

August 6, 2025

**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

Dear Sir / Madam,

**Sub: Transcript of the Post Earnings Conference Call for the quarter ended June 30, 2025.**

In terms of Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Post Earnings Conference Call for the quarter ended June 30, 2025, conducted on July 30, 2025, after the meeting of the Board of Directors for your information and records.

The transcript of the Post Earnings Conference Call is also made available on the website of the Company. The link to access the same is as below:

<https://www.kpit.com/investor-financials/>

Kindly take the same on your records.

Thanking you.

Yours faithfully,

For **KPIT Technologies Limited**

Ashish Malhotra  
**General Counsel & Company Secretary**



“KPIT Technologies Limited

Q1 FY '26 Earnings Conference Call”

July 30, 2025

**KPIT**

**DOLAT CAPITAL**



**MANAGEMENT:** **MR. KISHOR PATIL – CO-FOUNDER, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – KPIT TECHNOLOGIES LIMITED**  
**MR. SACHIN TIKEKAR – CO-FOUNDER AND JOINT MANAGING DIRECTOR – KPIT TECHNOLOGIES LIMITED**  
**MS. PRIYA HARDIKAR – CHIEF FINANCIAL OFFICER – KPIT TECHNOLOGIES LIMITED**  
**MR. SUNIL PHANSALKAR – VICE PRESIDENT OF CF&G, HEAD INVESTOR RELATIONS – KPIT TECHNOLOGIES LIMITED.**

**MODERATOR:** **MR. RAHUL JAIN – DOLAT CAPITAL MARKETS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to KPIT Technology's Q1 FY '26 Earnings Conference Call, hosted by Dolat Capital Market Private Limited. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Rahul Jain from Dolat Capital Market Private Limited. Thank you, and over to you, sir.

**Rahul Jain:** Thank you, moderator. Good evening, everyone. On behalf of Dolat Capital, I would like to thank KPIT Technologies Limited for giving us the opportunity to host this earnings call. And now I would like to hand the conference to Mr. Sunil Phansalkar, who is VP, CF&G and Head IR at KPIT to do the management introductions. Over to you Sunil.

**Sunil Phansalkar:** Thank you, Rahul. A very warm welcome to everyone on the Q1 FY '26 Earnings Call of KPIT Technologies Limited. On the call today, we have Kishor Patil, Co-Founder, CEO and MD; Mr. Sachin Tikekar, Co-Founder and Joint MD; Priya Hardikar, CFO; and myself on the call. As we do always, we'll have the opening remarks by Mr. Kishor Patil on the quarter performance and the way forward. And then we'll have the floor open for your questions.

So thank you for joining this call, and I will now hand it over to Mr. Kishor Patil.

**Kishor Patil:** Hello. Welcome to quarterly investor call. I will just go through quickly the key highlights of the quarter. year-on-year growth has been 12.8% in rupee terms and 7.8% in dollar terms. EBITDA has grown year-on-year by 12.4%. We are very happy that in these uncertain times, the EBITDA remained strong at 21%.

EBIT was at 17%. PAT is INR 1719.1 Mn. There is a variance as compared to the last quarter, basically because of the onetime income we had last time because of QUALCOMM's investment into Qorix as well as a net negative impact of INR272 million because of the currency changes. The wins during the quarter have been \$241 million. The growth has been mainly in powertrain and connected areas, both across U.S.A. and Europe and basically in the passenger car vertical.

In terms of commercial, there is certain drop, and it is very specific to this year's ramp down, that happened in a client, which we believe now will go into the growth mode from 1 quarter down the line. In terms of overall quality of the revenue, fixed price projects have moved from 60%, to 62.5%. It is very

important because this allows us moving to the business model and which we would like to move into in the future. The head count has been 12,545 from 12,873 from the last quarter.

On the Pipeline. Overall, the pipeline remains strong. We believe that based on what we have won and the way the movement of the pipeline is appearing in the last few weeks and also based on some of the wins we had. I think we have this pipeline based on the passenger cars, but we believe that in the Commercial Vehicle vertical -- there will also be growth in off-highway and commercial, which will kick in, in the next few quarters.

We are also very bullish about China and India. We can see that the pipeline from both these geographies has increased. And you have seen an announcement about the JSW engagement, which we have won.

I must say that we are very bullish about where we stand in terms of AI competency and the kind of solutions we are in the process of building in terms of AI-infused mobility. We believe, based on our interactions with the clients as well as overall industry players, we are ahead in terms of our AI journey specific to mobility, and this gives us a very substantial competitive advantage as compared to our competition to win more business.

Overall, as you know, the geopolitical issue because of the tariffs and the intense competition between the OEMs and the China competition is still there, but we believe it will settle down in a quarter. We believe that the solutions approach is what the clients are looking for to bring in speed and a reduction in the cost.

We believe that along with our products and platform strategy and this AI-based solutions, we will be in a position to have certain wins and H2 will be higher than H1. And as we move into the second half, we will start gaining the growth momentum.

