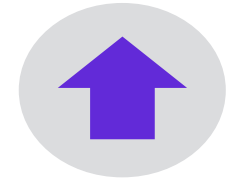
Q4FY21
vs
Q4FY20

Absolute EBITDA (₹ M)



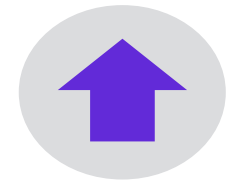
931
vs
751

Reported PAT (₹ M)



468
vs
371

Net Cash (₹ M)



8,224
vs
3,278

Thus, as stated earlier, we have exited FY21 with Q4FY21 having a higher EBITDA margin, higher absolute EBITDA, higher reported PAT and higher net cash as compared Q4FY20

FY22 – Focus Areas

PLATFORMS AND PRACTICES

We will invest in the right practices and new technologies relevant to our strategic clients to further differentiate KPIT as a Software Integration Partner

ZERO DEFECT DELIVERY

Our processes are aligned to ensure first time right delivery to our clients. Focus on Engineering Productivity improvement.

BEST PLACE TO GROW

FY21 had low attrition, we expect the same to go up in H1 and stabilize in H2 in FY22. We continue to invest in net talent creation, individual career development, top talent retention & overall employee well being

T25 Clients

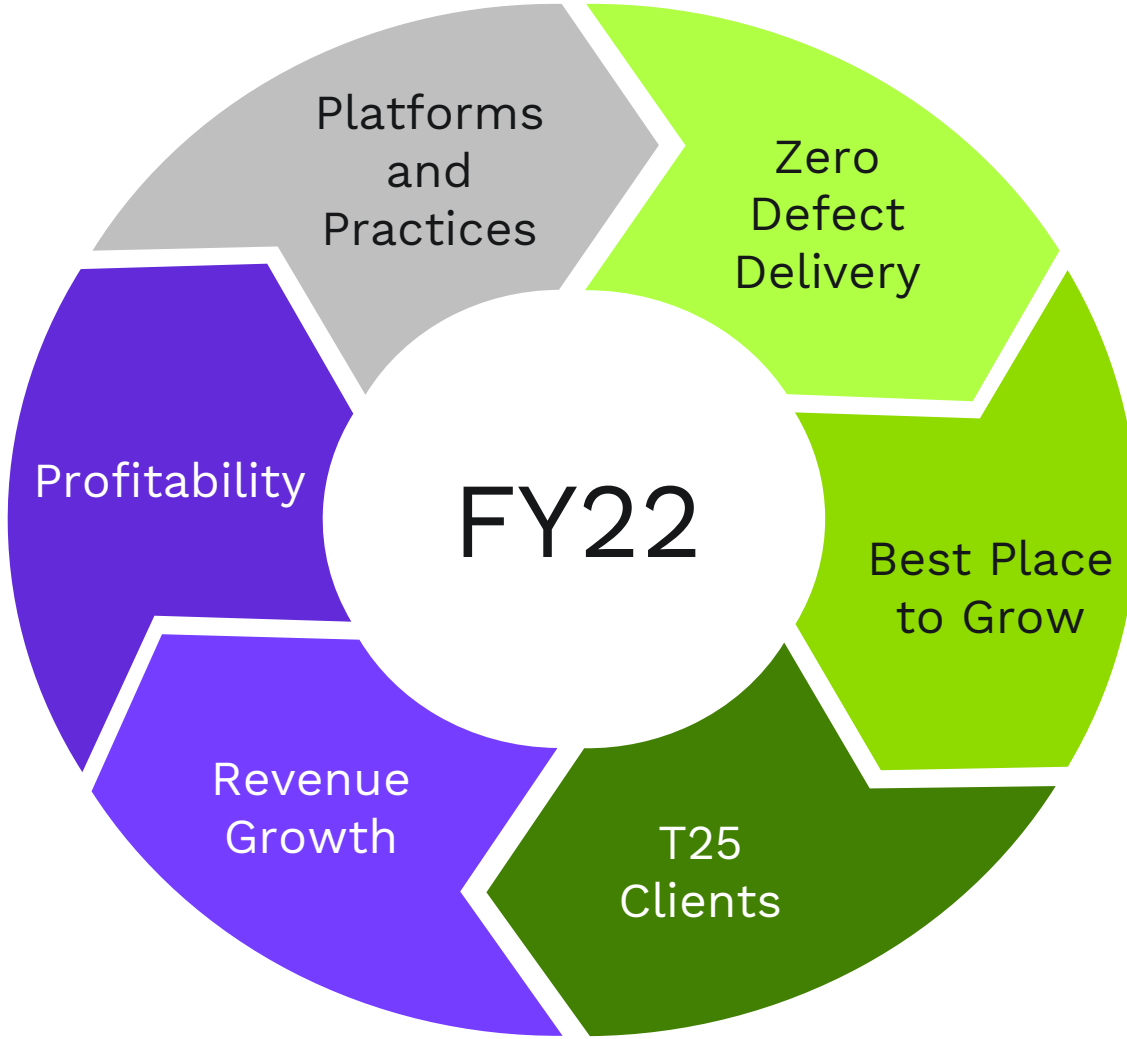
We will continue to deepen our Client Engagements and improve on the overall Client Engagement Framework



