August 04, 2026

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,

Subject: - Transcript of the Post Earnings Conference call for the quarter ended June 30, 2026.

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, 2026, conducted on July 29, 2026.

The transcript of 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/

Thanking you,

Yours faithfully,

For **KPIT Technologies Limited**

ASHISH MALHOTRA

Digitally signed by ASHISH MALHOTRA
Date: 2026.08.04 20:42:15 +05'30'

Ashish Malhotra
General Counsel & Company Secretary

Encl: as above

"KPIT Technologies Limited

Q1 FY27 Earnings Conference Call"

July 29, 2026

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. PRIYAMVADA HARDIKAR – CHIEF FINANCIAL OFFICER – KPIT TECHNOLOGIES LIMITED
MR. CHINMAY PANDIT – BOARD MEMBER AND HEAD, AMERICAS – 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 Technologies Q1 FY27 Earnings Conference Call, hosted by Dolat Capital Markets 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 this 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 the conference over to Mr. Rahul Jain from Dolat Capital. Thank you, and over to you, sir.

Rahul Jain: Thank you, Nithya. 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. Good evening, and a warm welcome to all on the Q1 FY27 earnings call of KPIT Technologies. On the call today, we have Mr. Kishor Patil, Co-Founder, CEO and MD; Mr. Sachin Tikekar, Co-Founder and Joint MD; Mr. Chinmay Pandit, Board Member and Head, Americas; Mrs. Priyamvada Hardikar, CFO; and yours truly from IR.

As we always do, we'll have the opening remarks by Mr. Kishor Patil on the performance during the quarter and the outlook for the remainder of the year, and then we'll have this open for questions. So, once again, a very warm welcome to all. And now I will hand this over to Mr. Kishor Patil. Thank you.

Kishor Patil: Good evening. I will take you through our results for quarter 1. Automotive industry has been for some time facing some challenges globally, especially on account of extreme competition from China. It was accentuated by certain geopolitical situations, whether it is tariff or others in different parts of the world. The last one, which was the war, which was probably the most unexpected by many companies, also had a significant impact in terms of their supply chain and the input costs.

With all this, specifically for European players have been the most impacted, both because they had impact in China market as well as the Chinese competition getting into their own market, which is in Europe. And last but not the least, having a restricted U.S. market because of the tariff or the uncertainties because of that. And last, but input cost because of the war.

With all that, I think the profitability had a significant impact apart from the drop in the number of cars sold. And this specifically impacted European players, and also Japanese players, but European players were significantly impacted. And with that, you could see that there have been many job cuts, many profit warnings, many pay cuts, ongoing restructuring, significant write-offs, etcetera.

On the back of this, after some of this, one month back, we made a disclosure to the stock market about the impact on KPIT for this year. And we talked about how it may pan out to some extent. And specifically for the quarter 1, we talked about that year-on-year, it would have a degrowth of about 1% resulting in a quarter-on-quarter drop of about 5% in terms of revenue and more than disproportionate impact on profitability.

On the back of this, for this quarter, year-on-year revenue we had Constant Currency revenue growth of 0.1%, year-on-year USD revenue decline of 0.6% and quarter-on-quarter Constant Currency revenue decline of 3.6%. In terms of profits, the EBITDA was at 17.2%, EBIT at 12.3% and PAT at INR 1.17 billion . So, this is where we are in terms of the actual numbers.

And the profit, basically the PAT got impacted on two other accounts, one which was the forex loss and also share of loss from Qorix , which, again, in some way was an impact of the postponement of certain revenues, specifically in the Europe regionand that had a impact on the PAT.

On the back of that, what was still good was KPIT could do USD 257 million worth wins during the quarter, which was across the world, but mainly driven through connected cars , then after sales transformation and autonomous. So these were some of the few leading areas which helped us to get these revenues.

I think these are the 2 things which we have mentioned about. Of course, this is not where we have been in the past, and we would like to come back to growth. During the outlook, we have just mentioned that H2 will be better than H1, and we will return to growth in H2 by Q4, driven by the Q4 performance and our profitability will return largely when the revenues come. Of course, there are other levers we will use before that. So. this is where we are.

Now the point is, how we will do it. And we have talked about some multiple areas which could help us get there. Now I may say that this is not merely a response to the current situation. We have been working at it for the last many months, even during the last year. Now the issue is about how quickly we can do that. I think the drop in the revenue was quicker than we got the revenues out of some of these areas, about which we have been talking about.

