

November 17, 2025

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Dalal Street,
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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 September 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 September 30, 2025, conducted on November 10, 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 Q2 FY’ 26 Earnings Conference Call”

November 10, 2025



Dolat Capital



MANAGEMENT: **MR. KISHOR PATIL – CO-FOUNDER, CHIEF EXECUTIVE
OFFICER AND MANAGING DIRECTOR**
**MR. SACHIN TIKEKAR – PRESIDENT & JOINT
MANAGING DIRECTOR**
**MR. ANUP SABLE – CHIEF TECHNOLOGY OFFICER &
BOARD MEMBER**
**MS. PRIYAMVADA HARDIKAR – CHIEF FINANCIAL
OFFICER**
**MR. SUNIL PHANSALKAR – VP (CF&G) & HEAD
INVESTOR RELATIONS**

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



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Moderator: Ladies and gentlemen, good day, and welcome to KPIT Technologies Q2 FY '26 Earnings Conference Call hosted by Dolat Capital.

As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask question after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing “*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

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

Rahul Jain: Thank you, Shifa. 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 over to Mr. Sunil Phansalkar, who is Vice President (CF&G), and Head of IR at KPIT, to do the management introductions. Over to you, Sunil.

Sunil Phansalkar: Thank you, Rahul. A very warm welcome to everybody on the Q2 FY '26 post-Earnings Conference Call of KPIT Technologies Limited. I hope you all had a great Diwali and have a great year ahead.

On the call today, we have Mr. Kishor Patil – Co-Founder, CEO, and MD. We have Mr. Sachin Tikekar – President and Joint MD. We have Mr. Anup Sable – CTO and Board Member, Priyamvada Hardikar – CFO, and Sunil from IR.

So, as we always do, we will have the opening remarks made by Mr. Kishor Patil, and then we will have the floor open for your questions. Thank you once again for joining. A very warm welcome to you. And I will hand this over to Mr. Kishor Patil.

Kishor Patil: Good evening, everyone. Very happy to take you through the Quarter 2 results for FY '26. As you might have seen, the overall year-on-year dollar revenue grew 4.4% and constant currency revenue grew by 0.4%.

Quarter-on-quarter growth has been 1.8% in dollar terms and 0.3% in terms of constant currency. In Organic terms , there has been a degrowth of 0.8% in dollar terms and negative 2.3% in constant currency terms. The EBITDA margin stood at 21.1%.



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To give some color to the growth, I wanted to take some time and explain to you something because there have been some questions about the wins we continue to have. Actually, this has been an issue in the industry also as to why the wins have not reflected in growth. So, I would take a moment to explain that.

See, I want to bring that out that there has been a \$65 million reduction in the revenue over time for us. And it has two compositions. One is roughly about \$45 million, which is basically when the customers deprioritize their spend from the old programs or move to the products or some similar kind of movement of their spend, either because of discontinuing or delaying of certain programs or moving towards using something what they already have.

If you really look at this \$45 million reduction in the revenue, this includes mainly electrical and middleware. Geography-wise, it has happened mainly in USA, then Asia and a little bit in Europe. So, this has been basically the part where the companies actually reduce their overall spend on engineering. Another roughly \$20 million kind of revenue got cannibalized, mainly because we came out with a different solution and provided a more holistic solution to the client. The revenues dropped because we gave a more holistic solution, but our additional revenues due to this will get reflected in the future, because these are mainly AI-based and other solutions and this holistic solution will take some time to materialize.

So, overall, we have \$65 million which got lost in terms of revenues, which of course has been compensated by the wins from our pipeline. And that is the question that I thought I would address properly. Generally, the wins we had, have been in the digital cockpit, validation and after-sales diagnostics areas.

These are the areas in which the wins have been more and also the products we have in validation, etc., mainly Technica products. So, they have largely compensated for this drop. And that is why sometimes the deal wins could not get reflected into the revenue. So, we have absorbed this fall and have been in a position to maintain the revenues.

The second part is about the key point I would like to bring out is, as a company, we believe the client choices are changing, and we want to make sure that we continue to add value and continue to lead the client engagements and have a higher share and maintain our leadership with the clients.



So, we have been moving our overall services towards the solutions part. When we talk about solutions, it means that we take a holistic view and give an end-to-end solution to the client and take full ownership. This kind of revenue we have more than doubled in the last year to 18% of our overall revenues. And that has also helped us improve profitability. And that is why we have been able to maintain our profitability.

Coming back to profitability, our EBITDA is slightly higher than the last time. It is 21.1%. And we are very confident that what we have talked about, that we will be in a position to maintain 21% EBITDA for the full year.. That would be considering the fact that we will be giving increments, some in next quarter and some in the quarter after. So, after giving that, I think we will be in a position to maintain our EBITDA margins at 21% for the whole year.