FY22 – Revenue and Profitability

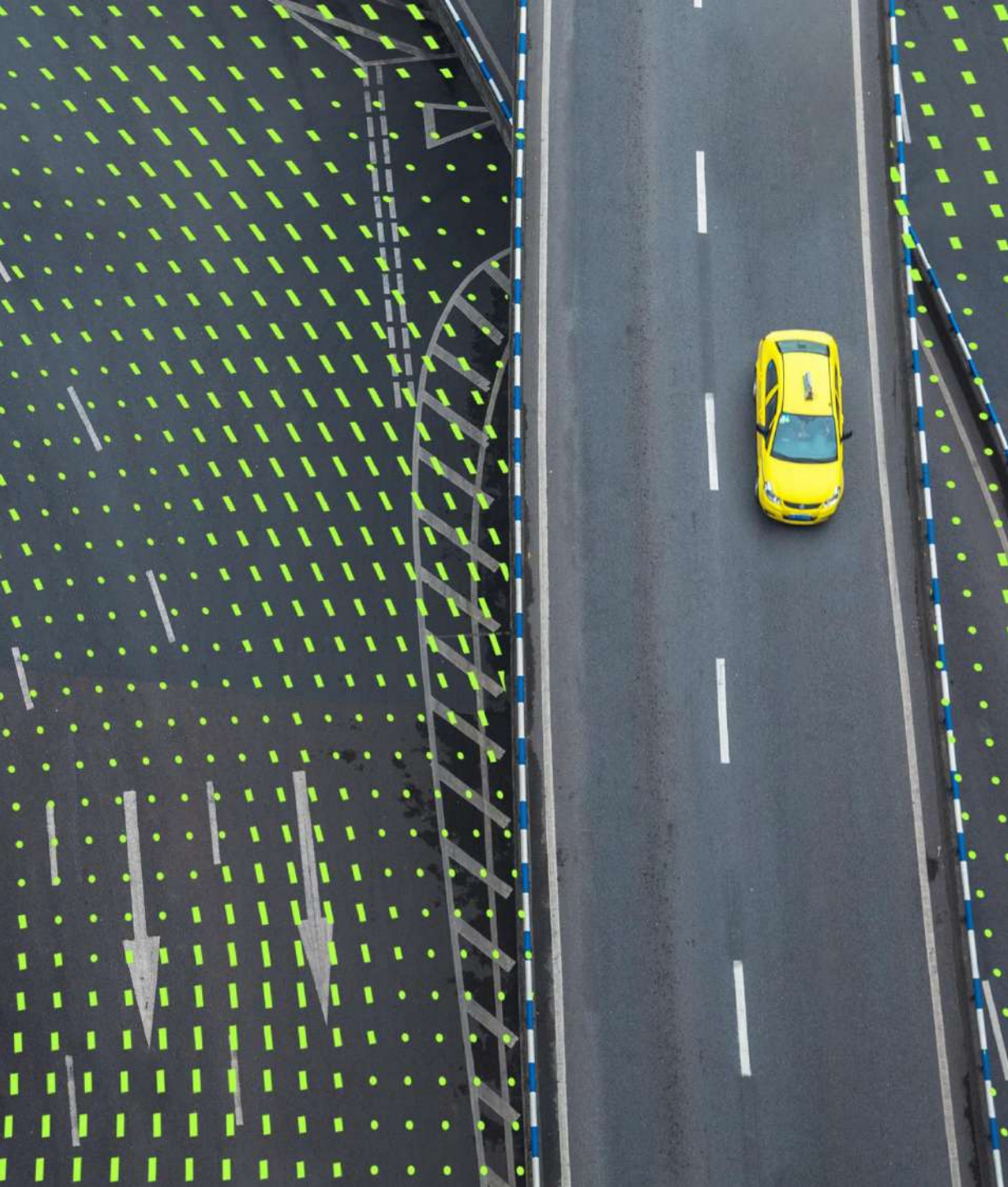
REVENUE GROWTH

The revenue growth momentum will continue in FY22. The growth is expected to be broad based across practices and clients. We have a healthy order book and decent medium-term visibility, giving us confidence of **double-digit growth in FY22**