This is what I have to say today, and we look forward to any questions.

**Moderator:**

Thank you very much. The first question is from the line of Bhavik Mehta from JPMorgan. Please go ahead.

**Bhavik Mehta:**

Just one question, Kishor, you mentioned that you expected tariff which are uncertain to settle down in a quarter. Is this based on client conversations that we're getting confidence that things will start improving from 3Q onwards?

**Kishor Patil:**

Yes. I mean what we see in the newspapers and overall, what you know and what we talk to government and understanding and of course, the clients. I

believe in a quarter or so, I think there will be more certainty. And right now, we believe because we have a very strong pipeline, and I think the scale-up is not happening because of the uncertainty or wherever there is a priority, the client is coming to us specifically when they really need speed, which is required for the completion of most of their programs.

But that comes at a cost of some kind of a cannibalization of the existing business also. So, we believe the spend will start happening, and that is, of course, based on the client conversation, as much as they see it right now.

**Moderator:** The next question is from the line of Karan Uppal from PhillipCapital India.

**Karan Uppal:** The first question is on the overall deals. So have you seen any pickup in terms of the projects which were stalled or delayed due to macro uncertainty in last few months? And do you expect Q2 to stabilize? Or there could be some additional drop in revenue in Q2? Yes, that's the first question.

**Kishor Patil:** I will tell you about the environment. We don't talk about quarter-to-quarter and anything specific. But I think in quarter 1 as well as quarter 2, the way we see is that if you remember, last year, we had some onetime income, which I mentioned also at the end of the year last time and during the opening remarks here.

Many of that income had gone, but I think it has been compensated by the new wins or some of the start of the projects. So already, we see some of that. but I think we –have not ramped up to our expectation in quarter 1 and quarter 2, but we do believe that in H2, sometime in the H2, it will start growing. It will start ramping up based on our conversations, as I mentioned, and we will see the growth momentum.

**Karan Uppal:** Okay. And can you, sir, can you please mentioned about the demand trends you are seeing across various geography markets like Europe, Asia and U.S. And the recent U.S. and Europe as well as U.S. and Japan trade deals, would that have any positive impact on the R&D spending as that brings some certainty with respect to tariffs on auto?

**Kishor Patil:** Absolutely. I think some certainty is getting in, as you talked about Europe, U.S. And we believe as it settles down, I think the clients, even though there will be an additional cost, I think at least there will be a certainty to some extent. And that, we believe that will really push them to move forward in terms of certain programs and spend.

There is still less clarity in terms of tariffs, in terms of Mexico and Canada, which is important to some clients, specifically in Asia, but also some places in Europe. And that is also required, and I hope that also comes in this time.

That will further help. But even today's clarity is helping is what I think, as I mentioned, H1 is something which will remain a little unstable or uncertain to some extent, as I have been talking. But we see now H2 certainly, we believe that we will start seeing the growth in H2.

**Karan Uppal:**

Okay. The last question is on the pipeline. So could you mention about the segments where you are seeing good demand in terms of, let's say SDV, AD ADAS, connected, hybrid. Some color would be helpful. And last time, you had mentioned two large deals were there in the pipeline in Europe. So what's the status of that?

**Kishor Patil:**

Yes. I think overall, the growth in terms of domain, I think, has been more in terms of powertrain, connected and autonomous, though this quarter it doesn't appear like that, but in 1 quarter down the line also, you will start seeing that. But I think these are the areas.

And in Europe, there are many deals in the process. But I think in Europe, some of these deals have started ramping up. As I said, slowly than what we expected, but they have started converting.

And the other thing, I must say that as India and China, we believe that they will start contributing meaningfully to our revenues in next 6 months or so. I mean, that you have seen one announcement today, it will start kicking in to a certain extent even though it is initial, it will start in Q3, it will be small to begin with, but it will start scaling up over the next 3 years or so.

So reasonable contracts and they will start scaling up. We also are very pleased that China pipeline is coming along well. We hope and we believe that we'll be in a position to start some of these projects also. In Europe, our pipeline is the strongest, as I have been talking about, I think that will help us. And U.S., I think specifically on off-highway and commercial, we see that we will start seeing some growth in the quarters down the line.

**Karan Uppal:**

Okay. Thanks and all the best.

**Moderator:**

The next question is from the line of Nitin Padmanabhan from Investec.

**Nitin Padmanabhan:**

I think it's been pretty solid execution in a very tough quarter, both on deal wins and margins. I wanted your thoughts on a couple of things. So first is, I think, we have had a lot of OEMs make a lot of announcements, like I think Honda spoke about their change in plans on or at least pushing out plan from an EV time line perspective and a lot of things, Daimler today, there was a new guidance on lower volumes and so on and so forth.

So there's a lot happening. It would be good if you could sort of contextualize what is happening from a spend priority perspective if you compare now versus last year on how they're looking at those spends. So that is one. Second is, I think, see, we have seen a good almost 20% growth in deal wins, right, both on a TTM basis and year-on-year basis.