So, first thing is, overall, I would say that we have been trying to broad base the revenues in multiple ways. The first thing is on the existing OEMs. In the existing OEM, apart from focusing on increasing our wallet share in the areas in which we work, by getting a larger responsibility of the programs and through multiple ways, we have also added many newer areas of practice or offerings, which we provide to the client, which will help us.

So, for example, in the existing areas where we are trying to if you remember, we have done an acquisition Caresoft some time back. And now we are leveraging that for cost reduction programs, and we will do that more actually. And that is one area which is absolutely essential for these OEMs at this point of time.

The second, for example, is Aftersales Transformation, and that's some of the areas we are doing. So first is in the existing car OEMs. This is what we are doing. And we are seeing now good traction in a couple of these areas. These are some of the fast-growing areas which we are seeing.

Then the second thing is new passenger car OEMs. There are some car OEMs, which are very stable and I would say, successful OEMs in Japan, Korea and also in Europe, which we have not been working with enough. Now these are some of the OEMs we have been engaging for the last few years. And now we see places where we could actually be in a position to accelerate their journey. So I think this is from the existing car OEMs or some new passenger car OEMs.

The second is off-highway and trucks. We talked about it that we had started focusing on this some time back. There are new logos across US, Europe and Asia, with whom we are engaging with. And as you know, like SDV, now SDM is what you look at, like, software-defined machines. This has a tailwind across the off-highway and trucks.

Specifically, if you look at the off-highway, there has been a big success for some of these companies. You would know that some of the leading off-highway companies have a market cap which is bigger than most of the OEMs, and they are highly profitable, growing very well over the last few years. So these are some of the clients we are engaged with, and some of the new logos which we have got, we would like to really double down on this.

The third thing is the Products and Solution. We have multiple products and solutions. Again, we have made multiple investments in research and development. – One of the a few latest ones is N-Dream. The second I talked about is Aftersales Transformation which we brand as -Dart, Technica products, and then Cymotive, the cybersecurity company. Now that we have all these, what we have done is we have been putting together to integrate the whole story across the software development cycle and the vehicle development life cycle.

And this is all been powered by the automotive intelligence platform, which is Beacon. We have done a partnership with Microsoft for a global go-to-market in automotive area. And that becomes the base for all this. So this should help us. for example --, Technica becomes like an infrastructure - in the validation space, which is powered by Beacon.

Then I-Dart becomes After Sales Transformation powered by Beacon. So validation is there, I-Dart is there. And similarly, we are looking at the overall product life cycle across which we can make autonomous, where we have built the World Foundation Model. So these areas , powered by Beacon, is where we are providing the products.

This is one area where product and solution is really helping us to grow, and this will be also margin accretive over the period. So this is where we are investing. And this is where we are seeing good traction. And there are other adjacencies we are looking at , one is the micro mobility, where we are already seeing good traction. We already have some wins, which is in the area of last mile connectivity.

And the second thing is about the Deep Tech, some of the opportunities we are looking at in the area of Deep Tech. So, with all this, we are trying to see that we improve wallet share expansion across all the practices and create offerings which are cross-practice offerings for these clients. This is how we are looking to do this.

Now these have been our places. This is where we have invested and this is how we were furthering our strategy. Unfortunately, there has been some gap between the impact we had versus the revenue realization, but we do believe that this will, of course, will be overall revenue accretive and we will return to growth. As we said, during H2, –led by Q4, we will be back to the growth and hence, the reasonable margins which we have been used to.

I would like to say that we are not very comfortable where we are. I think we believe that mobility overall as an area is very much there in multiple forms. It will expand its scope, and we will continue to have a balanced growth, broad-based growth across the clients, across the practices and across the adjacencies. Thank you.

Moderator: Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan: Hi good evening. Congrats on the strong deal wins despite a tough quarter. I had a couple of questions. The first is by when do we think commercial vehicles will really come back to growth? If you could give some color on why we saw the weakness during this quarter there and because we have had reasonable deal wins and client additions in the off-highway and commercial vehicles. So that's the first question.

The second is from a Europe perspective. Europe, we seem to have at least in the presentation, a reasonable number of deal wins in Europe despite the weakness that you spoke about. And also, it looks like some of the OEMs have a reasonable number of model launches or updates by end of next year, which is a large number.