PROFITABILITY

FY22 will see wage hikes, impact of new wage bill, fresher additions, higher operating costs & front-end investments. Offshoring, productivity improvement, employee pyramid and fixed cost leverage will help us neutralize & better cost increases. We expect **FY22 EBITDA to be in the 16%-17% range.**



2 years since the
merger - demerger

Shareholder Value Creation – Post Merger-Demerger

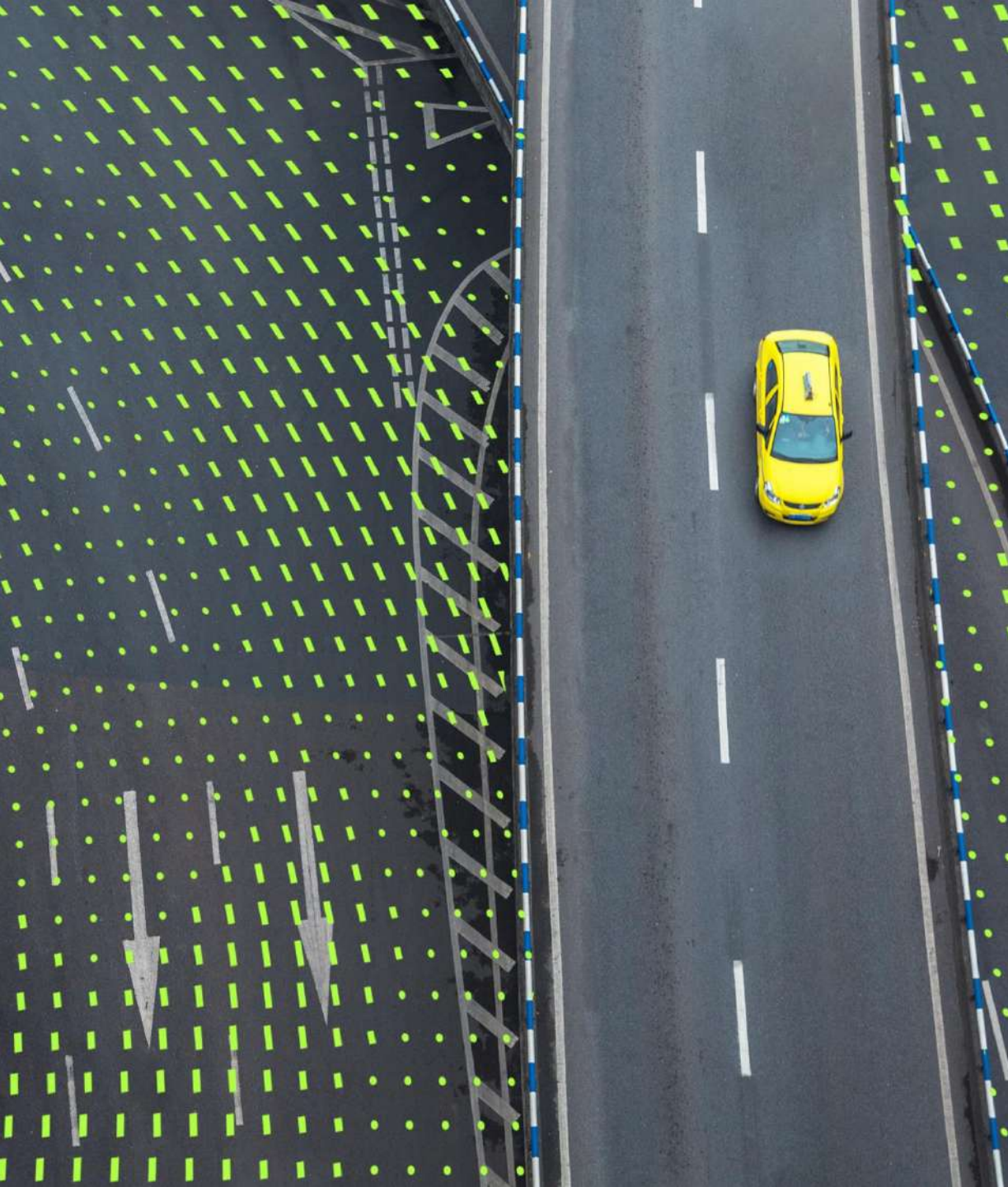
Returns Since the announcement of merger-demerger

Avg. 3-month Stock Price of Erstwhile KPIT before announcement of merger-demerger	₹ 110
Announcement Date	29/01/2018
Current Prices:	
KPIT	195
Birlasoft	250
Total	445
Absolute Return	304%
CAGR	54%



