November 03, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001.

Scrip ID: KPITTECH
Scrip Code: 542651

Kind Attn: The Manager,
Department of Corporate Services

National Stock Exchange of India Ltd.,
Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai – 400051.

Symbol: KPITTECH
Series: EQ

Kind Attn: The Manager,
Listing Department

Dear Sir/Madam,

Subject: - Transcript of the Post Earnings Conference call for the quarter ended September 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 September 30, 2026, conducted on October 28, 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: 2026.11.03 21:53:24 +05'30'

Ashish Malhotra
General Counsel & Company Secretary

Encl: as above

"KPIT Technologies Limited

Q2 FY27 Earnings Conference Call"

October 28, 2026

MANAGEMENT: MR. KISHOR PATIL – CO-FOUNDER, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – KPIT TECHNOLOGIES LIMITED
MR. SACHIN TIKEKAR – PRESIDENT AND JOINT MANAGING DIRECTOR – KPIT TECHNOLOGIES LIMITED
MR. ANUP SABLE – BOARD MEMBER AND CHIEF OPERATING OFFICER – KPIT TECHNOLOGIES LIMITED
MR. CHINMAY PANDIT – BOARD MEMBER AND HEAD AMERICA – KPIT TECHNOLOGIES LIMITED
MS. PRIYAMVADA HARDIKAR – CHIEF FINANCIAL OFFICER – KPIT TECHNOLOGIES LIMITED
MR. SUNIL PHANSALKAR – VICE PRESIDENT OF CF&G, HEAD INVESTOR RELATIONS – KPIT TECHNOLOGIES LIMITED.

MODERATOR: MR. RAHUL JAIN – DOLAT CAPITAL MARKETS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to KPIT Technologies Q2 FY27 Earnings Conference Call hosted by Dolat Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Rahul Jain. Thank you and over to you, sir.

Rahul Jain: Thank you, Nazneen. Good evening, everyone. On behalf of Dolat Capital, I would like to thank KPIT Technologies 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 warm welcome to all on the KPIT Q2 FY27 Post Earnings Conference Call. I would like to take this opportunity to wish all of you in advance a very happy Diwali and a prosperous New Year. On the call today, we have Mr. Kishor Patil, Co-founder, CEO and MD; Mr. Sachin Tikekar, President and Joint MD; Anup Sable, Board Member and COO; Chinmay Pandit, Board Member and Head Americas; Priyamvada Hardikar CFO and yours truly from IR.

So, as we do always, we will have the opening remarks by Mr. Kishor Patil on the performance of the quarter and the way we look at the year ahead and then we will have it open for questions. So, once again, a very warm welcome to you all and I will hand this over to Mr. Kishor Patil.

Kishor Patil: Good evening and thank you for joining the call. Welcome to quarter 2 Earnings call. Sometime back, we had given how KPIT growth will pan out and specifically in terms of how Q2 will look like. And we are happy that we are in line with our expectations and we can see some of the early results of the strategy we have put in place.

So in order to really understand this, let's go into the details. So, overall growth has been 6.5% year-on-year and 1%, in terms of quarter-on-quarter, in rupee terms. We were expecting more flattish in CC terms, which came at 0.5% quarter-on-quarter and 0.2% year-on-year. So, looking at this, if we go one level below, off highway and Commercial has grown 27% year-on-year and 17.6% quarter-on-quarter.

So as we had mentioned, this is one of the growth drivers for now and for the future that we are looking at. The passenger car, if you really look at it, we are down by about 8% year-on-year and 4% sequentially. I would like to mention here that while passenger car growth looks like this, if we take out

our two top accounts, where we had an impact due to a sharp decline we had due to cancellation of their programs or cutting off their expense was 13% of the total revenue.

So what this means is we have been in a position to make up that drop due to our growth in off-highway and Commercial vehicles and also from the Products . So, this is how we have been in a position to make up. The pipeline is healthy. We have got reasonable wins and now 89% of the wins have come from target accounts. The pipeline is an active pipeline and we see that while it is taking some time for realization, it is an active pipeline and we feel much more comfortable with some of the opportunities on hand. I would like to come back to the Products. The Products revenue which we have talked about in the past and we will talk more about this later in the year, maybe early next year, in more detail what we intend to do.