In terms of people, we have a net addition of around 300 people. It has two parts to it. One is, , that in line with the movement from services to solutions as well as AI readiness, we continue to relook at our talent. And wherever we believe that such competencies cannot be achieved by a certain set of people, we are making sure that all our people, including project management as well as the front-ending people, are technical and get trained well on these competencies. Where we cannot have that kind of a team, there is a reduction in the quarter. Thus during the quarter, we have a reduction of about 500 people in the current business.

At the same time, we have added 800 people from the inorganic Caresoft acquisition. With that, our net addition is about 300 people. So, this is also a part of how we have been able to keep the efficiency and productivity.

Overall, our profits from the fully owned business has increased from INR 177 crore to INR 191.8 crore. So, there is a substantial increase in the profit. The reported net profit reduction is on account of our share from Qorix as well as N-Dream.

In case of Qorix, the revenues have been good in some quarters and not so great in others. So, next quarter, we will again see some revenues. So, Qorix does have fluctuating revenues being a startup. And if Qorix does not have license revenues in a quarter , then it impacts itsprofitability.

The reduction in Qorix revenues was also on account of middleware and operating system, On the middleware part, most of the OEMs have moved their re-architecture of middleware in the future for some time. And this is



what I explained last year also, last quarter also. And because of that, there will be certain delay in the realization of this revenue in some of these areas. But of course, still, there are certain revenues based on the current business in Qorix.

On N-Dream, also, we have an increased share of loss during the quarter, mainly since we have written off certain expenses such as stock options costs, etc and that has really impacted the profitability. As we acquire more, we are moving the accounting base to our IND-AS accounting standards. .. But all of this will largely come down significantly in next quarter and the quarter after.

The other part is about the cash and the DSOs. Our DSOs are 49 days. KPIT DSOs have been at 43 days last quarter. It is 44 days this quarter. The increase in the overall DSO to 49 is on account of Caresoft acquisition where their DSOs are at a higher level. It will take us some time to get them into the same system as we have. And over the period, their DSO will come down.

The overall Net Cash is around Rs. 10.5 billion. During the quarter, there has been, as always, Rs. 160 crore plus cash generation, which is pretty strong. However, we had the payouts in terms of Caresoft acquisition, investment into Helm.ai, and of course, the dividend payment. So, with this, the Net Cash is about Rs. 10.5 billion.

If you really look at the future, we see that the client's discussions are turning positive. I think they see a little bit more stability on account of tariffs and geopolitical issues to the extent where it is impacting. I am not saying it is 100%, but it is much better than where it was. And we can see that positive discussions are happening. And of course, very specific conversations with the client on specific opportunities.

We see good discussions happening in autonomous, connected after-sales diagnostics, cyber security and commercial vehicles. Europe, of course, continues to see good traction as do India and China. We do believe that in U.S., commercial vehicle segment will have a positive growth.

Also, I do believe that the deals which we won during the quarter, which includes a significant deal win from a European OEM, which is a multi-year, multi-domain kind of a win, which is over three years, which will help us to really accelerate certain revenues. We do believe that from the last two quarters, we have a constant currency degrowth. Reported revenue has been



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growing. We believe that in the Quarter 3, we will be in a position to have a flattish to positive organic constant currency growth and while absorbing the expenses like increments, etc., we will be still around the similar EBITDA margins.

In terms of Quarter 4, we do believe that there will be a meaningful growth, which will be coming in. And we believe that it will be mainly on account of the areas which I mentioned earlier. So, this is where we see this. In medium term, we continue to make investments in relevant technologies

We are expanding the verticals as we had mentioned. One is, of course, off-highway and commercial vehicles, which we believe will bring some growth. The second part, we are exploring industrial or manufacturing verticals..

Third thing, we are exploring verticals such as micromobility. We are also exploring defense to see where is our sweet spot, and where we can actually lead, as we have led in the automotive world. We see some very interesting areas where we believe that the investments we have made in the technologies will help us to get there.

Again, I also believe that the investments which we made in the last year whether it is in terms of Helm, whether it is in Caresoft which helps us to reduce the cost of the vehicle as well as the manufacturing cost. These are all very related technologies which will really help us improve our wallet share in the existing client as well as will be very meaningful propositions in some of these expanded areas.

I may say that we are still in the process of going deeper into it and exploring where we can grow but I feel reasonably confident that based on our initial assessment we will have a reasonable growth prospect in medium term. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Sucrit B. Patil from EyeSight FinTrade Private Limited. Please go ahead.

Sucrit D. Patil:

Good evening to the team. I have two questions. My first question is to Mr. Patil. As more tech players enter the software space, what is KPIT doing to build a strong edge not just through client wins or platform launches, but something deeper like a way of working or thinking that grows over time? And makes it hard for your competitors to copy yours? Thank you.



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Kishor Patil:

I think the point you mentioned, I think we believe that there are 2 -3 points that I have. One is that we knew about software defined vehicles, which a lot of people use the word but KPIT has been pioneering that and has the largest number of programs. I still believe it is a meaningful part where clients have multiple years to get there.