Returns Since the effective date of merger-demerger

Stock Price of Erstwhile KPIT on the Effective Date of merger-demerger	₹ 206
Announcement Date	15/01/2019
Current Prices:	
KPIT	195
Birlasoft	250
Total	445
Absolute Return	116%
CAGR	40%



Other Updates

Other Updates – KPIT Sparkle



KPIT Sparkle's 7th edition goes all virtual in 2021

KPIT Sparkle's is one of India's biggest innovation platforms for students, faculties, colleges, and universities

- 21,000+ student registrations
- 1,000 colleges in 27 Indian states
- 2,700+ projects



Team Nano-Fluid from ICAR-National Dairy Research Institute, Bengaluru, won the Platinum award of ₹ 10,00,000

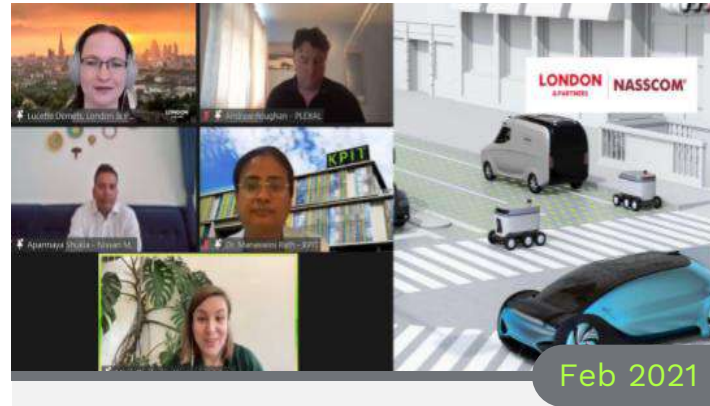


Other Updates



Mr. Anup Sable shared his perspectives with TechGig on emerging tech trends of 2021

The feature is titled 'Trends that will dominate 2021 in automotive and mobility ecosystem' and it focuses on the developments in the areas of Digital Cockpit, Autonomous Driving and the Electric Powertrain on TechGig is a platform exclusively for technology professionals .



Dr. Manaswini Rath VP and Global Head, AD, KPIT panelist at London & Partners and NASSCOM

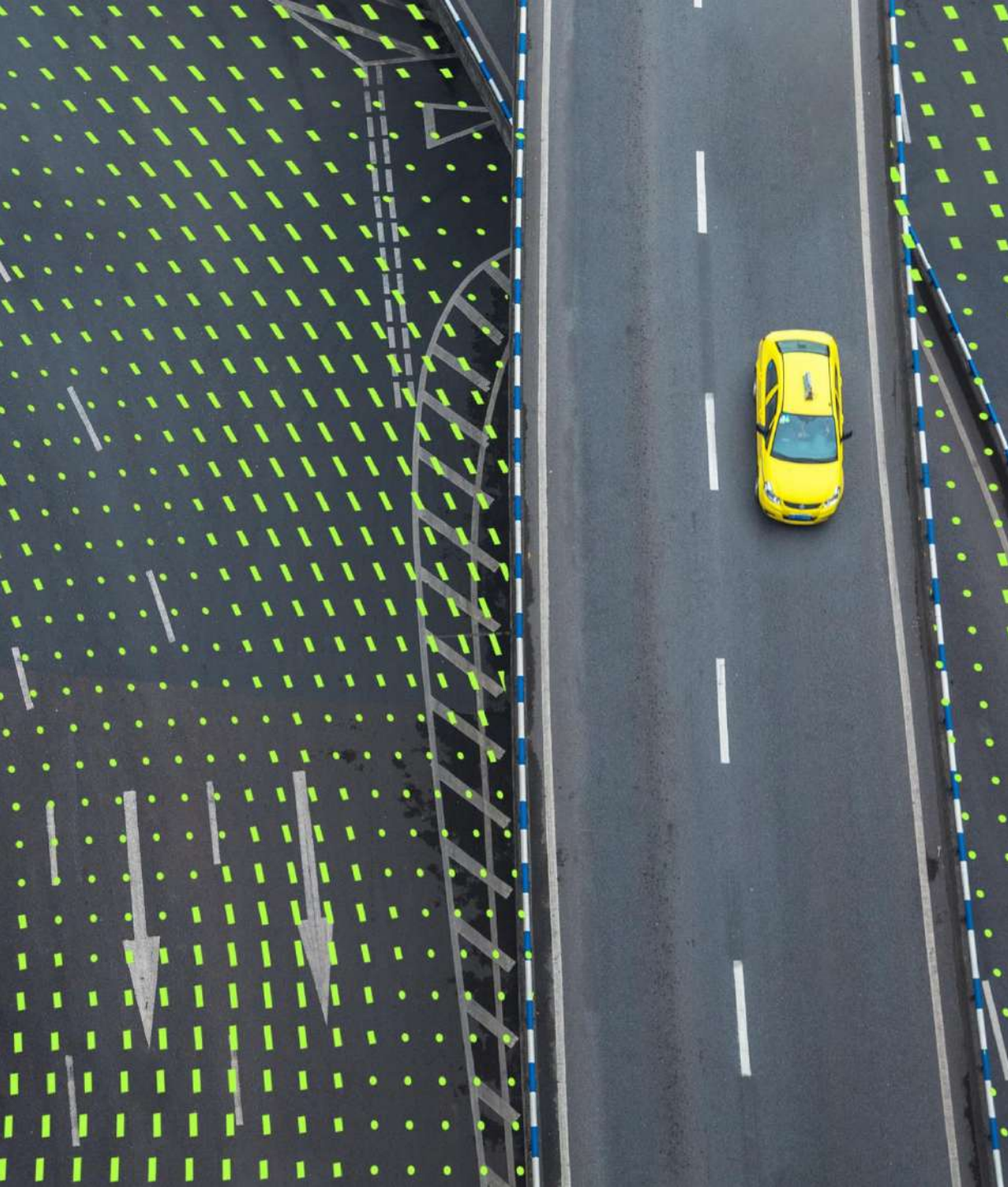
The Role of Data in the Mobility CASE - India & UK Perspective -