But this we have a 5% growth quarter-on-quarter during the quarter and 25% year-on-year. So overall services revenue has been flattish, but Products have grown 5% quarter-on-quarter and 25% year-on-year. In terms of profitability, our EBITDA has grown from 17.2% to 17.8%, this is 60 basis point, largely it is because of the business mix as the products contributions are higher as compared to the services part and solutions part.

And we have continued to make investments in terms of technology. Even during this quarter, our investments into R&D has gone up by a couple of million dollars. So, our Net cash is about INR 6.2 billion. It has come down a bit, basically for two, three reasons. One is the there was a dividend payment of INR 1.4 billion.

There was an acquisition payment of Cymotive in the sense the initial payment of Cymotive about a billion. And the DSO has increased from 51 days to 53 days. The wins I talked have been mainly in terms of Autonomy, Connected and IDART. In terms of AI, if you really look at, we continue to make good strides in that.

We believe that this will be for now and in medium term a very significant differentiator. The Beacon product has been very well received. And as most of all our, almost all our products, the Beacon is the basis for that, while we also will take Beacon to the market in due course.

In services and solutions, of course, on all our deliveries, many of our deliveries, we have started using this. There are more than 9,000 users of the AI platform, our overall AI product. We have more than 5 million transactions, if I would say, which have happened during the quarter. 12,000 engineering agents have been built.

So this is a significant change which we have made and it is quite well appreciated by the clients. Roughly around 9% of the revenues come from what we call AI first projects. So, as I said, it's very normal now to use AI in almost everybody uses AI in every project and product. This 9% is where we say that this solution is based on AI and it makes a significant differentiation and we use it for go to market.

So, this is the progress we have made and we expect this to go up significantly. The fixed price projects have moved to about 70%, which is significant. It's very important because as we move towards AI more and more, I think these are the projects where we can get both the productivity and we can move in terms of differentiation.

So, that that is very important. People attrition was a bit higher during this quarter. It was mid-teens, but we as we predict the next quarter, it is coming down substantially. We have done our increments during the quarter for certain grades, initial grade between A to D, A to E grades. So we have made the increments and some other increments will get done during this quarter and some in the last quarter.

So, we do believe the attrition will come down reasonably and because we have processes to estimate it in advance we understand the attrition for the next quarter, this will come very close to where we were earlier. I wanted to also talk about that in terms of adjacencies. While we believe that overall need for software will keep on increasing in the mobility part, There is a significant opportunity even though right now there are certain headwinds in the market, the content of the software is going to go up in the car. And this software-defined vehicle is important for most of the OEMs. It will transition to AIDV (AI defined vehicle), where KPIT with the Beacon as well as few other products will be in a prime position to take opportunity as it has done in the SDV part.

So we believe we are excited about the opportunity including in Passenger Cars into certain segments. However, we believe that we can extend some of this expertise into some of the adjacencies as we have been talking about. So over the period, this will allow us to have a more addressable market, with using our assets, technology products which we have built, and the domain.

So one thing is we are talking about Energytech, where some of our clients already have like for example Cummins does work into Energytech area, then we can take it to another 15, 20 clients. And similarly in the deep tech area. So these are the two areas where we are now creating specific offerings.

And we will be going into these adjacencies in due course. It will take time even though we believe that early successes will come in 2 to 3 quarters, but

it will take time to have a meaningful impact. But this is what we have already initiated. We do believe that we are really excited, on the AI-native deliveries, AI products which we have.

The overall products chain, the way we have done from the architecture to after-sales, the solutions we are building around the products and adjacencies. So while our performance is, as I said, in line but muted to some extent, we remain confident about the midterm growth. Excited about the opportunity we have in front of us. Thank you.

Sunil Phansalkar: We can open it for questions now.

Moderator: Thank you very much. The first question is from the line of Rishabh Rathi from Goldman Sachs. Please go ahead.

Rishabh Rathi: Hi, good evening and thank you for the opportunity. My question is around the geography-wise sales and we had talked about the 2 major customers winding down. If I can just see Europe, actually we have seen a sequential decline but Asia has picked up in 2Q versus 1Q. So if you could just give some color whether going forward we can see more sequential decline and is there some positive development in Asia next of the customer decline?