So, in that context, do you believe that this weakness can be sort of temporary? These were the two questions. And I just have one last question on margins, which I will sort of ask after.

Kishor Patil: So, Nitin, as I mentioned, of course, don't think that these are the kind of permanent drops or anything. We enjoy a very healthy relationship with the clients, and we have also broadened our scope. And of course, many of them have to reinvent themselves. So they look at KPIT as a natural partner. So we are engaged with all the OEMs you are talking about. That's the reason our pipeline is also strong.

What we are not sure in the case of the current part is when these deals will realize. We are not at all worried in the sense, whether we would get our share of the business. It is about the timing. And that's why at least in the short term, we have discounted that part, at least for a few quarters. And that's why we have said what we have.

On the commercial vehicle, we will be on for growth next quarter. Actually, this quarter also, there was one specific thing what has happened was a quarter before we had one significant revenue in a particular place. So that's why this looks like this, but I think you will see a growth next quarter.

Nitin Padmanabhan: Sure. Perfect. And lastly, on the margins. During the Analyst Day, you spoke about an aspiration of achieving 22% to 24% by FY '29. That aspiration can still hold? Or would you worry about it at the moment?

Kishor Patil: I would say the medium-term outlook remains good for two, three reasons. I will not just make a statement. There are two, three things. As I said, we believe that our product revenues will grow and the solutions revenue will grow exponentially. I would say that we have had a reasonable success till date.

It is not that we have not started. We have already seen the success in some areas. In solutions, there are many solutions we have identified. Some of them are in the initial stages. We believe in the next quarter or two, they will also be ready to be deployed. With this, we believe that our growth will be largely driven by products and solutions, and this will be margin accretive. So, in the medium term, we do believe that -- because some of this, we have also looked at outcome-based kind of business model. So, over the medium term, we do believe that we will be in a position to get where we have mentioned.

Nitin Padmanabhan: Perfect. Thank you so much and all the very best.

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

Karan Uppal: Thanks for the opportunity. The first question is on the U.S. geography. It has done well this quarter. Can you unpack the growth between, let's say, OEMs and off-highway? And do you expect this momentum to sustain for the next few quarters? That's the first question.

Chinmay Pandit: Yes. So this is Chinmay. The growth in the geography is fairly well balanced across the entire portfolio. We have seen good growth on the commercial vehicle side and some of our long established relationships on the passenger car side as well. I think we have a fairly good visibility for the upcoming quarters to have it continue in the same line.

Karan Uppal: Okay. Second is on the Europe, actually, the revenues didn't fall off versus what we were expecting. So can we expect the impact in Q2? And also if you can quantify the revenue impact for European geographies?

Kishor Patil: So, I think, there are two things. First is absolutely, optically, that looks like that. But there were two reasons. One is there were certain revenues we were expecting which did not come there. And so some of this, you will see that it will have some impact next quarter, as you will see. So I think we saw a reasonable impact in Europe, which was about 4% for the quarter, about 4% or so.

But we also see, as you would look at this impact for the next quarter will not be at a company level. I'm telling you at a geography level. This will be made up by growth in U.S. as well as in SIMA.

But this quarter, it looks like a drop in SIMA. And as you know, the revenues are less. So that's why that drop looks big. But we are seeing a significant growth in SIMA also. So I think with growth in U.S. and this, you will see, but the Europe impact, you will see in the next quarter.

Karan Uppal: Okay. Okay. And sir there were two SDV programs which were going to be ramped down. So are they in the base now? Or do you expect the impact to continue? If they are in the base, then should we expect the Japan, Korea and China geography to bottom out?

Sachin Tikekar: So one program from Europe is almost getting over now. We'll go to start of production, but that's been planned. The one in Japan that was actually cancelled at the last minute. So both these programs are coming to a natural kind of an end. So in terms of these specific programs, I think this is where we are.

Kishor Patil: And just to clarify, the program is the actual vehicle program that was cancelled.

Sachin Tikekar: Yes.

Kishor Patil: And that's the impact. So this is what has happened. But of course, we do have a pipeline from these clients. It is not that we don't have a pipeline from these clients. What we are not sure, again, in the current situation, specifically this being from the Europe and Japan is the timing of when we will be in a position to get further revenue.