The discussion focused on priorities and opportunities in the Connected – Autonomous – Shared – Electric (CASE) in both the UK and India. The event was aimed at Startups and Scaleups that are interested in learning more about CASE and exploring opportunities in new markets.



Nitin Swamy, KPIT Panelist at Udyog Manthan webinar

Nitin Swamy, Senior Solution Architect, KPIT was a key speaker-panelist for a webinar on 'Robotics for Skill Training in India' organized by Udyog Manthan



Financial and Operational Data

- Snapshot

Profit & Loss Account Snapshot

INR MN

DETAILS	Q4FY21	Q3FY21	Q4FY20	FY21	FY20
Revenue from Operations	5,403.27	5,172.45	5,562.28	20,357.41	21,561.69
Other Income	51.53	64.09	76.79	139.29	283.17
Total Income	5,454.80	5,236.54	5,639.07	20,496.70	21,844.86
Operating Expenses	4,527.68	4,343.13	4,810.91	17,286.02	18,608.08
EBITDA	930.96	810.57	751.37	3,100.74	2,953.61
Depreciation	309.09	337.72	293.95	1,331.74	1,080.48
EBIT	621.87	472.85	457.42	1,769.00	1,873.13
Finance Costs	39.69	39.83	44.96	172.53	198.20
Change in FMV of Investments	11.56	2.88	47.43	18.33	(56.92)
Profit Before Exceptional Items	589.90	518.74	536.68	1,724.74	1,901.18
Exceptional items	-	19.45	(64.15)	51.49	(95.09)
PBT	589.90	538.19	472.53	1,776.23	1,806.09
Tax	119.45	108.45	91.53	362.26	338.34
PAT	470.45	429.74	381.00	1,413.97	1,467.75
Profit Attributable to owners of company	467.53	417.73	371.36	1,404.31	1,465.90
Profit Attributable to non-controlling interest	2.92	12.01	9.64	9.66	1.85

KPIT

This includes forex loss of INR 55.37 Million (Published Results Note 4) which is excluded in EBITDA computation

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

Balance Sheet Snapshot

INR MN

ASSETS	Q4FY21	Q3FY21
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	1,968.11	2,032.29
Right-of-use Assets	2,505.07	2,614.33
Other Tangible Assets	117.90	112.08
Goodwill & Other Intangibles	1,298.75	1,430.26
Other Non-Current Assets	758.84	804.15
TOTAL NON-CURRENT	6,648.67	6,993.11
<u>CURRENT ASSETS</u>		
Inventories	NIL	6.78
Cash and Cash Equivalents	8,224.57	6,478.61
Trade Receivables	3,083.47	4,291.94
Other Current Assets	1,663.49	1,570.31
TOTAL CURRENT	12,971.53	12,347.64
TOTAL ASSETS	19,620.20	19,340.75

EQUITY & LIABILITIES	Q4FY21	Q3FY21
Equity Share Capital	2,690.44	2,689.86
Other Equity	9,299.37	8,788.43
Equity attributable to owners	11,989.81	11,478.29
Non-controlling interests	28.74	26.97
TOTAL EQUITY	12,018.55	11,505.26
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	1,900.56	2,026.95
Other Non-Current Liabilities	401.00	74.93
TOTAL NON-CURRENT	2,301.56	2,101.88
<u>CURRENT LIABILITIES</u>		
Borrowings	NIL	182.51
Trade Payables	1,352.42	1,113.1
Lease Liabilities	367.86	345.02
Others	3,579.81	4,092.98
TOTAL CURRENT	5,300.09	5,733.61
TOTAL EQUITY AND LIABILITIES	19,620.20	19,340.75