Sachin Tikekar: Hi, Rishabh, this is Sachin Tikekar. So the 2 clients where we have seen a sharp decline, one happens to be in Japan which is part of JKC and the other one is in Europe. And it's primarily because of these two clients you see degrowth in the 2 respective geographies. There is growth in Americas as you can see in the US quarter-on-quarter, year-on-year. SIMA, which we split from Asia. So Asia has 2 parts, one is JKC, Japan, Korea, China.

The other part is, Southeast Asia, India, Middle East. And that's where we again see growth, primarily driven by, fairly, well-rounded growth, primarily driven by India in, in SIMA. So, the way to look at, the split is, the issue is actually with these 2 OEMs where the revenue has gone down by more than 13%.

And we do believe that in the next couple of quarters that both these clients will bottom out. And till that time, there is an opportunity for us to bring broad-based, more resilient growth and what we mean by that is the growth will happen. A: In existing clients of passenger cars, in new clients that we have picked up in passenger cars. B: More clients in off-highway.

So one is, last quarter we announced one software-defined machine kind of an engagement with one OEM. Now there are 2 consulting engagements in SDM, 2 additional ones. And usually consulting one, all going well, they lead to actual SDM program. So positive development on off-highway as well.

The truck market, if you really see, has been kind of very sluggish for the last several quarters. Finally, in the US, it's showing signs of growth. So we believe that trucks both in Europe as well as in America, specifically in the US, will see some growth. On the other side, besides the 2 clients where we have seen sharp decline, there are headwinds in Europe when it comes to PASSCAR OEMs. They continue to struggle.

However, from KPIT's perspective, except for the one we have seen where we have seen sharp decline, there is an opportunity in the other OEMs because they are struggling. And, we have an increasing footprint there. We have an opportunity to really do consolidation and create efficiencies for them. So that's how actually we see all these opportunities unfolding for us going forward.

Rishabh Rathi: Got it. Right. So just to follow up on that, when you mentioned since the European passenger car OEMs are struggling and we see an opportunity here, is there a changing trend wherein the OEMs are starting to spend back again or are they still in a wait-and-watch period trying to decide on their strategy before finalizing their next steps, if any update you can give on that?

Sachin Tikekar: Yes, actually all the PASSCAR OEMs in Europe are looking to further cut their costs dramatically as their margins continue to drop, as they drop their market share specifically in China. So but that's also an opportunity, they have many partners that are actually in Europe and some other partners where things are just not viable or efficient.

So given our solutions and Kishor talked about, AI-led transformation, we believe that there is an opportunity for us to disrupt the current economics and create value for them in spite of declining spend.

Rishabh Rathi: Right, sir. And just one last question. Since you talked about the changing strategy around products, increasing wallet share, providing more solutions, we have seen our fixed price contracts also go up to 71% now, R&D spend also increasing. Are there any metrics we can track or the company is internally tracking with respect to the successful transition towards this strategy? Any, any updates you can give around that?

Kishor Patil: Yes, I think, right now we will talk about revenues in some way of these parts which I shared with you, what are the revenues. But, by Q4, I mean, for sure when we talk about next year, we will give you clearly the parameters which we will track internally and we are driving internally. So it will give us 2-3 quarters to look at them.

Sachin Tikekar: So going forward, in nutshell, what will be critical to our strategy is the vertical-wise growth, PASSCAR, trucks and off-highway. This is something

that we are watching very carefully. The product revenues and, solution revenues, and last but not the least, what Kishor talked about is AI transformation.

Rishabh Rathi: Got it. Great. Thank you so much and all the best.

Sachin Tikekar: Thank you.

Moderator: Thank you. Next question is from the line of Ravi from Axis Capital. Please go ahead.

Ravi: Hi, thanks for the opportunity and congrats on pretty good show in the US. Two reasons here. One, it would be good -- it's more a suggestion than a question really. It will be good if you could start sharing product revenue every quarter given that this is now starting to be a meaningful part of your revenue and in effects of margins. So, that would help us? Secondly in the US, I guess that the segmental margins have gone up significantly because of product revenue, is that right?

Kishor Patil: What was the first question.

Ravi: First was the suggestion saying, will you be able to share product revenues going forward?