Karan Uppal: Got it. Just last question on the margins. So the other expenses were up significantly this quarter. So surprising to see expenses being up in this kind of a quarter. So are there any one-timers there? And how should we expect the margin trajectory from here on for like the next three quarters?

Priya Hardikar: So, in terms of other expenses, there has been a certain impact because of the foreign exchange rate. As you know, these are consolidated accounts. So, secondly, there have been some provision because of the acquisitions that we did and some subcontracting cost in European region that incurred for our clients. Nothing out of the way. These are operational.

Kishor Patil: So, going forward, the way we see is the margins will improve, but it will improve incrementally, not significantly until our revenues go back to growing ways. So revenue will be the major driver. We will be in a position to optimize cost but only incrementally. So that is point number one. The second is the Qorix loss, which we said, I think it will continue for at least next quarter or two that we believe thats how it will be. So mainly the driver will be the revenue coming back.

Karan Uppal: Okay. Thanks a lot and all the best.

Kishor Patil: Thank you.

Moderator: Thank you. The next question is from the line of Chandramouli from Goldman Sachs. Please go ahead.

Chandramouli: Hi good evening and thank you for taking my questions. My first question is just around one of the prepared remarks that Kishor you had made. So, over the past 18 months, I think the European OEMs have found going a little harder in China because of the higher luxury taxes there. And also on the other side of the coin, the Chinese OEMs have been taking market share in Europe from European OEMs in a lot of the market.

KPIT has, for the past 2.5 years, been trying to seed businesses in China and try to see how we can contribute to Chinese OEMs who are now making a bigger impact in the global EV market. Just want to understand over the past three to six months, has there been any developments there? Anything changing there, which might enable KPIT to participate more in this trend, which at this stage seems to be a little more structural?

Kishor Patil: So first thing is I have also said that we will be very patient with China, but we will continue to grow and invest in China. And so we have engaged with two Chinese OEMs. And at least one of that we are about to get to a meaningful engagement in that case. The third is that we do believe that we have found a reasonable traction for our products and solutions in China. So these all three things are working. The scale will happen because now, as you know, in China -- the big OEM's volumes have gone down and there also the industry has taken a beating.

So the impact is basically most of the companies are aware that they will be in a position to really grow meaningfully outside China profitably. And I think that is where they see KPIT as a very good partner, which has been in China as well as has a very strong both client relationships as well as ecosystem play outside China. So we do believe and we absolutely believe in our efforts and strategy for China. And apart from that, as I mentioned earlier, we want to be very broad-based. So multiple areas I talked about.

The third thing I would say is China is a place where we want and we are also learning. But equally important is, as you know, many global OEMs are having / forming partnerships in China. We believe we can also leverage this significantly going forward.

Chandramouli: Got it. That's helpful. Second question is just around, I think, in the past, at the start of the year, you have provided some colour on how you think the first half versus the second half can progress. And this year as well, I think you've given clarity that the first half, two quarters might be sort of similar. But I just want to understand the back half, I think you seem to have visibility that things will improve in the back half. Just want to understand what are the key drivers of that?

And also relative to, I think at the Investor Day after 4Q results, the initial thought process was that there could be possibility for organic double-digit growth Y-o-Y. Is that a run rate that you think is feasible for the back half of the year once the first half sort of headwinds are cycled?

Kishor Patil: So I think we have mentioned that, of course, I would think you would appreciate our clarity or if I would say, transparency and we share whatever happens at the earliest. So when we were of the opinion that in the first half because of some of the reduction of cancellation of SDV programs, our revenues would go down and it would impact the first half. We had this Investor Day after that and where we explained what would be the impact on KPIT and what we would be doing to. And we talked about the strategy. I have not told you anything much different than what we had said , and we stand by it.

Now after that, there were major changes in the European ecosystem and many European OEMs had an impact on their results and the subsequent actions post that. Because of that, we had to come back and talk to you about that. And that created a lot of uncertainty because it takes time for people to figure it out and understand what they will do. And that is the impact. And frankly, because of that, we have been saying what we have been saying.

And beyond this I mean, we have talked about two things. One is H2 will be better than H1. And by Q4, we will have a meaningful growth. That is what we have mentioned. And we also believe in our medium term and next year, year after growth strategy because of the multiple actions we have taken. And I must say that the impact we had is in a couple of clients, which is significant, but the growth has been more broad-based and across multiple clients. And we do believe that by the end of the year and the next year, these accounts will bring a meaningful growth.