Not only that, it has become more important because of the introduction of AI and multiple technologies specifically in autonomous area. And with some of these investments, we believe that we will be in a position to maintain our leadership.

The second area I believe which is very, very important is the architecture of the vehicle, which I think are the next programs which clients will come up with. I think they will look at the one who has the highest experience in this area where naturally we are building a very very core expertise and a core team to really build a comprehensive solution for the next level of architecture which will certainly help us to get involved at a very early stage in the program.

The second part, I would say that AI is a major area of focus for us and in AI we have invested for a long time already. We are not only doing pilots, but some production programs also with the OEMs and the feedback which we have from the clients is this is the best-in-class solution they have seen in this area.

With that, we believe that we can significantly reduce their time to production programs and improve the quality, which I believe will be sustainable advantage both in automotive and the expanded mobility world.

Sucrit D. Patil:

Thank you. My second question is to Mrs. Hardikar. I believe she is also on the call today.

Priyamvada Hardikar:

Yes, as I am. Tell me.

Sucrit D. Patil:

Yes. My question, it is a forward-looking one again. I just want to understand when growth slows, when growth slows down or costs go up, how do you manage to keep the profitability stable and are there any smart ways you are building into your system like delivery design or automation or any other kind of things that will help you stay efficient without cutting any corners or taking any pressure? Thank you.



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Kishor Patil: I think I will answer that question. I think we talked about it. I think, first is the approach we are talking of the solutioning that allows us to really improve our realization. That is the most important part.

The second is, I think we always like to be on a cutting edge of the technology and the solutions. That also improves our realization. And I talked about AI which will really improve productivity and efficiency not only in our software development, but also for the client.

With all these three things, we will continue to do that. And as you have seen that we are probably one of the only companies who have been in a position to manage this kind of margins in this uncertain world. Thank you.

Sucrit D. Patil: Thank you for the guidance and I wish the entire team best of luck for Q3. Thank you.

Moderator: Thank you. Next question is from Nitin from Investec. Please go ahead.

Nitin: Yes. Hi. Good evening. Thank you for the opportunity. So, you gave a very detailed color on the revenue impact. Just wanted your thought process on how do you see this, when do you see this reprioritization sort of impact sort of reducing?

I understand, because of obviously all these trade tariffs and all of that it would have meaningfully changed priorities. Do you think a lot of the impact has already happened and we should start seeing that come off? How should we think about it broadly? How are you thinking?

Kishor Patil: Yes. So, thanks, Nitin. I think one thing I have that from next quarter we will start seeing marginal growth on constant currency terms and in Q4 there will be meaningful growth. I do believe that there will be a certain cannibalization which may continue to happen next year as well. But I think our revenue growth based on the solutions will be higher than that. That is how I would put it.

Because it is not about just reduction of the spend by the client, which may, if you ask me, may really get more stabilized in next couple of quarters. But the AI-led solutions which we are ourselves bringing, to the client, we believe that it will give us an edge to take higher wallet share of the client, as well as give a more holistic ownership of the programs, that will improve the revenues.



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So, I would believe that there will be certain cannibalization which will continue to happen. And that is because of the efficiency and what we bring to the table. But at the same time, I think it will also account for higher revenues.

Nitin: Got it. So, obviously, you did mention next quarter should be higher growth in CC, flattish or some growth that is on an organic basis that you were alluding to, right?

Kishor Patil: Yes, yes, flattish on an organic basis. Yes.

Nitin: And see, you did mention that the reprioritization is a bigger chunk, almost \$45 million.

Kishor Patil: For the last year.

Nitin: Of the last year. And cannibalization is around \$20 million . Cannibalization is understandable because obviously it should lead to higher velocity of business for you because clients save more, they will spend more with you. But on the deprioritization of spend, that should be on a declining trajectory or more or less behind.

Kishor Patil: That is correct.

Nitin: Yes. Fair enough. The other thing I wanted to understand was if you look at the geography, obviously this quarter you have Caresoft as well, which has come through. So, it is not very clear, but at least it looks like Europe has done exceedingly well this quarter. US, there is some marginal decline, but obviously I am assuming there will be some Caresoft delta there. I just wanted your thoughts on one, how should we read the geographies this quarter? And two, how are you seeing the opportunity set across the geographies on a going forward basis?

Kishor Patil: So, overall, the way I put it in the initial commentary also that basically we saw growth more in Europe. And then we saw a little bit growth in Asia. And we believe that USA growth will come back on back of off-highway and commercial in a quarter or two. That is how we see it.

And in Asia, basically we see growth in the immediate future in India and China, and over time we will see growth all across Asia . We believe that in next six months, we will see some more revenues coming from Japan and



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Korea. where, we may see some new engagements coming in down the line. And that should give a further flip to our growth.

Nitin: Perfect. And one last question. On Caresoft, we reduced the consideration we are paying them because the revenues came in lower. You think they are broadly stabilized and growth should start coming through? And the second part of that is, yes, okay, perfect.

And any joint wins or initiatives that sort of already sort of showing up for you?