Kishor Patil: Yes. So product revenues we will be in a position to share. And as I said, maybe next year we can come out with the more detailed reporting on that. But for US, I think overall the margins have gone up overall, but Chinmay, you can basically talk about it.

Chinmay Pandit: Yes. So, you are right. The margins have gone up across the existing engagements as well as some of the newer engagements which Mr. Tikekar referred to.

Sachin Tikekar: Yes, so overall in the US, there is a broad-based growth. We see that growth coming from all three verticals. Pass car are growing, off-highway is growing. We believe trucks will also grow and of course, there is the product sales. Yes, so it's a broad-based resilient growth that we are having.

Kishor Patil: And overall, Pass car market in the US has not been that impacted because it's a still a protected market. I think that is another part, I would say.

Ravi: Thank you. Yes, cash flow seems to have gone down a bit in the first half. I mean, compared to last year when we were doing, I think between 75%-80% over the first half. This time it's about 57%. I'm talking pre-tax operating cash flow EBITDA. So what's led to this?

Priya Hardikar: There are a couple of reasons I think we've mentioned in our investor deck. There have been cash outflows on account of dividend, some acquisition payment that we did for Cymotive. And others, as you can see, our DSOs have gone up by a couple of days. That also has impacted the working capital cycle.

Ravi: Ma'am, only the DSO would impact the OCF. The other factor that you mentioned will actually not be in the operating cash flow, right?

Priya Hardikar: Yes. So but the fundamental reason is the working capital cycle that has gone up because of, increase in DSOs.

Ravi: All right. Okay, thank you. I'll get back into it.

Rahul Jain: Thank you.

Moderator: Thank you. Next question is from the line of Karan from PhillipCapital India. Please go ahead.

Karan: Yes, thanks for the opportunity. So just wanted to check in terms of the growth outlook for next few quarters, given that the headwinds will continue in 2 of our largest clients, but you are also positive on the pipeline. So how should we think about the growth from next few quarters perspective?

Kishor Patil: So, I think we have mentioned last time that H2 will be better than H1. I think we will maintain that. And we also feel confident that we'll make up for the drop from these clients with the broad-based growth strategy which we have. So these are the 2 things I can say. So there will be a growth, and both things which we have mentioned earlier, I would like to reiterate.

Karan: Okay. So last time, sir, you had mentioned that you should see some rebound from Q4 onwards. So is that outlook intact?

Kishor Patil: So we expect growth, and we will not be in a position to put any numbers now, but we expect growth in that quarter.

Karan: Got it. Second question is on the CV. So CV segment has been growing quite strongly for us for last 4 to 5 quarters. Is the growth broad-based in this segment or it's concentrated in 1 or 2 large accounts? And also is the growth sustainable over the medium term within this?

Sachin Tikekar: Yes, so CV, when we look at CV we look at it in 2 verticals, one is off-highway, mostly construction, mining. And second is trucks. So so off-highway is somewhat new to us, so we already have 3 clients and we're adding 2 more. So right now, of course, it's concentrated at the beginning on the back of 3 clients, but it's becoming more broad-based.

So we believe that there is going to be growth, you know, there is going to be increasing revenue over the midterm in off-highway, absolutely no two ways about it. The second part is on trucks. We've been in trucks a little bit longer and the market is also coming back in terms of especially in North America.

So we believe that the business in trucks will also pick up in the immediate quarters to follow. And that should also give us reasonable growth over a period of time. Both are not going to be one-off things that are only there for a year or 2. We believe that they are going to be contributing to our top line and bottom line increasingly going forward,

Kishor Patil: Especially they are going through the change or transformation which pass car went through 4 years back. I think, so that's why we believe that their spend will go up as Mr. Tikekar mentioned, and we have that opportunity. Because one, , as you know, the SDV, we probably have the maximum experience which they are looking for, plus now the transformation to AIDV. So I think we will be in a better position to address that.

Karan: Okay, thanks. This last question on the margins front. So, as the growth accelerates by H2, do you expect margins to go back to, let's say, 20-21% range EBITDA which we used to operate at? And what would be the headwinds and tailwinds you foresee?

Kishor Patil: I can only say right now it will go up to some extent, every quarter, but, it will be early next year when we get there.

Karan: Okay, thanks a lot, sir, and all the best.

Sachin Tikekar: Thank you.