Chandramouli: Got it. That's helpful. Completely appreciate all the clarity and transparency. And just last question, I think over the past two to three quarters, becoming more and more visible that your fixed price contracting is increasing 600 to 700 basis points versus where we might have been last year. So I just want to understand from a margin standpoint in this kind of environment, how that needs to be consumed.

You've also made the point around you had multiple months of working with many AI tools, the Beacon AI projects and so on and how that can also add productivity efficiency. So I just want to understand how to put these two points together to try to figure out what the range of profitability could be for the company in this sort of newly constituted business model in a steady state environment?

Kishor Patil: See, the first thing we felt that any change in the business model, the basic thing is move to the fixed price business model. Once we do that, then we have multiple options. Number one, of course, the usage of AI. Again, I must tell you, it takes some time to move towards completely AI-based delivery because depending upon how the infrastructure is set up, how much they allow our tools to be used on their infrastructure versus our infrastructure, it takes some time, and there is some buy-in required at that process level.

The second thing is also the solutions which we bring in as a part of the fixed price delivery, which have better margins. And the third is the products. So, for example, Beacon itself has two business models. One is as a product or a platform which is basically subscription based. And then the second, of course, we use for delivering to the client. With all these combinations, flexibility is available to us to drive with the clients to maximize. So that's what we are doing.

To answer your questions, indirect questions probably, we believe it has two meanings. One is we are in a position to improve our margins for where we are signing the contracts. First is they are always meaningful. We typically continue to hold some premium against the competition that I always talk about. And secondly, there, even in the geographies where it is very competitive in a certain amount of time, we can move towards a better reasonable margin. So I think this is how I would describe this.

Chandramouli: Got it. That's very helpful. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of CA Garvit Goyal from Serene Alpha. Please go ahead.

Garvit Goyal: Hello, am I audible?

Sachin Tikekar: Yes.

Garvit Goyal: Good evening sir. Sir, my first question, like when we say Q4 will be stronger in the terms of growth I just wanted to understand how are you seeing European OEM in that particular quarter onwards? Are you seeing them start using KPIT solution to compete against the Chinese competition? Or do you think the current situation will be there for those quarters as well, but you will get from the other geographies?

I'm asking this because in order to return to our earlier growth trajectory of 20%, 25% organic growth and the kind of margins that we did earlier, I think we need to have a decent contribution from existing European OEMs as well. So where we are on that sir?

Sachin Tikekar: Okay. Let me take that question, and thanks for setting the expectations as well from a growth perspective. No, I think let's talk about European OEMs.

What is happening to them, as Kishor talked about earlier, there are three forces at play. Their share in China, which used to be the highest, that has gone down and it continues to go down.

Number two, in their own home turf territory, Chinese are gaining market share. And because of the tariffs, they are becoming not so competitive in the U.S. So they are under tremendous pressure. Having said that, they also realize that it means structural change. This is not something that gets over, right? So they are rethinking their strategies. That's the fact, and this is where all the European OEMs are.

So now what does that mean to KPIT perspective? We still believe that all of these OEMs, they've been around and they're going to be around. They just have to figure out how they're going to be around and viable going forward. In their journey, given our relationship with them, the conversation has shifted towards how does KPIT help these OEMs reduce the cost of their product by at least 30% to 40%.

And secondly, how do we help them reduce the cost of their production. If they are able to bring these price points down by 30% to 40%, they become competitive again. so our conversations have actually shifted towards these two topics for the European OEMs. This will take time as they are sort of re-baselining what does it mean to them and where they really want to spend money.

But these conversations are already being initiated. And we believe that once we get over this hump over the next couple of quarters, some of these cost reduction initiatives will yield revenues to KPIT. This is point number one.

Point number two, in our current business, more than 50% comes from Europe, absolutely. But the effort over the last six quarters has been to have a broader-based growth. That means how do we have balanced growth across Europe, Americas, SIMA, which we call Southeast Asia, India, Middle East and Africa. This is a new sort of region for us and JKC. So we need to have balanced growth, across the four geographies.

Number two, within that, how do we get more business and wallet share from our existing clients in passenger cars. The clients that we never worked with, we have started engaging with them. An OEM in Korea, one OEM in Europe, one OEM in the U.S. and one in Japan. We have started doing this. This is step number one to have broad-based growth.