Revenue Break-up (Quarterly)

USD MN

Geography	Q4FY21	Q3FY21	Q4FY20	Q-o-Q	Y-o-Y
US	31.34	28.57	30.41	9.7%	3.1%
Europe	29.77	30.48	31.91	(2.3)%	(6.7)%
Asia	13.38	10.68	14.62	25.3%	(8.5)%
TOTAL	74.48	69.72	76.94	6.8%	(3.2)%

Verticals	Q4FY21	Q3FY21	Q4FY20	Q-o-Q	Y-o-Y
Passenger Cars	56.68	52.94	58.33	7.1%	(2.8)%
Commercial Vehicles	16.65	15.81	16.67	5.3%	(0.1)%
New Mobility	0.59	0.56	0.83	5.1%	(28.3)%
Others	0.56	0.41	1.11	35.1%	(49.8)%
TOTAL	74.48	69.72	76.94	6.8%	(3.2)%

Practices	Q4FY21	Q3FY21	Q4FY20	Q-o-Q	Y-o-Y
Powertrain	30.12	30.00	25.01	0.4%	20.4%
AD-ADAS	13.80	13.34	19.87	3.4%	(30.5)%
Connected Vehicle	7.99	6.76	8.07	18.1%	(1.0)%
Others	22.58	19.62	23.99	15.1%	(5.9)%

Revenue Break-up (Annual)

USD MN

Geography	FY21	FY20	Y-o-Y
US	114.66	125.62	(8.7)%
Europe	112.66	117.91	(4.5)%
Asia	47.46	60.28	(21.3)%
TOTAL	274.77	303.81	(9.6)%

Verticals	FY21	FY20	Y-o-Y
Passenger Cars	211.01	228.11	(7.5)%
Commercial Vehicles	60.06	68.97	(12.9)%
New Mobility	2.09	2.76	(24.2)%
Others	1.61	3.97	(59.5)%
TOTAL	274.77	303.81	(9.6)%

Practices	FY21	FY20	Y-o-Y
Powertrain	108.22	103.78	4.3%
AD-ADAS	57.89	69.73	(17.0)%
Connected Vehicle	30.31	38.81	(21.9)%
Others	78.36	91.49	(14.4)%

P&L Metrics (Quarterly)

	Q4FY21	Q3FY21	Q4FY20	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	45.4%	46.3%	48.6%	4.8%	(9.6)%
Fixed Price Basis	54.6%	53.7%	51.4%	8.6%	2.9%
Clients					
Strategic T21 Client Revenue	85.64%	85.27%	81.81%	7.3%	1.3%
Active Clients	55	55	58		

Revenue per Devp. Employee USD	50,946	49,456	46,675
EBITDA Margin	17.2%	15.7%	13.5%
EBIT Margin	11.5%	9.1%	8.2%
PAT Margin	8.7%	8.1%	6.7%
Effective Tax Rate	20.2%	20.2%	19.4%
EPS (Basic)	1.74	1.55	1.38
EPS (Diluted)	1.72	1.54	1.38

P&L Metrics (Annual)

	FY21	FY20	Y-o-Y
Revenue by Contract Type			
Time & Material Basis	47.9%	49.3%	(12.2)%
Fixed Price Basis	52.1%	50.7%	(7.0)%
Clients			
Strategic T25 Client Revenue	85.69%	81.45%	(4.9)%
Active Clients	55	58	
Avg Revenue per Devp. Employee USD	46,099.6	45,825.18	
EBITDA Margin	15.2%	13.7%	
EBIT Margin	8.7%	8.7%	
PAT Margin	6.9%	6.8%	
Effective Tax Rate	20.4%	18.7%	
EPS (Basic)	5.22	5.46	
EPS (Diluted)	5.19	5.44	