Now for the older deals, are you seeing versus what was originally signed, is there any change in the scope or anything because of the change in plans? Are you seeing any impact or that continues to sort of hold true in terms of what the original scope and scale of those deals were? Those are the two questions to start with.

**Sachin Tikekar:**

So Nitin, let's start with the first question. In terms of the spend, obviously, there is a lot of prioritization, reprioritization that's been done given the cost pressures that are being faced by all the OEMs across the globe. The basic thinking is they're making investments in the features that make sense and that they have to bring into production immediately in order to remain competitive. And there are two specifics. I think it's becoming a default that everybody has a smart cockpit or an e-cockpit.

And secondly, it has Level 2+ autonomy. I think this has become the #1 priority for most OEMs. It has become a default in China and now it's becoming a default in the Western world as well. So that's one area where everybody is prioritizing their spend. Along with that comes cybersecurity and functional safety. They go hand in hand. That's the second part.

But the third most important part is when you are putting these features into production, they require extensive validation. So, we are seeing growing demand in terms of validation. These are the areas where the spend is growing. We believe that, as someone mentioned earlier on, the electric powertrain is taking a little bit of a backseat. At least the programs have been pushed out by many OEMs, especially the ones outside of China.

However, hybrids have become prominent and trucks and off-highway, there is also a talk of ICE, some additional investments into internal combustion engines, right? So, we are also seeing some demand coming up there.

So those are areas in terms of technology. In terms of the newer architecture, which was actually for the first generation of SDV, they're all coming to fruition between now and next 1 year or so. And the next architecture was supposed to come into play by 2028, for that, the work should have started by now. That's definitely getting pushed out by a year or 2. So these are the kind of changes that we are seeing in terms of preferences and prioritization for the OEMs.

What was the second question, Nitin sorry, if you could remind me?

**Nitin Padmanabhan:** Yes. The second question was that our deal wins are up like almost 20% this quarter and even on a trailing 12-month basis. So, if you look at the trailing 12-month deal wins, basically, it suggests the order book is very solid.

Now the question was on this order book, which needs execution with all these changes that are happening, does this change the scope and size of those deals in your view because of these reprioritizations and change.

So in reality, would it still be a 20% increase on a TTM basis? Or that number would have come down because people have changed what they want to spend on is the question. So from a visibility perspective, is it the same as what the numbers suggest?

**Sachin Tikekar:** The visibility, you're right, the visibility continues to get better., –And there are two reasons for this. One is the reprioritization of existing programs. that has had an impact. Even though there is growth on one hand, there is reprioritization in the existing program, right, which is sort of not helped us.

And the second part also, for the existing programs, there is a demand to do them in a more efficient, effective manner. In terms of instead of providing the service, providing the solution. That means using more of our tools and accelerators to speed up the program so that they can be launched faster.

That means cannibalization in terms of some of our competitors, but at times, our own business. So even though you're seeing a lot of growth on one hand, these are the two factors that are sort of dampening that growth to some extent. And we believe that that's something that will happen less of in H2 of this financial year.

**Kishor Patil:** I think one thing I may want to add is if you look at the fixed-price projects, they keep on going up. So, we are now at 62.5% from 60%, and this is very important because then we get the flexibility to deliver it in a multiple and more efficient manner, et cetera, and also change certain business models in the days to come. I think that has all helped us to maintain the profitability as well.

**Nitin Padmanabhan:** Got it. Got it. That's very helpful. Just one last one if I can squeeze in. The cannibalization in the business, which you had explained. So we were always known for using those accelerators, having prebuilt code tested to be error free. So we were anyways doing it. At the moment, could you please explain how that cannibalization is working at the moment? What exactly is happening? If you can just give a simple example.



**Kishor Patil:** Absolutely. I'll give one example. And I think, see, take an example of we doing a validation earlier. So right now, as Mr. Tikekar mentioned, it is an area where most of the project programs are in the process of validation, right? That's what is happening. Now the many OEMs are realizing that they are delayed and they have to catch up very quickly and have a better validation with a better quality but much quicker.

Now for that, we have brought in a very good solution in terms of a AI driven validation. Now this is a big priority for the OEM, so they have given us reasonably reasonable size orders, prioritizing over other spend. And we have won such kind of deals, but in that case, because they are not in a position to increase their spend, they had to slow down or cut down spend somewhere else, and that has also impacted us. Did I answer your question?

**Nitin Padmanabhan:** That's very helpful. Yes, yes. Absolutely. All the very best.

**Sachin Tikekar:** Thank you, Nitin.

**Moderator:** The next question is from the line of Aman Soni from Nvest Analytics Advisory LLC.

**Aman Soni:** Congrats for the resilient performance despite a tough quarter. My first question is on new tie-up, as JSW Motors first new New Energy vehicle is expected to reach the market in the second half, can we assume that like you mentioned in the opening remarks as well, Q3, we will be starting the execution.