Number two, we have opened seven different OEMs in off-highway segment. And we have started working with four different OEMs in trucks and bus business. So the composition of our revenue is going to be broad-based as compared to what it has been over the last three or four years.

And this is a transformation that we are also going through. And I think we are going through it as we speak. And once this transformation happens, I think we believe that we can go back to our growing ways. It's just that there are certain obstacles that come our way. So what we are trying to do is to sort of build a more resilient company that can withstand some of these shocks and still grow in spite of these shocks.

So this is, in a nutshell, this is what our effort has been. And I think the learning from the recent challenges with Japan and Germany is, I think we just need to have a lot more intensity and we have to run faster. That's what it means. Yes. So a long answer to your question, but I do hope that it helps to understand what we have been doing and how this transformation is taking place in our company.

Garvit Goyal: Understood. Basically, what I am understanding is from the timing perspective there are uncertainties but yes, OEMs are basically considering these solutions of our company..

Sachin Tikekar: Absolutely.

Garvit Goyal: Okay. And secondly on the deep tech side, you mentioned in the slide. I just wanted to understand more on what are these areas because in the past also we were speaking about sodium-ion technologies and then hydrogen fuel technologies. But in the last few quarters we are not sharing anything on that. So I just want to understand what are we exactly thinking in this stage.

Kishor Patil: So, I think two, three things I would say that, so for example in that other parts, I think we continue to work on the hydrogen tech, but meaningful revenues will take some time though currently the government is pushing hydrogen specifically in view of multiple controversies, they do believe that hydrogen may be a viable option. But for some of these things, we will be careful in terms of factoring into our growth.

But I think the point we are looking at is some of the areas in which we are working in the practices, they are very adjacent to some other parts of the mobility, whether it is you are talking about drones or whether you are looking at a few other areas humanoid or few other areas, whether it is on the production floor or otherwise, these are the prime ones. So I think these are some of the areas which we are exploring right now.

Also some other areas where we are looking at and we see an opportunity. Again, these are some initial efforts, but we believe the opportunity there is big. And we are not factoring any significant growth right now, but we believe these are good opportunities which we should be in a position to capture and we are in the process of putting together the overall plan.

The second is the data center opportunity where some of our clients like Cummins or some other clients are engaged meaningfully. So we can probably take these offerings to many more clients in that sector. This is what we are doing. We are putting together our story, and we believe that we will be in a position to grow in these areas, which are again, the areas where we already have an experience, we already have the offerings, and we are already working with few clients.

We have not yet taken the holistic view or made any organizational focus fully on that, which we are exploring and we would do that.

Garvit Goyal: Okay, sir. And sir, about sodium-ion technologies, how is it going right now? Because I think it is more than two years now, right? So what are that based on that side?

Kishor Patil: I think we talked about it. We have taken certain revenue some time back last year. There was NRE. I think after that, there has been, see the battery technology takes about two to three years to really put the pilot production plant even if we look at the investments, I think it takes about more than $100 million of investment and it takes significant time.

So after that it actually gets into production. And after getting into production, there are certain milestone after which we may get entitled to royalty. So it is not something which is immediate from the revenue perspective.

Moderator: Mr. Garvit Goyal, I would request you to rejoin the queue for a follow up question. The next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Thank for the opportunity. Just one clarification question. If I look at the sheet, fact sheet, there has been a marginal growth in Europe as well as strategic customers has not declined materially lower than the company average decline. So is it fair to assume what we anticipated in the month of June in terms of a decline in the Europe-centric OEM revenue has not happened and may come in the second quarter? Or am I understanding wrongly?

Kishor Patil: I think we were expecting a higher growth there, which has not turned up. But at the same time, we have committed the cost and we were in the middle of engagement of the project et cetera. So first is the revenue has not come through. But as I mentioned, you will see that impact coming in the next quarter. But it will be impact at a regional level. I have said that it will not be at a company level because we will see a broader growth in U.S.A. as well as SIMA.

Sandeep Shah: Okay. And in margin uplift you are saying the major uplift where you have already guided Q-on-Q improvement, but the major uplift can happen with the growth turnaround, which we expect by Q4. And Q4 growth turnaround, we are talking on a Q-on-Q basis or on a Y-o-Y basis.

Kishor Patil: I mean, for sure, it will be quarter-on-quarter. I don't have a clear answer to this right now. But I guess it will be flattish. I think we would get back to a certain number by that time.