Kishor Patil: Yes, absolutely. There is a reasonable pipeline, and we are seeing the conversion of some of them in the initial phase.

Nitin: Sure. Perfect. Thank you so much and all the best. I will come for a follow-up. Thank you.

Moderator: Thank you. Next question is from Bhavik Mehta from JP Morgan. Please go ahead.

Bhavik Mehta: Hi, thank you. So, first question is, Kishor, you did speak that the client conversations are moving in a positive direction. But when you think about the pace of recovery over the next quarter, how should we think? Because 3Q could be flattish. 4Q itself could be like a very good growth quarter. But does that growth momentum continue going into next year or will it be more like a gradual recovery we should expect over the next 12 months?

Kishor Patil: I would be cautious right now, but I will give you more color on this by end of Q4 only, By that time, I think some of the uncertainties would be less. I would see that it will be a meaningful growth, but it would not be like a hockey stick recovery in the year.

Bhavik Mehta: Okay, got it. The second question is on this large deal engagement with European OEM. Any color in terms of what could be the size of this engagement? When does it start to run? When does it reach peak revenues?

Kishor Patil: So, we have started working on the projects. I have mentioned in the current wins also there is some part of it and naturally, the deal of a certain size comes in phases. It is something in excess of three digits. And of course, we have the potential to really maximize this. But right now, I would say, put it as a three digit number over three years.



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Bhavik Mehta: Okay, got it. Thank you.

Moderator: Thank you. Next question is from Aman Soni from Nvest Analytics. Please go ahead.

Aman Soni: Hi, good evening. Sir, my first question is on our initiatives on the sodium ion technology with Trentar. So, how is it going on, sir? And also on the hydrogen cell side, what are the latest updates? So, we are seeing like various things are happening in these areas, particularly the staff are getting shifted and hiring are being done.

So, I just wanted to understand, where are we at present? And when can we expect these areas to start contributing to our top line in a material basis? So, that is my first question.

Kishor Patil: See, basically, when we talked about the battery and sodium-ion, we have licensed them. If you remember, the buyer investment will be substantial. In phases, they will reach up to 250 million, not in the first phase, but in phases over the next two to three years. That is the investment they will make.

So, the meaningful production will start after two years. And that is when we start getting the royalties. I think I had explained that when we made that investment. I would say that the hydrogen and some of these are at early stages. We do have certain pilots and those kinds of projects may come in, but it is not something which will scale up in terms of an opportunity for us in the next few years.

Because for new production program to kick in, it will take time. But naturally, all our efforts are in terms of maturing the technology, building the ecosystem, building the pilots. And that is what we are doing with our clients.

Aman Soni: Got it. And sir, regarding our deal with MG, so how is the execution going on? Last time you said in the second half, we will be doing the good execution. So, what is the progress on that?

Kishor Patil: So, first, I have not mentioned that company. It is all assumed. So, that may not be true. But at the same time, I would say that we will be in a position to start the project in Q4 and then scale up in the next year.

Aman Soni: Got it, sir. And just a bookkeeping question. There is some big jump on the other expense line item. So, can you tell us the reason for the same?



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Priyamvada Hardikar: I think in this quarter, Caresoft 2 months' expenses are also consolidated. So, that is primarily the main reason. And there are some other expenses that keep fluctuating, which are not linearly similar. But mainly it is the consolidation that has impacted the absolute value that you are pointing out.

Aman Soni: Got it. That is it from my side. And all the best for the future. Thank you very much.

Kishor Patil: Thank you.

Moderator: Thank you. Next question is from Chandramauli from Goldman Sachs. Please go ahead.

Chandramauli: Hi, good evening and thank you for taking my questions. My question is just around the share of profit and loss from associates. So, you did explain that there are some onetime expenses there, which has caused the number to be higher than normal. So, the usual share of loss from associates we see is around Rs. 4-Rs. 5 crores per quarter. This quarter seems to be close to Rs. 23 crores. So, I just want to understand if you could size out for that, how much of that is one-off and onetime and then how much of that sort of what would be the potential sustainable run rate could be there going forward on a quarterly basis?

Kishor Patil: I think we have mentioned that that the one-time is about Rs. 6 crores. And this time there were no major revenues in the Qorix books, which got postponed to the next quarter to some extent. The revenues there are cyclical in nature. See, one thing I want to tell you that the investments which we are making in some of these companies, I think this will really move us from services to solutions to products. And in that transformation, while we believe that we have been in a position to do a good job, there are certain investments in the initial phases and the revenues can be small, I would say, intermittent. And from that perspective, some of these impacts can come to us. But in this case, specifically, I think there were two things. One is, as I said, the revenues got postponed. I think if that would not have happened, we would have been at a similar stage as the last quarter.