So I want to understand like what is the size and scope of this contract, that is one? And is there any strategic correlation between KPIT's recent entry into China and securing this partnership? Given that JSW Motors, India's operations involve a joint venture with the Chinese automotive company. So that's my first question, sir.

**Kishor Patil:** We don't like to comment on more details on the client project. But I may say that this is specific to India program. And a lot of work we will be bringing in what assets we have, and we will be adapting it more for India market—This will be about 3 years kind of a program. And this is much like the other programs we undertake, and I cannot talk about the numbers on this specific program.

**Aman Soni:** Got it, sir. And secondly, on this sodium ion battery test. So considering the formal transfer of this technology to Trentar in February '25. Could the management provide an update on the current progress of commercialization and manufacturing activities. And additionally, does KPIT maintain any

transparent visibility or any direct involvement in Trentar's battery production process?

**Kishor Patil:**

So I mean, at a high level, I can only say that, of course, they are making the right investment. They have hired a CEO from Europe and moved him to India. And so a significant investment in commercialization. In order to go through two stages because battery is a very intricate kind of technology and the investments are pretty significant, but they are all committed to that.

So if you look at both these things, I think it will take about 2 to 3 years for us to start getting the license revenue till that time, we expect the factory to be stable, the production to start coming in and achieve a certain threshold from where our royalties kick in.

**Aman Soni:**

So just a follow-up on that. You mentioned 2, 3 years. But I remember in one of the interview, management has mentioned, like vehicle will be on the road based on sodium ion technology in India in a period of just 1 year. So what was that?

**Kishor Patil:**

I don't know which interview you are talking about. But it could be a battery not manufactured through our technology or the deal. It may be something else I mean there are vehicles on the road even with hydrogen, but these are all pilots. And that kind of thing happened because even with the sodium, we have run some vehicles with the pilot production done in Europe. But those will be a few of them.

**Sachin Tikekar:**

Yes. These are not mass production yet. These are only pilot. .

**Aman Soni:**

Understood. And lastly, on the -- any update on the QORIX side, whether we have made any addition in the terms of new clients?

**Kishor Patil:**

I think there is one big European OEM, which is in that process where we are in the advanced stage of engaging will probably know in next quarter or 2.

**Aman Soni:**

Got it. And just one more thing on the hydrogen fuel side. What is the update on that technology part, sir?

**Kishor Patil:**

I think this is a piloting of this technology to get hydrogen at a high scale it will take some time. So, we are piloting it. I guess you might have seen also some PR also on this. It's happening in multiple ways. I mean, apart from the Cochin shipyard, we did I think we are doing in some other cases, also some pilots, but it will take time to be commercially viable and revenue earning for us.

**Aman Soni:**

Understood, sir. All the best for the future.

**Sachin Tikekar:** Thank you, Aman.

**Moderator:** The next question is from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP.

**Garvit Goyal:** My questions are answered. Thank you.

**Moderator:** The next question is from the line of Vimal Jamnadas Gohil from Alchemy Capital Management.

**Vimal Gohil:** Congrats, good quarter. Just -- you've been talking about making some inroads in China, and now we have a very firm inroad in India as well after this announcement. I just want to -- could you just put some more light on the nature of work in these two geographies, especially China? Is -- what kind of work are we doing?

Is it very different from what we've been doing for clients across EU and U.S? What I mean is, are we directly entering the core architecture over there for the Chinese OEMs? Or are we looking at the partnership route through -- to enter these OEMs? If you can explain more on that, please?

**Kishor Patil:** Look, currently in China, we have at a high level, we are looking at all the three stakeholders. One is global OEMs in China, which we have engaged, our existing clients, and we have engaged some of our existing clients in China. And we are now with a better presence, we are improving our engagement with them.

The second thing, which is a little different, because the ecosystem in China is very different. So we are working with some Tier 1s, Chinese Tier 1s, specifically to get a better understanding of innovation and technology, which is coming in certain areas like digital cockpit and autonomous and some of these. So that is the second part.

And there, we are working with them in China as well as outside China. And the OEMs, we are engaging with them, specifically through Tier 1s in some cases, as I mentioned to you. And third thing is more outside China. So this is how we are working.

**Sachin Tikekar:** And just to add to Mr. Patil, we have certain products through our subsidiary, Technica Engineering. And we are seeing a lot of traction for our products in Chinese OEM ecosystem. So there are 5 or 6 Chinese OEMs with whom we have already built a partnership for our products, and we hope to enhance our reach to larger OEMs through the products.

**Vimal Gohil:** Right. Sir, my second question was on margins. Given the kind of reset that we've seen with macro challenges and we are also looking at different avenues like off-road commercial vehicles. How should we look at margins in light of the fact that we've been fairly confident in the past of expanding margins through offshoring and fungibility of our overall workforce. So if you could throw some light on the long-term trajectory of margins after what has happened in the recent past?