Moderator: The next question is from the line of Bhavik Mehta from JPMorgan.

Bhavik Mehta: Again, first, couple of clarifications. During the quarter update in June, you had said 2Q revenues will be flattish and 4Q will be significant growth. So is it fair to assume that still holds that we see flat growth in 2Q and then some growth in 3Q and then significant growth in 4Q?

And the related question has been on the margins when you say you expect to go back to normal levels of margins by 4Q, you indicating that 20% plus EBITDA? Obviously, it will depend on growth, but is that what the assumption you're working with right now?

Kishor Patil: Yes. I mean frankly, the large part is related to the growth and it really depends on that. But yes, fundamentally, if you look at the way the cost structure, and to tell you clearly, the European cost to take out takes much longer time than the other parts. So, I think considering that at the cost of some of those, time as well as the cost will be longer from that perspective. So yes, when we get to the revenue growth, I think that is where we will be in position to bring the margins back.

Bhavik Mehta: Okay. Got it. My second question is you did mention that pipeline in Europe remains quite strong, but it's difficult to put a time line in terms of when does that convert to deals. So is that also playing out in terms of deal to revenue conversion also because the deal wins have been quite strong over the last few quarters, but the revenues are not coming through. So what are the client conversations indicating in this environment, especially in Europe?

Kishor Patil: See, the point is actually in certain accounts, it is coming through. I think the point has impacted us is not the wins, wins we have got, we got the strong wins. And that's why what Sachin was also mentioning earlier is the drop has been pretty strong, pretty big in these two accounts, but we did not drop revenues as much because of the wins in the other markets. So conversion, it has been slow for sure, but it has not been like pending for or perpetually waiting. That has not been the case for project to start.

What we feel is European wins even when currently, they will actually get started, they would look at doing more work out of India than Europe and many of those things. So for us that will happen. And so we do believe that those wins when they come, they will come. So it has nothing to do with earlier wins. Earlier wins, many of that has already started many of those projects.

So right now two uncertain things. One is the revenue part, which I mentioned to you is specifically in European part when actually where we are, now the pipeline is there and where we have even some recent wins with some accounts when they will start now, not the earlier ones. And the second thing is about how much time it will take to cut the cost in Europe. I think these are the two points which we have.

Bhavik Mehta: And just lastly, are you seeing any vendor consolidation exercise being played out at the OEM level? And how are we faring in those exercises? Are we winning share?

Kishor Patil: So, absolutely, yes. The answer is absolutely yes. And we are doing pretty well there. But our belief is the client engagement model will change. Even though right now, people may look at the vendor consolidation in the traditional way people are talking about. We believe that over the period, the OEMs will go to the best of the solutions where they can compete with their competition. And I think that's why our focus is more on solution and products and AI.

Moderator: The next question is from the line of Shailesh Jahagirdar from Invest Yadnya.

Shailesh Jahagirdar: So I have one question that we got some contract from Tata Motors. So at business model level, what KPIT does differently as Tata has their own ER&D companies and all. So KPIT gets the contract from Tata Motors also. So how company does something differently that they got this contract.

Sachin Tikekar: I think it's a valid question. Well, Tata Motors is a large company that is growing. Like any other OEM in the world, they also have their ER&D. Other OEMs have their ER&D. At the same time, they work with partners like us. Tata Motors has the same kind of model. So we -- it's not just their own ER&D and KPIT, there are also other players that also support Tata Motors. and it's nothing new. Our business with JLR is significant, which is also a Tata company. And we have also been working with Tata Motors for many years.

The reason we mentioned this particular deal, it's our N-Dream in-vehicle gaming platform. This is the first time such platform has been launched in any vehicle in India. That's why it has shown unique significance. And that's why it's been highlighted. And we continue to look at Tata Motors, both the passenger side as well as the commercial side as a viable client where we'll have growth with them.

Kishor Patil: And the business model here is per vehicle we charge. License model.

Sachin Tikekar: Yes, it's a license model per vehicle.

Shailesh Jahagirdar: Okay. And my second question is around that you said the European OEMs are discussing about the cost structure to reduce their cost and how quickly your KPIT would help in that kind of sense. So is there a similar kind of discussion going around to product -- for the product development at lower cost to compete with the Chinese OEMs so that product differentiation at the same time, cost structure would improve for them?