Chandramauli: Got it. That is helpful. And just related to that, I think the Qorix JV we have invested over the past 18-24 months is a pretty large middleware opportunity. As you mentioned, more holistic solutions, you might get more integration business also out of this opportunity set. I just want to understand, I think we have said that initially we expected from December quarter 2025 to be



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the quarter where we start seeing more visible business from Qorix, but maybe the macro has changed. So, I just want to understand what your thoughts are on Qorix and when the potential inflection in opportunities that might happen there based on the discussions you are having with customers around this unique solution?

Kishor Patil:

There are a couple of customers where we have strong discussions happening, but as I mentioned earlier, that middleware and the architecture for many of these programs have been postponed by many OEMs, to a later date because first, they have not been in a position to deliver on the existing programs and there we see a huge opportunity in terms of validation and taking the full ownership. However, on the architecture and middleware type, they have postponed some of these programs to a later date. The architecture opportunity as you know, comes at the beginning of a program. So Qorix has become more strategic to us because as I mentioned, some of the very strong differentiators are about building a more efficient architecture which will reduce the time of a vehicle production program to less than 2 years and one of the key part in that is the architecture part and we are building many solutions and Qorix would be one part of that solution and so that is why I think in the medium term, this will become more strategic than what we thought in the earlier stage.

Chandramauli:

All right, that is helpful. My second question is just around the macro environment. So, we have seen the US has signed trade deals already with Japan, with the UK, very close to signing a trade deal with Europe and Korea and these 4 regions are possibly the most important auto manufacturing regions globally apart from China. So, in this environment where we are getting closer to trade deals and clarity on the macro front, potentially means more clarity for the auto OEMs as well in terms of their capital allocation and investment plans. I just want to understand how your core customers are thinking about potentially reopening that app on automotive R&D spending. I think in your comments on the presentation you did mention that you are expecting more meaningful pickup in FY '27. So, any qualitative commentary you are able to share around tariff negotiations coming to a close and what that might mean for the macro for your customers?

Kishor Patil:

So, I think that due to the way things have happened in the last year, , many clients in Asia were earlier looking at making investments in the US in manufacturing, they were very ready, but they are still taking time to see whether that would be the best way to do it. Some people were going to



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make investment in Canada, but then they are evaluating that option while they are completely ready with many of those things. So, I think it will still take, in my opinion, a couple of quarters before things become very clear to them. At the same time, , I believe in next 2 years the demand for us will come out of current production programs, which are, I would say, not in the best of the health for many clients for multiple reasons. And that is where they are reaching out to KPIT, even the clients where are not currently engaged with. So, that will be one opportunity. The second is the innovation opportunity, which is, I talked about a couple of areas, innovative solutions on autonomous etc. The third thing, as you have seen the cybersecurity issue, which happened with JLR and some of those. I think, these are some of the areas which create the opportunities currently. There are a couple of markets, and especially I would say India market, which is positive and will provide more opportunities to us, which is innovation led. That is the same case, we believe in Southeast Asian market. So, some of that will really help us in this time.

Chandramauli: Got it. That is helpful. And this last question is just a clarification on the comments you had made earlier on the call. So, it looks like this quarter, there was close to 2.3% benefit from half a quarter sort of consolidation of the Caresoft asset. Next quarter as well, I think you will get maybe a month, month and a half additional benefit from Caresoft. So, the constant currency flat to low single digit dimension for 3Q, does that include that one to one and a half month benefit next quarter also you might get?

Kishor Patil: No, that doesn't include, I said organically, we will be flat to marginally positive.

Chandramauli: Got it. That is helpful. Thank you very much and all the best.

Kishor Patil: Thank you.

Moderator: Thank you. Next question is from Vimal Jamnadas from Alchemy Capital. Please go ahead.

Vimal Jamnadas: Yes, thank you for the opportunity, sir. Just wanted to check on or double down on the plans for China. Any movement there? When could we possibly see some small, even a small contribution from there in terms of our revenues? That is point number one. The second point is a question in terms of the industry in general, we have seen General Motors do away with Android and Apple CarPlay in their infotainment system and move towards their own



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platform, which is called Ultify. Do you see some of these OEMs moving towards a similar trend? This is, of course, because of privacy concerns, data security, etc. And if at all OEMs move towards a similar trend, how does KPIT benefit from that? Thank you.

Kishor Patil:

So, let me just answer the first question on China. I think we are making good progress. And as I mentioned, we are looking at China in 2-3 ways. One is really learning from them and investing into technologies proactively, which you are seeing. That is exactly what we are doing. The second thing is engaging with the clients, which are global clients in China and third is Chinese clients in China. We are seeing progress in all these three and we believe small revenues will occur in quarter 4. On the technology side, I would request Anup, our CTO to take it.

Anup Sable:

Yes, the question about like GM has done away with the support of Android Auto and CarPlay and whether it is a generic move by the OEMs, the answer is no, we don't see this as a generic activity. The logical explanation for that could be GM has a very captive audience in terms of its customer base. So, they can probably afford to do that. Others may have thought that it is better to stick to the flexibility that consumers may get through Android Auto or CarPlay. In any case, either one of these, whether it is Android Auto or CarPlay or whether it is a proprietary solution implemented by the OEM, we do stand in terms of our advantage of being the best in that particular area to gain the market share. So, it doesn't really affect us whatever decision the OEM takes.