**Kishor Patil:** Right now, I would say, in a foreseeable future, we believe we can maintain the margins at 21%. I think as you have seen I mean, unless the currency plays very havoc. We don't know. That part, we don't know. But as long as it is in a reasonable way, we should be in a position to maintain it at 21% EBITDA.

We do believe in the medium term, we can increase the margin, as I have been saying. And as it stabilizes in the next few quarters, although we will talk about our strategy for the future, both for growth and increased profitability.

**Vimal Gohil:** Understood. Understood, sir. All the very best.

**Sachin Tikekar:** Thank you.

**Moderator:** The next question is from the line of Chandramouli Muthiah from Goldman Sachs.

**Chandramouli Muthiah:** My first question is just on head count planning for the year. So I think the last 3 years, we've had between 15% and 30% sort of head count addition in F '22, '23, '24 and F '25 was sort of a little bit of a reset year where it was flat. So just going forward this year with back half recovery expected? Just want to understand how you're looking at sort of head count additions, just given that I think this quarter, we've had a slight maybe net reduction in headcounts.

**Kishor Patil:** Yes. so I'll answer this in 2, 3 ways. One is, of course, our growth has been flattish for the last few quarters and maybe we are expecting another 1 quarter of growth in that range. So, looking at that, of course, we manage our head count based on how we see the next quarters, right? And based on that, what we have done is if you look at for last year, our attrition is around 7% or so on an annual basis. At that range, we have not added, filled the bench as we generally would do.

So that's where we are. And naturally, we have continued to hire freshers. We continue to go to campus and get freshers because they are more, I would say, AI amenable and ready and ready to learn more. So, I think that we continue to do. So right now, that's how we have done it. As we get the more

productivity, and we are already getting more productivity. As I said, we have moved to 62.5% in terms of fixed price significantly higher than the last year, if you look at.

And we believe we can go further on this part. So, we will change our business model, too, and we believe we can get better productivity advantages on that. We will put this together. I must say, and I have been saying it from the last 2 quarters, that I think the model where you relate head count to revenue will be difficult in future and while we do expect that in some cases, we will still do in short term.

But I think over the period, we believe that we will be in a position to enhance our productivity substantially and move towards more products and solutions. And that has actually also helped us during the last few quarters in terms of margins. And we believe that our portion of that business will keep on going up.

**Chandramouli Muthiah:** Got it. That's helpful. My second question is just around, I think, the comments you've made on potential good momentum exiting the fiscal year, back half to be better than the first half. So we have seen very stable and good level of deal wins over the past 4 quarters, even if you look at it on a Y-o-Y basis. So it looks like you are able to win business in this tough environment, but maybe conversion into revenue is taking slightly longer.

So just want to understand, as you look into the back half, maybe even if next quarter is a slow recovery in the back half, do you see visibility in your pipeline or conversions for that sort of 5% to 6%, maybe higher than that kind of Q-o-Q growth that you have done for almost 15, 16 straight quarters before FY '25. So I just want to understand what sort of trajectory you expect in the back half? Just given that your wins have been relatively strong in a relatively hard environment.

**Kishor Patil:** Yes, yes. So, I think let me say that we'll start walking before running. So that's how I would put it. And I believe that as we first mentioned, because of the uncertainties, I think the clients -- do not have an extra budget. So, their priorities have changed.

I think Mr. Tikekar also explained, right, where they are into production programs they're changing towards most of the people have pushed down their new architecture programs by a year or 2, and they are trying to really make sure that they are in a position to deliver the current programs effectively with a better quality and add some features in the current program because they know that they are already behind and their current program specs are not good enough for them to win in the market.

So they want to add more features in that. I think that kind of changes in the priority basically, they are moving the budgets to that extent, and they are cutting or reducing their budgets or not spending more on the other parts. So that has really slowed down and so the certainty improves, or I would say, when stability comes in the external environment, I think the OEMs will start spending, and that's when you will see the net realization of new wins and basically the growth will come back more.

**Chandramouli Muthiah:** Got it. That's helpful. And my last question is just around Caresoft. So I think this is also something which you indicated might help you in the China offering to potential customers there. I think in the mid-quarter update, you had indicated something that's nearing closure towards end of June, early July. So I just want to understand when we think we can close that and start consolidating the results from that asset?

**Kishor Patil:** Yes. So we are -- in that process, we had certain, I would say, condition precedent CPs, which are still not fulfilled. So, we are waiting for that. We do hope in this quarter, it should happen. It's not happening on the 1st of July, that I can tell you. So, we'll see, and we'll keep you informed as and when it happens, of course.

**Moderator:** The next question is from the line of Manik Taneja from Axis Capital.

**Manik Taneja:** I basically had some clarification questions with regards to our segmental margins. If you could talk about what's driving the quarterly volatility when it comes to segmental margins, especially when it comes to the European markets as well as the ROW Geography?