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

Nitin: Yes, hi, good evening. Thank you for the opportunity. So 2 things from us. So the first is, is it fair to say that the incremental drag from these 2 customers should be significantly lower in H2 versus H1? And second, as we move beyond it, do you think that these customers can start aiding growth or they will continue to remain some sort of a drag on growth?

Sachin Tikekar: Nitin, you're putting us on the spot by saying that, but you know, in all fairness, I think they will see quite a bit of declines in these 2 OEMs over the next couple of quarters, but they will bottom out in the next couple of quarters. While we are specifically talking about these two accounts, while we are degrowing substantially because the large programs got cancelled.

There are shoots where we are actually engaging and we are increasing our footprint. To answer your question, of course, there will be some growth that is taking place and there will be growth that will come back in early part of next year. It's just that after what they've been through, right now, it's going to be gradual. So I hope that answers your first question. What was the second part of the question?

Nitin: Yes, the second part was, do you believe that once they've sort of bottomed out those same customers, do you think they can start growing or do you think they will continue to be a drag on growth for a while?

Sachin Tikekar: They are 2 of our largest clients. We have deep relationships. There is tremendous amount of trust and we're actually expanding our footprint there. Beyond just 1 or maybe 2 or 3 offerings, we're really making it broad-based growth going forward, Nitin.

Nitin: Got it. That's very helpful. Apart from that, just wanted some context to the Vietnam subsidiary that you have put up and which markets are it looking to serve. And any incremental context you could give to the incremental opportunity you're seeing in Japan, Korea, China, and SIMA, basically. What is it that you're seeing incrementally in those two?

Sachin Tikekar: Yes. You're hitting all the opportunities of growth for us, Nitin. So, let's start with Vietnam. There are 2 reasons why we are doubling down our investments in Vietnam. Number one, there is an OEM that we've been working with, and we think that our footprint with that OEM will grow in Vietnam. Number 2, we are actually building a centre along with one large Chinese Tier 1. It's a subsidiary of one of the largest OEMs in China. So we are partnering with them to build a centre in Vietnam that will deliver the China OEM's global program outside of China. So that's another reason we are there.

We'll see more and more of the Chinese OEMs setting up their manufacturing footprint in Vietnam, and they also create opportunities for us. So, one is the business development part. We believe that there will be growth in terms of getting business from Vietnam.

The second reason is the conducive business environment in Vietnam, as well as the talent availability. So Vietnam over a period of time will become our sort of hub for Southeast Asia, because it's close enough to China to learn the technologies and take them out. But at the same time, there is a Chinese wall, so to speak, between China and Vietnam. So that's about Vietnam.

Second part, JKC, 3 countries you talked about. We see growth coming from one pass car OEM. I'm talking about Korea first. One pass car OEM, we continue to grow slow, gradual, but there is growth. And then there is one

off-highway OEM with whom we have one consulting engagement for SDM, and they're committed to this SDM program being launched next year. And I think we'll be in a decent position to win that as well. So that's about Korea focus on 2.

And then there is the Korea ecosystem is also important. There is a chipmaker and some Tier 1s with whom we can have partnerships in Korea. So, midterm we should see growth in Korea, number one. Number 2, Japan. Japan, our growth is going to be broad-based. So this will go beyond one OEM that was one of our largest, clients. We'll bring back small growth there. But there is, one, another OEM with whom we are increasing our engagements.

There is also a truck OEM with whom we've started conversations and I think we'll figure out ways of getting into 1 to 2 off-highway players in Japan. Over and above that both for the large to pass car OEMs they have a solid Tier 1 ecosystem with whom also we'll have partnership. So then there is one Tier 1 that has been part of our T25, that continues to grow, especially in the digital cockpit space.

So again, in Japan, what you'll see is broad-based growth. It's not going to be driven by one account going forward. It'll take time, but we'll get there. China, 3 things about China. One, China for China. We have started working with one China OEM and 2 China Tier 1s in China as we speak. We continue to sell and increase our footprint of Technica products in China. So these are the 2 things that we are doing in China.