Vimal Jamnadas:

So, just to clarify, what you are saying is if at all the OEM moves towards an internal architecture, a centralized architecture, it doesn't really impact us?

Anup Sable:

There is no negative impact. In fact, if at all there is a positive impact on us.

Vimal Jamnadas:

I want to understand where in the value chain of building that architecture does KPIT participate with the OEM?

Anup Sable:

So, right from the top of the value chain. In terms of engaging in definition of the architecture to defining the proof of concepts of architectural concepts to doing all the platform software, the validation of that, and then subsequently developing domain software and then integrating that. So, the whole value chain is our involvement. Of course, that is further enhanced by our ability to give solutions in some of these spaces now.



- Vimal Jamnadas:** Understood. And sir just, sorry to harp on this demand environment question. If you were to compare the uncertainty levels when we started the year, maybe in Q4 of last year versus now, incrementally, how much of an improvement are you observing? Or is it the same?
- Kishor Patil:** It has improved substantially. I don't have a barometer to look at it, but it is certainly, I think, I would say the uncertainty has gone down and in many cases, it has because people learn to cope up, right. I think from that perspective, they are making their priorities. And as I mentioned to you, in either case, we have a big opportunity on where they are. So, I would say more than 50% uncertainty is gone, if not more.
- Vimal Jamnadas:** Understood. Thank you so much. I will fall back in the queue.
- Kishor Patil:** Thank you.
- Moderator:** Thank you very much. Next question is from Ankur Pant from IIFL. Please go ahead
- Ankur Pant:** Hi. Thanks for taking my question. My first question is on the deal. Give me some clarification, so your three-digit multimillion-dollar deal, is that included in this quarter's TCV?
- Sunil Phansalkar :** Ankur, as we said, only a very small portion of it is included in the deal wins that were mentioned in this quarter. New engagements under this will keep happening in the coming quarters. So, a very small portion is included in this quarter.
- Ankur Pant:** Sure. And when do we expect the ramp-up of this deal?
- Sunil Phansalkar :** So, as we said earlier, we have already started working on it and we'll have ramp-ups coming up in the next quarter and the following quarter.
- Ankur Pant:** Okay. And my third question is, on the trajectory that we have highlighted for 2H, we expect a spike in revenues in 4Q. Is that coming on the back of an improvement in the environment, or it's basically something, kind of a deal ramp-up that we have in hand, which we know about?
- Kishor Patil:** It is based on the deals which we have and the visibility we have for now.



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- Ankur Pant:** Okay. But does it also build in an improvement, or it builds in a status-quo kind of an environment?
- Kishor Patil:** We have not looked at anything significantly different from here.
- Ankur Pant:** Okay. And finally, Europe did exceedingly well. I understand that there is Caresoft in that as well, but even without that, it did quite well. So, again, things getting better in Europe or a deal ramp-up which drove this kind of a growth from a particular camp?
- Kishor Patil:** No, there are two things that we service the client.. When the client is spending and building a new product, we have a big opportunity. And when the client is in a real problem and he is facing issues in terms of delivering on the current program, there is an opportunity for us. So, European opportunities are currently based on changes in the supply chain. I think most of the European players are looking at moving from the local ecosystem to more global ecosystem. And I think that is where we will get more traction.
- Ankur Pant:** Okay. And do you see a change in the timelines of, say, what they were initially planning before this slowdown, the electrification timeline or the timelines of how a particular product development would take place? Have they been right-shifted to some extent or how do you see that?
- Kishor Patil:** The new product development timelines have shifted by about one to two years for almost all the OEMs.
- Ankur Pant:** Got it. Perfect. Thank you. All the best.
- Kishor Patil:** Thank you.
- Moderator:** Thank you. Next question is from Sandeep Shah from Equirus Securities. Please go ahead.
- Sandeep Shah:** Thanks for the opportunity. Sir the first question, generally, if I look at the TCV which we disclosed, the second half is generally heavier in terms of TCV wins for KPIT versus first half. Do you believe the same trend may continue this year or do you believe because of macro decision making delays can lead to a normalized trend over all four quarters rather than second half heavy than the first half?