And the second question is over the course of last couple of years, the 2 large events with Asian OEMs contributed to a significant part of our growth through FY '23 and '25. And when you spoke last quarter, you were simply expecting much more broad base growth in FY '26. Given the way things stand in your commentary regarding the deal closures in India, with MG and also your expectations on China. If you could talk about how you're thinking about the broader controls of growth across the 3 markets. Those would be my 2 questions.

**Priya Hardikar:** In terms of segmental margins, I think if you look at it is basically recorded basis, Entity financials. Those are getting converted at the currency rates that apply. And this quarter, we have seen some changes. Alongside that, as Mr. Patil mentioned, we have seen a significant change to fixed price based model and that is also driving the changes in the business model and thereby the margins that you see in the segment.

**Manik Taneja:** So just to clarify -- sorry, just to clarify on this fixed price mode, is that translating into some near-term pressure on margins in certain geographies where you are seeing this move? And is this certain geography-specific move towards or engagement moving towards fixed rate?

**Sachin Tikekar:** Not really. I think our first step is to see, and it goes back to solving the clients' problems and making sure that we are meeting their priorities. For that, if their expectation is that we'll do things cheaper, better, faster for them.

The first thing that we have to do is convert all the programs into fixed price so that we can actually apply our own tools accelerators, also the AI infused solutions to do that. So, I think this is the first step towards that. That does impact the revenue, but it doesn't impact the margins, right, to some extent, as Mr. Patil explained earlier on.

So from that perspective, there is not much of a difference that you've seen in the last quarter. In terms \ you talked about the segmental margins across the 3 geographies. it hasn't really impacted to that extent.

I think your second question was about growth across the geographies. First, let's talk about Asia. As Mr. Patil explained, our investments in China, our investments in India will pay off as we get into the second half of the year and the next year. We are seeing some of the larger engagements that we've been able to close there from Europe, and we believe that Europe will continue to drive our growth in the future.

Even though you've seen in the recent past for year-on-year, there was a degrowth, but we believe that Europe will lead the growth for next several quarters to come. And in the U.S., as Mr. Patil explained, it's not only the car OEMs that we are working for, where we'll see some growth coming, but it would be complemented by the growth that we'll have from off-highway and truck segments.

These are early days again in the U.S. These are all new clients and we are establishing those relationships at this point in time. But over the next few quarters, we'll be able to see more growth. So, net-net, we see opportunities to grow in all 3 geographies. The timing of that will be different. But if you take next 3 to 4 quarter kind of view, we believe that there is potential growth across the 3 geographies.

**Manik Taneja:** Sure. I appreciate the color. And last question, essentially a clarification question with regards to wage hikes for the year. Typically, we tend to do them in the second quarter. Any thoughts on what are you planning?

- Sachin Tikekar:** Can you repeat that? What was the part -- Sorry, can you repeat that question?
- Manik Taneja:** So typically, we tend to implement wage hikes in the second quarter. I just wanted to understand what -- how you're thinking about wage hikes for the current year?
- Kishor Patil:** Yes. So we are going to do that in a different way. Basically, as we talked about, that our business model and client expectations are changing. So, we are looking at all of our HR processes, including hiring, training, appraisals and compensation.
- And we have also done the complete benchmarking with the new set of talent, which we will compete henceforth not the normal talent, which we have been competing with, if at all, in India market. So, I think from that perspective, we are realigning ourselves. For example, one example I'm giving you is our variable pay was less percentage as compared to the industry. So, we will introduce the variable pay more in line with the market.
- Similarly, we will create more incentives based on outcome in terms of productivity or AI adoption and hence, the productivity. So, we are making certain changes, both in terms of the overall HR processes. And that we should be in a position to do by end of Q2, and then we will basically do our rollout next quarter.
- Moderator:** The next question is from the line of Keshav Karwa from White Pine Investment Management Private Limited.
- Keshav Karwa:** Sir, my question was, what are the strategies that you have implemented in China market and as well as in India market. And how are you seeing the demand shaping up in next, let's say, 2 to 3 years?
- Kishor Patil:** I mean, in both the markets as in the India market, we are seeing reasonable traction actually. And we believe that we would like to make sure that we are dominantly present in different parts of the market. And frankly, also beyond business, we bring the best of the knowledge we have across the world to really build ecosystem in India, which will help them in the long term for the industry to compete with the best in the global part.
- I think that's what we intend to do. And of course, it makes a lot of commercial sense and also growth it includes working with the established OEMs, but also with the challenges which are coming in specifically EV and new technology.



And like, we have seen in JSW or some of these, which will bring a new vehicle like I think some people mistook it for the existing vehicle. So we will bring it to new kind of vehicles and whether it is in passenger car or commercial or electric trucks, electric buses, electric passenger car and really establish India for India model across the ecosystem. That's what we are trying to do.