Sachin Tikekar: Well, what we said was, in fact, in reference to the product itself, how do they make their product far more cost effective, offering attractive features in order to compete with the global competitors. So and that's precisely. And there are two parts to the cost reduction. One is how do we reduce the cost of product itself. So if a vehicle costs 100, how do we get them -- what kind of contribution KPIT can make to help them get to 60 or 70? And second is if their cost of production is 50, is there a way for us to take it down to 30 or 35? And what role KPIT can play in this journey?

I think these are the discussions that we are having with the European OEMs because they are under the highest pressure. But we believe the same thing will also be taken to the competitors in the clients in Japan as well as in Korea and at some point in the U.S. as well, right? So this is just going to be a fact of life for everybody because the Chinese OEMs have created vehicles at that price point offering incredible features.

Kishor Patil: I want to add one part. It is not only cost, it is the speed. I think European OEMs are taking too long to bring a new model. And that's why in terms of features, in terms of competitiveness goes down by the time new vehicles come on the road. And that is one thing which we are focusing how we can reduce the time to market for the OEMs.

Moderator: Mr. Shailesh, I would request you to rejoin the queue for a follow up question. The next question is from the line of Ankur Pant from IIFL.

Ankur Pant: Just wanted a clarification in terms of the segmental revenue. So there was a planned completion, there was a ramp down of SDV program, then we were hit by European OEMs towards the end of the quarter. So one would have assumed that it's the PV segment, which would take the brunt of the revenue contraction. But the passenger vehicle segment revenues have just come down by 3.5 million in this quarter. CV segment which has fallen more. So just wanted to understand is the base is not incorporating a large part of the SDV ramp down? Or am I missing something here?

Priyamvada Hardikar: I think last quarter, we had one...

Kishor Patil: I answered this question earlier that.

Sachin Tikekar: Yes. So I think in the commercial vehicle, there was a onetime large license deal last quarter that is not there this quarter. That's why you see, on a smaller base of revenue, you see a significant impact. But that's the end of it. Going forward, you see CV growing for us. So when you look at our numbers in Q2, Q3, you will see growth coming back to CV because it's going to be broad-based. This is point number one. In passenger car, as Mr. Patil mentioned, we are getting ready for growth, and that growth has not happened. And that's why that was the last-minute setback that we got towards the end of the last quarter.

Ankur Pant: But has the project completion and the ramp down, a large part of that is already there in the base or that is something which is still pending to?

Sachin Tikekar: Well, I think, yes, the Japanese part is getting over now as planned. And the one that we realized towards the end of next quarter will happen. The complete thing will happen in Q2. And we believe that both accounts will start to stabilize in Q3.

Ankur Pant: And the second question is on wage hikes. Are you thinking of wage hikes anytime soon? Or this is something that would depend on how growth comes back and something which would be deferred to 2H? How are you thinking about wage hikes?

Kishor Patil: Last many years, I think total tech industry, there have been many years when people have not given increments. In the last five years, I think three years, most of the companies were very soft. But they have not stopped the increments always. So this is the first time we have delayed. But we will do it in stages. And we will give it to the some of the younger grades soon. The senior people will get over the period.

Ankur Pant: And finally, your overall revenues in terms of sequential growth are down around 4.5% in USD terms. Whereas the strategic clients which are around 87% of you revenue are down to 1.3% which means that bulk of the decline is from the nonstrategic clients which given the situation doesn't really reconcile. So just wanted some clarity on this.

Kishor Patil: I think our degrowth, I have not seen the numbers we will analyze and tell you, but it has been because of the top 2 clients. So these are, of course, our strategic clients.. I look at it as strategic clients. And as we mentioned, one of the clients, the degrowth is not factored completely actually. It will get next quarter, you will see the impact. But we have said it will be on only the region, at the company level, we will grow because of the growth in the other accounts.

Priyamvada Hardikar: I think what you are translating this, the numbers of 87% and 84%, don't look it in absolute. 87 percentage is a percentage of the current quarter revenue, how much are strategic clients and 84% revenues of that quarter revenue. So don't compare 84% to 87%. And there are quarter-on-quarter 1.3% decline, which is mentioned out here.

Kishor Patil: There were some other revenues which we talked about, license revenues last quarter.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to management for closing comments.

Sunil Phansalkar: So, thank you, everyone, for your active participation, and I look forward to interacting with you in the near future. Thank you, and have a great evening.

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