Currency wise revenues, Hedging Details

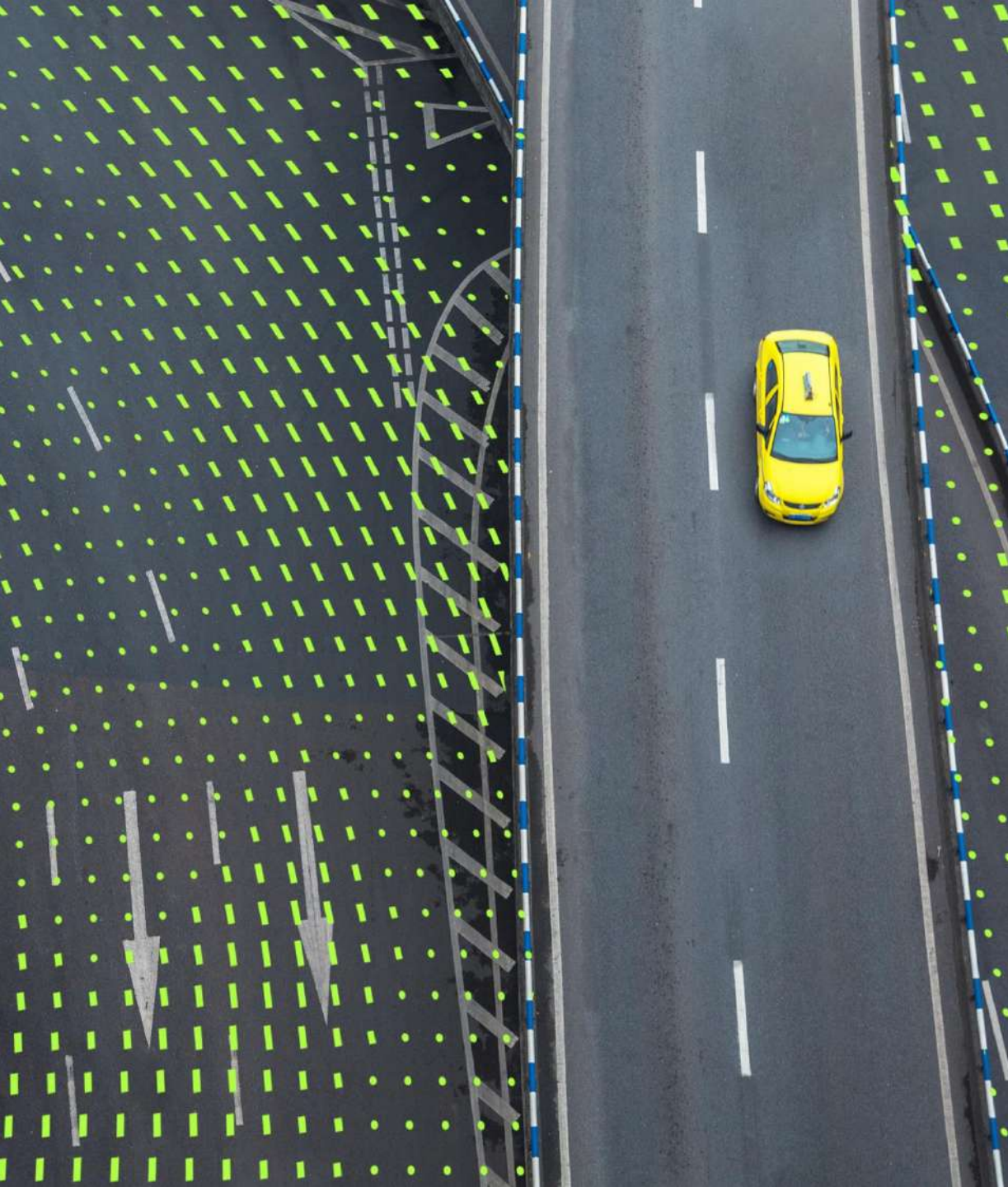
Currency wise revenue	Q4FY21	Q3FY21	Q4FY20	FY21	FY20
USD	43.5%	42.0%	41.2%	43.1%	42.5%
EUR	33.9%	38.6%	32.7%	35.5%	30.9%
GBP	5.2%	4.5%	8.1%	4.6%	7.4%
JPY	8.9%	5.3%	9.6%	7.9%	10.8%
INR	4.6%	5.0%	5.9%	5.2%	5.6%
Others	3.8%	4.5%	2.7%	3.7%	2.8%

Realized Rate	Q4FY21	Q3FY21	Q4FY20
INR/USD	72.55	74.19	72.29

O/s Hedge Details	Q4FY21
Hedge Rates	
USD/INR	75.43
EUR/INR	91.93
GBP/INR	103.26
Hedge Amounts(Mn)	
USD/INR	23.05
EUR/INR	11.15
GBP/INR	6.10

Headcount Data

Period End Headcount	Q4FY21	Q3FY21	Q4FY20	Q-o-Q	Y-o-Y
Development	5,848	5,639	6,594	-	-
Enabling & Sales	518	513	531	-	-
Total	6,366	6,152	7,125	-	-



Contact us

- [Contact](#)