And we are seeing a reasonable traction. We are also working with the GCCs. I must say select GCCs, where we can really, which are our global clients. And they believe that some of the programs they are implementing. And many of them are looking at India. So they are working through their GCC's sometimes.

In that case also, we are making sure that we are working with them where we can add a differentiated value proposition, specifically based on our accelerators and reduce the time to market. I think these are the two cases in which we are working here. I just spoke about China. I think if you can just refer again. I think I elaborated that some time back that how we are working with global OEMs Tier 1s as well as Chinese OEM in China and outside.

- Moderator:** The next question is from the line of Sandeep Shah from Equirus Securities.
- Sandeep Shah:** Congrats on a great execution again in a difficult macro. Sir, just one question and some of your remarks implies that the contribution from India and China may go up. In that scenario, it may have some margin impact because margins in this country could be slightly lower versus company average.
- Kishor Patil:** I would encourage you not to assume that because I think as we talked about, we are changing the business model, trying to do it in a different way using different areas. And over the time, we will also talk about how we are building platforms and products which could become the significant part of our business. I think we are using some of these in these markets to maintain our margins.
- Sandeep Shah:** Okay. This is fair enough. And just last in terms of -- for the exports to happen in China, the invoicing can happen in dollar or in the local currency?
- Priya Hardikar:** It can happen in local currency as well as in dollars. It depends on the engagement with the client There are no restrictions from the legal side here.
- Sandeep Shah:** Okay. Because in a local currency, we may have a currency volatility, but I do agree it's a small percentage to the overall revenue.
- Priya Hardikar:** No, you should also note that we already have a subsidiary in China, and that actually does the transaction with our clients, which is in local China currency.
- Kishor Patil:** And the costs are also in China...

- Priya Hardikar:** In the local currency.
- Sandeep Shah:** Fair enough. Thanks and all the best. .
- Moderator:** The next question is from the line of Mihir Manohar from Cernelian Asset Management.
- Mihir Manohar:** Congratulations on good execution in a difficult environment. So I wanted to understand on the China and India pipeline. I mean so how large or how material are this pipeline? Because as of now, I think they don't contribute much to the business. I mean, would it be sufficient for us to offset this slowdown, which is clear in Europe and U.S. part of the piece. Just wanted to get some color around that. And how would be the billing rates here? I mean the billing rates are quite lower versus what the general to robust clients?
- Kishor Patil:** I encourage you to just look at the answer I gave just now how the margins will keep. The model is not about T&M, the model is not about the bill rates. It is about the overall solution, how we charge the platforms and the products and then the, of course, AI-infused mobility solutions. So these are the changes in the model we are bringing.
- Of course, we do a normal business also. But with all that, we are comfortable with the margins we can maintain. I will not give any specific numbers, but I can tell you that in 2 years, this will be a 3-digit number in terms of revenues, India, China together.
- Mihir Manohar:** Okay. Understood. Second question was on the -- I mean, European OEMs is back-to-back profit cuts, also talks of does it structurally face a challenge for us for the 3% to 5% kind of growth that we, as a player and as an industry, we used to have? Does it face a challenge to that? Or should we see third quarter for us being once again back to the range of 3% to 5% growth that we used to have?
- Kishor Patil:** I'll not give a quarter-wise answer. And I mentioned this that first, we have to start walking. The world is stabilizing. I think we have to look at that. But we have a very strong pipeline in this. We said that the momentum will come at the end of the H2 for sure. How much or how it really is still in the world nobody, neither you, neither I can predict. But I think we have sufficient pipeline to accelerate once things settle down.
- Mihir Manohar:** Sure. Understood. Just lastly, on your products and platforms. I mean you're trying to prefer the business models. Some 2 to 3 key production platforms, some color around that, how you're going to monetize it for this production

platforms exactly. What's your strategy around that would be really helpful. That is my last question.

**Kishor Patil:**

Right now, we can talk only about something specific, but we'll lay down our overall strategy, et cetera, in the next couple of quarters. As you know, Technica, has a range of products, and we have been building the products, which are tools mainly for validation and those kinds of products. Also, there are network products for the vehicles. And this is one thing which we have been selling to all the OEMs, including best of the OEMs in the world.

So both American as well as Chinese and of course, European. So, I think these are the products. And also there are a few other products like QORIX, you know it's a JV, but you know the QORIX. So similarly, we are looking at broader strategy in terms of products and platform, which we will unveil in the due course of time.

**Mihir Manohar:**

Understood sir. Just last question was FY '24, FY '25, what was the fresher addition fresher hiring in FY '24, FY '25?

**Kishor Patil:**

I think we do not talk about these numbers, but these are in 3-digit number, and we continue to onboard freshers and as long as they pass our criteria of doing the education and passing our tests, then we do hire them. So that's what I can say right now.

**Moderator:**

The next question is from the line of Abhishek Kumar from JM Financial Limited.