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- Kishor Patil:** I do not know. I mean, if you are asking me what will be the deal wins next quarter, I cannot answer it directly. But I can only say that what we have, the total wins and the pipeline is pretty strong. Our focus is on conversion and whatever we have won now to really get into implementation.
- Sandeep Shah:** Okay. And sir, the explanation which you gave on \$65 million revenue leakage, can you correlate with which period it was in terms of last year, this year, how, what is that definition?
- Kishor Patil:** So, first, it was not leakage. It was basically what the client stopped spending. That was the large part of it, which was \$45 million, which I mentioned is when they stopped spending in certain programs or certain areas. And the other \$20 million is what we talked about is cannibalization where we are doing currently the projects and the only thing we lost that project is because we went with a more holistic solution with them. So, this is how I see it. I cannot really 100% tell you what it will be, but certainly under a year.
- Sandeep Shah:** Okay. And just the last bookkeeping question on depreciation and amortization, it has gone up because of Caresoft, but do you believe this is the run rate can be maintained or it can further go up with a full quarter consolidation in the Q3?
- Sunil Phansalkar :** No, it will, it will go up. I mean, this is two months amortization for Caresoft in this quarter. So, linearly, it will be for three months in the next quarter and then that run rate will continue. The revenue will also be added for a total of three months as compared to two months this quarter.
- Sandeep Shah:** Okay. Thanks. All the best.
- Kishor Patil:** Thank you.
- Moderator:** Thank you. Next question is from Ishan from Cred Asset Management. Please go ahead.
- Ishan:** Yes. Hi. I just wanted to ask about the KSAR Classic and KSAR Adaptive. Also your product platforms that are there that are modular or customizable. How are they scaling from client to client?
- Anup Sable :** Both the products have been moved as an IP to Qorix. So, Qorix is now managing these products and product sales to our customers right now. So, we are not really accounting them in our KPIT revenues or costs at the



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moment.. Qorix roadmap is about supporting the two current products which are KSAR Adaptive and KSAR Classic. KSAR Classic has been there for quite some time. KSAR Adaptive is for the service-oriented architecture and adaptive version of Autosar. There is also a third product that Qorix is introducing, which is called the Performance Stack, which is a more optimized version of KSAR Adaptive, where some of the other system problems have been taken care of. And that is largely the portfolio that Qorix is going at.

Ishan: All right. That is all from me. Thank you.

Kishor Patil: Thank you.

Moderator: Thank you. Next question is from Ruchi Mukhija from ICICI Securities. Please go ahead.

Ruchi Mukhija: Yes.. Thank you for the opportunity. I have two questions. First, you have clearly demonstrated progress on profitability led by what you call the solution as well as the AI effort and productivity. Given the current context where growth is likely soft, can you elaborate how you plan or what is our strategy to reinvest these efficiency benefits? Do we see continued margin expansion? Or you would think to prioritize in adjacencies, investments that you have been highlighting to us?

Kishor Patil: I think we would do both. Of course, the current organization and the front end as well as the practices are all geared for the current business and the expanded business into off-highway and commercial. So, we have the organization, we have the focus and we have the clients. So, we will double down on that. Just looking at the future expansion plans we have, we are looking at the adjacencies where either we can leverage our existing clients because, for example, some of the areas I mentioned like defense, some of our clients are expanding into that. Or the technologies which we have are getting into the new vertical. That is the thing we are trying to leverage. So, I think efficiency, of course, we believe that AI will be a big differentiation for KPIT. But fundamentally, we are looking at adjacencies in order to leverage what we have. And you know that KPIT has been a growth company and the last few quarters have not been to our expectations. So, we are just making sure that we create enough ground to play.

Ruchi Mukhija: Got it. And is the workforce adjustment near conclusion or we anticipate further changes to the employee base in the coming quarters on organically?



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- Kishor Patil:** It will be a continuous thing. We keep on hiring. We will continue to hire. We will continue to hire even onsite because of the solutioning we are doing. And of course, we will hire the people which are most suitable for our AI transformation and the solutioning transformation. So, I think from that perspective, we will continue to hire. But wherever we believe that people are not able to make that transition at the individual level, we do give sufficient time as even today after all this, we have the lowest attrition. We are very transparent with the people as much we are transparent with the investors. So, I think we will make the maximum effort to do that and wherever it does not work, then only in that case, we have to part ways.
- Ruchi Mukhija:** Thank you. Thank you, Mr. Patil. All the best.
- Kishor Patil:** Thank you.
- Moderator:** Thank you. Next question is from Sushovan from Anand Rathi. Please go ahead.
- Sushovan:** Hi. Thanks for the opportunity. I hope my voice is audible.
- Kishor Patil:** Yes, we can hear you.
- Sushovan:** Yes. So, the question is, if you look at the fixed price project which has significantly increased by 800 basis points from 56.7% to 64.8%. Do you see that? I mean, when we look at some of your peers also who are moving to the fixed price project, we see that it improves the profitability and productivity, but it has an impact on the cash flow. Do you envisage going forward if this contribution keeps on increasing, it may have an adverse impact on cash flows? If you could possibly just slide on that, that would be helpful. I have another question, but I will wait for this one to answer.
- Kishor Patil:** It is a marginal impact. I do not see anything significant. And once we are in the cycle, I do not see that. There could be some minor impact, but as we said, we will have higher profitability as well.
- Sunil Phansalkar :** And the milestones for fixed price projects are designed in such a way that, I mean, it has minimal impact on the overall cash conversions.
- Sushovan:** Understood. Thank you. The other question was basically, if you look at whatever is the U.S. with GM writing off a significant amount of charges for impairments on the battery EV, and the same thing we are seeing that even



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for Mercedes-Benz and Volkswagen, where they are deferring their entire EV programs. I just wanted to understand what is your revenue correlation with the EV programs and how much would be your pay ICE correlation and such. If you could give some color on that. That is it from my side.