Second part we are doing in China, which I made a reference to when I talked about Vietnam, which is what do we do with Chinese OEMs and Tier 1 outside of China. So the Vietnam centre we talked about. Second is there are 3 OEMs in Europe, Chinese OEMs in Europe, who want to increase their footprint, initial conversations with them. And one thing that we are really proud of is Zeekr, which is part of Geely Group. We have put our N-Dream in car gaming in there. So, again, that's for the global market. So, happy to see that win coming.

So these are the 2 main levers. And third lever is to learn from China and apply those learnings globally. So you'll see more and more influence on our solutions coming from China going forward, especially solutions that we will build for SIMA, Southeast Asia, India, and Middle East market, right, and possibly beyond that. So that makes our China strategy clear. So that's about JKC.

Last but not the least is SIMA, Southeast Asia, India, and Middle East. India is our growth market. Bulk of the growth that you've seen year-on-year, quarter-on-quarter, has come from India, from pass cars, trucks and off-

highway. Some are Indian OEMs, some are global OEMs who are increasing their footprint in India, right? So India is a very broad-based, robust growth, it'll continue to grow.

Southeast Asia is primarily Vietnam that we talked about. And in Middle East, there are 2 OEMs. One has had just launched one car. So we hope to start some engagement with at least one in the next, 1 to 2 quarters, and maybe the second one will also come on board. So, we do believe that SIMA offers the largest opportunity for growth for us. That's one of the reasons why we decided to separate SIMA from all of Asia.

Kishor Patil: Yes. And also adjacencies, I think this will be the market we'll go first. So I think from that perspective, that will also accelerate our growth in the, SIMA region.

Nitin: Sure, very useful, and thank you for the broad answer. I just had 2 more quick ones, if I may. One is, do you believe that, in the context of whatever you said initially, on Europe, do you believe next year will be the year where we see a lot of vendor consolidations close in Europe? And, 2, just your thoughts on when do you think the losses from QORIX sort of bottom out and start showing up? So that's all from my end.

Kishor Patil: So, I believe by the end of first quarter next year, the consolidation process will be meaningfully concluded, is what I think. It has started to some extent and it will get some time to conclude for different players accordingly. So yes, so next year it will see some impact.

On the QORIX side, I must say that the programs which were supposed to come have , been pushed out by a couple of years. And, so from that perspective, we are looking at what we can do for a few other adjacencies , and also some of the other small products, the we have, and how we can get revenues till that time.

We do believe that, strategically, it will make significant sense in the medium term, and that's why we will continue to really see some investments in some way in the product. Anup, you want to add some?

Anup Sable: The main reason is, most of the programs, which were what they call as Gen 4 for most of the OEMs were supposed to happen in 2028. Those are mostly scheduled to happen by 2029-'30 now. And so the mainstream market for the main product for QORIX, which is largely a performance product that goes in the middleware, the timeline has just shifted.

Nitin: Sure, that's super helpful. Thank you so much everyone and all the very best.

Anup Sable: Thank you.

Sachin Tikekar: Thank you, Nitin.

Moderator: Thank you. Next question is from the line of Ankur from IIFL. Please go ahead.

Ankur: Hi, thank you for taking my questions. So my first question is around the fact that last quarter we had seen some large OEMs, and you had an impact because of sudden actions from them on the back of profitability warnings that they had issued.

Are we behind that phase now, where the only, headwind is probably because of the larger clients, and that sudden impact is not something that you have seen in 2Q? That's my first question.

Sachin Tikekar: So Ankur, we covered this part. The 2 OEMs, there is continued impact from them and we'll see that for the next couple of quarters and at the end of that they will bottom out. At the same time we're also seeing initial green shoots of growth in other areas with these OEMs. They continue to be our strategic clients and we'll rebuild the relationship one step at a time. So, Yes, they will bottom out in next couple of quarters and we'll have a little bit of growth coming from there.

Kishor Patil: But in the meantime, what we mentioned, we will be in a position to more than make up for this , during this time from the broad-based growth strategy we talked about.

Ankur: Yes, thank you. And my second question is on the strong momentum in the CV segment. Now, this quarter we've seen very strong growth, and to sustain growth on the overall front, we need to at least have double-digit growth from this segment. So, do we have the visibility for having that kind of a double-digit growth in the CV segment through the rest of the year?