**Abhishek Kumar:**

First question is on TCV number. You guys mentioned in the mid-quarter update that a lot of your deal wins now are cannibalizing your own revenue. So in that context, how should we look at this USD 240 million number? Because this is a gross number from what I understand it might have cannibalized some of the revenues that you're already doing?

So maybe 2-part question. One, if you can just tell us what would be the net number, ballpark? Or another way, do you think we need to win more to actually get the same effect as we would have got if we had won maybe USD 240 million maybe a year back?

**Sachin Tikekar:**

Abhishek, there is no doubt that we need to continue to win more because there are tremendous headwinds. And there are three factors, right? So one is last year, we had substantial onetime revenues that were licensed. Second is we also talked about through the different business models in order to help our clients how we are at times, not only cannibalizing the market share of our competitors, but sometimes our own market share.

And the third factor is the reprioritization of the programs. And that remains fluid for now till the time the uncertainty exists in the minds of the OEMs. And our hope is that things will settle down over the next 1 or 2 quarters.

After that, we'll be able to have more clarity in terms of what that means. The TCV, just so you know, the TCV value is actually over a period of time. And secondly, the TCV also the start of the program also depends on the ability of the OEM to accelerate growth.

We'll see more results coming out of the OEMs in the next 1 or 2 weeks. And we'll have to see the trend hasn't been good for the last couple of quarters for them. And we need to keep that in mind. We always take a long-term view of these partnerships. And through this difficult time, we are going to be their trusted partner. But we do believe that things will stabilize in another quarter or 2, and then we can go back to our growing ways. That's the best to the extent that we can answer your question at this point in time.

**Abhishek Kumar:**

And one quick last question from my side, especially on Japan. The growth in JPY currency seems like a sharp decline, I think, despite cross currency benefit. So while we understand this was a difficult quarter. But as we look ahead, do you think this was just a pause in the program with some of the OEMs there? Or there has been a strategic rethink, and therefore, we will have to wait and see how this stands out.

**Sachin Tikekar:**

So I think that's a really good question about Japan. We have had tremendous growth over the last couple of years because of our engagement in Japan, and that was on the back of largely one OEM. And the thing that we are doing is there are three other potential clients with whom we have started really advanced conversations.

And we believe that towards the end of the year, will start working with them as well. and we'll have more broad-based growth coming from at least four clients in Japan by the end of the year. So, what you've seen maybe for now is a glitch, it may continue for another quarter or 2. But as we get towards the end of this financial year, we'll have broad-based consistent growth coming out of Japan.

**Moderator:**

The next question is from the line of Anand Bhaskaran from KCM Wealth Management.

**Anand Bhaskaran:**

Congratulations on a good set of numbers. I just want to know your -- just to get a perspective of the hiring process. Now I guess like many company owners are basically saying that they will completely change the hiring process from counting the number of employees to actually sourcing the --

what do you say, getting -- focusing on output revenue rather than revenue per employee cut.

So what will your company like adopt going forward basically? Do you think that you'll focus on employee count? Or will you look at the gig economy and then say, okay, we will hire employees from time to time and focus on the output instead?

**Kishor Patil:**

So, 2-3 things. Number one, we, of course, are looking at changing the quality of our employees, which is good, and we are investing quite a lot in training and improving their competencies, both in domain as well as on AI side. Understanding of AI and having that mindset is very important to us. So, we do believe that sometimes freshers can do good job. So, we continue to hire them.

Basically, our criteria of skills and the competency has changed both for freshers as well as laterals. In terms of gig economy, it's not still as much as prevalent in India. We would like to try it, but it really happens more as a subcontractor and some individual players.

It's not as mature market in India yet for that. So, we can do it in bits and pieces. But I must tell you that in other way, we do believe that interns and freshers are really contributing very well in terms of AI strategy. So, as I mentioned, we are looking at the whole HR process in view of with changes in the technology as well as what the clients are expecting.

**Anand Bhaskaran:**

Okay. So like do you see any significant, let's say, employee count because you heard like many IT companies are laying off a lot of our employees as well as a company and probably focusing on more contractual employment. So you think that in your case also that will be the way going forward?

**Kishor Patil:**

The first thing is we are a bit different than IT. And the second thing --is that we are looking at changing the business model more. And if you see KPIT last 3 years, our revenue per person has increased. And we do hope that the changes will help us to continue to maintain that.

**Anand Bhaskaran:**

Okay. Okay. And one last question is like do you have any guidance for the next 2, 3 years in terms of revenue growth?

**Kishor Patil:**

I had said it, but right now, I think we'll come back when we have not talked about this year, and we'll not talk about this year. And we'll come back when we believe the markets are a bit stable.

**Moderator:**

Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference over to management for closing comments.

**Sunil Phansalkar:** So, thank you, everyone, for your active participation on the call, and have a great evening, ahead. Thank you and bye-bye.

**Kishor Patil:** Thank you.

**Sachin Tikekar:** Thank you.

**Moderator:** Thank you. On behalf of Dolat Capital Markets Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.