Conference Call Details

Conference name	: KPIT Technologies Q4 FY2021 Post Earnings Conference Call
Date	: Thursday April 29, 2021
Time	: 1600 Hrs.
Participants	: Mr. S.B. (Ravi) Pandit, Co-Founder, Chairman 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 6,250+ Automobelievers across the globe, specializing in embedded software, AI & Digital solutions, KPIT enables clients 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. 30

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

Contact

For Investor Queries



Email
Sunil.Phansalkar@kpit.com



Desk Phone
+ 91 20 6770 6997



Cell
+ 91 98509 66011



Website
www.kpit.com



Sunil Phansalkar

Contact

For Media Queries



Email
Sunil.R@kpit.com



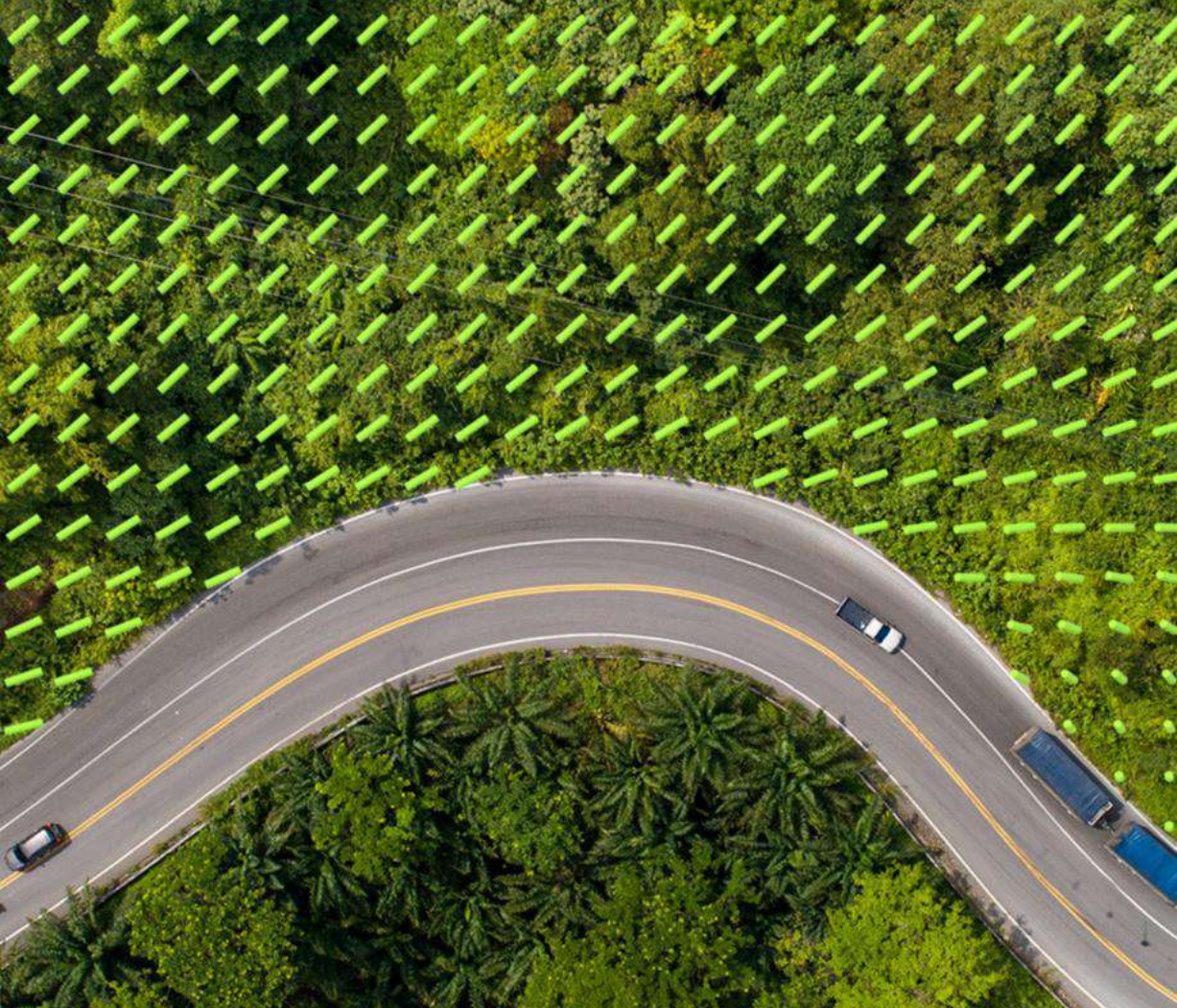
Desk Phone
+ 91 80 6606 6000 (7865)



Cell
+ 91 99001 50180



Website
www.kpit.com



Sunil B R



Thank You