Kishor Patil:

You are basically asking what the impact on us with these two things will be, right?. If you really look at what I mentioned, some of the programs where we dropped revenues were in this area. We hope that and we are seeing that some alternate programs are coming up, alternate power train programs are coming up. And so we do not see any significant impact. And I must say that it is specific to certain clients and where they see the differentiation. Some of the other OEMs are continuing their investments . And if you look at, for example, , just something which is closer to us, look at India, I think people are continuing to invest into some of these areas.

Sushovan:

So, if it is just to get it correct, a decline in the EV concentration would not impact your revenues to a larger extent.

Kishor Patil:

Actually, I had mentioned that sometime back. If I may repeat, our revenues are not only EV revenues. I think there is some wrong notion people have. As I said, our revenues are driven by digital cockpit, autonomous programs, then after sales diagnostics, middleware, body and many of these areas,. So, as I said, there are a few areas we are adding, such as cost reduction, cyber security, digital experience etc. And also in the powertrain area, propulsion area, as I mentioned, even if such things happen, I think alternate powertrain by itself is an opportunity for us. So, I mean, I think these things happen and we do not see any big change impact on us because of that.

Sushovan:

Sure. Thank you so much for the lovely answer.

Kishor Patil:

Thank you.

Moderator:

Thank you very much. Next question is from the line of Karan from Phillip Capital. Please go ahead. Mr. Karan, your line has been unmuted. Please go ahead.

Karan:

Hello.

Moderator:

Yes, sir. Please go ahead.



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- Karan:** Yes. Thanks for the opportunity. Just one thing I wanted to check. So, Mercedes recently rolled out their first SDV vehicle on MB.OS platform, and they are talking about rolling it out across their entire sort of models. So, does KPIT have any role to play in that sort of an opportunity? Or we are working on, let us say, SDV 2.0 for these OEMs?
- Kishor Patil:** I would not comment on a client-specific thing, but we are engaged with Mercedes. We made that announcement sometime back.
- Karan:** Okay. Second thing, so you spoke about commercial vehicles will be driven in US, but about passenger vehicles, will the growth be consistent across all three regions? Or are there any contrast to that?
- Kishor Patil:** I think I answered this question a few times. I think Europe followed by Asia, followed by US in passenger cars.
- Karan:** Okay. And last thing on the interest expenses have been going up since last two quarters. So, how should we think about the interest expenses going forward?
- Priyamvada Hardikar:** So, from the current quarter, as you must have seen the results, there is a working capital loan that we have availed only for a short term. And that is the reason why you will see the interest costs going up. And also, on Caresoft's acquisition, there are some IND-AS notional interest entries on the deferred consideration.
- Kishor Patil:** Non-cash expenses.
- Sunil Phansalkar:** That is about 47 million during the quarter.
- Kishor Patil:** That is the larger part.
- Karan:** Okay. Thanks a lot. Thank you.
- Moderator:** Thank you. Next question is from Aditi Patil from ICICI Securities. Please go ahead. Ms. Aditi, please go ahead. Your line has been unmuted.
- Aditi Patil:** Yes. Thank you for the opportunity. I wanted to ask question on the cannibalization part. Can you share an example of what kind of solution are



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you providing, which is leading to cannibalization? And what is the billing model for these solutions?

Kishor Patil: These are typically places where there are multiple people, parties engaged including where we come out with a full solution, including other infrastructure, mainly AI-driven solutions. Also, the related infrastructure or ecosystem we need for that kind of a solution. So, especially where, as I mentioned to you, , if I can take one example, its is in the validation area where companies typically in the past, have been doing testing or doing it in pockets. And they are not in a position to get the required impact. There we came up with more efficient, holistic, full solution and we have been in a position to take up the full responsibility. And in, some of these, some of the realization will happen in the later part of the program.

Aditi Patil: Okay. So, like these would be fixed-price programs?

Kishor Patil: Yes, this will be fixed-price program.

Aditi Patil: Okay. And are you like reducing the number of people in this work, like versus a number of people you were using earlier?

Kishor Patil: I think I answered this question. I think we are already over time. I have answered this question a couple of times. I just said that we are not reducing just to reduce the headcount but only when there is no competency required for the solutioning or AI, we would part ways. I think I have mentioned this.

Aditi Patil: Okay. Thank you.

Kishor Patil: One minute, Sachin, is there any comment you want to add at the end?

Sachin Tikekar: No, Kishor. I think all good from my side. Thank you.

Moderator: Thank you, ladies and gentlemen. In the interest of time, that was the last question for the day. I would like to hand over the call to Management for closing comments.

Sunil Phansalkar: Thank you. Thank you, everyone, for joining the call and have a great evening ahead. Bye-bye.

Moderator: On behalf of Dolat Capital, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.