Sachin Tikekar: So, I think the way to look at it, Ankur, we talked about it, right? We believe that Off-highway and trucks both are important. We are adding new clients. We are getting into more meaningful engagements with them, as Mr. Patil mentioned earlier on. Both the off-highway and truck segments are embarking on their first SDM/SDV programs and KPIT is in a great place to run these programs for them, to create value for them. So, we will see continued growth from trucks and off-highway hopefully for years to come in future. We can't really comment specifically on how much growth there will be, but it will be healthier growth.

Ankur: So just reiterating, you do expect growth in both 3Q and 4Q on the headline basis. That was the comment, right?

Sunil Phansalkar : So, what we have said earlier this is what we reiterate and we continue that. We have said that H2 is going to be better than H1 and that is what we maintain.

Ankur: Thank you so much. All the best.

Kishor Patil: Thank you.

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

Garvit: Hi, good evening and thanks for the opportunity. I just wanted to understand our exact strategy on when you say we are, we will still be creating the value for the existing European OEM particularly when you are seeing that those OEMs are significantly cutting off the cost even now. So, in the declining budget, how we are expecting to get the business from them?

Kishor Patil: See, there are two, three things. First, I think I mentioned itin my opening comments. First is the technology spending is not a discretionary for the OEMs beyond a point. I mean, they have to do it. How they do it is the only option they have. And as we see European OEMs, they had their European ecosystem. They are looking to move towards India, almost all the OEMs. that is one.

But the second important part, it is not just the cost play. It is about the technology which you have, the solutions you have and AI native part of the nature. So, these are the three very important part. And I think these three things will help them to reduce cost and have more I would say differentiated solutions. While their overall spend will go down, but it could substantially increase our footprint in these clients. So, that's basically the reason what we talked about.

Garvit: Got it, sir. That's it from my side. So, thank you. All the best for the future.

Kishor Patil: Thank you.

Moderator: Next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Yes, thanks. Thanks. Most of the questions have been answered. Just one question. If you look at Europe as a market within passenger vehicle, apart from the top OEM, which we have defined, may take 2 more quarters to bottom out. Is there any other similar risk in any of the other clinets? Are we forcing? Just update on this.

Sachin Tikekar: No, I think it's a valid question, Sandeep. You know, our footprint in other passenger vehicle OEMs in Europe is growing. So, while we believe that there are probably ways for us to grow, but I think our strategy, essentially, going by our experience with the top two OEMs, is defend and grow.

So first, what we are doing is we are making sure that we reinforce our own business. So, we are actually disrupting our own business to create more value so that we don't get disrupted by them. And then secondly, then figure out ways to increase our wallet share. This is our strategy when it comes to other passenger vehicle OEMs in Europe. We have engagements with all of them.

That's the good thing. And we believe that there could be added opportunities where we have less of a footprint. Some of these are new to us. We believe that there could be, as Mr. Patil talked about, as the supplier consolidation and value creation comes out, on the back of AI transformation, there is an opportunity for us to disrupt their existing model and create a lot of value for them. This is something that we are working on now, but you'll see the actual impact of it in H1 of next year.

Sandeep Shah: Okay, thanks. Thanks and all the best.

Management: Thank you, Sandeep.

Moderator: Thank you. Next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Hi. Thanks for the opportunity. Just wanted to understand, you know, we understand the challenges in general that you have highlighted, but are there any important trends that are changing in the industry, which some companies need, around AI, like a conversation in car AI is one trend, and maybe on the battery efficiency side, like we saw with what Tesla recently announced and all that. Are there any part where dispense might come, get revived faster because of some of the industry compulsion that might play out?

Sunil Phansalkar: you are breaking up in between.

Sunil Phansalkar: His question is, are there any major industry trends, which actually may accelerate growth?

Sachin Tikekar : See, I think we have to understand in Europe, the spend will continue to go down because they really have to figure out their costing, but they will prioritize the spend. You know, we know that the spend in digital cockpit

continues to be high, comparatively speaking. In diagnostics or their updates, after sales transformation, there is a spend.

Ongoing threats with cybersecurity, there will be added focus on cybersecurity. These are the areas. And of course, if you look at the broader trend of autonomous driving, it kind of went on a back burner right after COVID for two or three years, but now it has rebounded substantially. NOA has sort of navigational on autonomy has become a standard in China, will become somewhat of a standard in Europe as well as in the US.

And then there are added investments by some of the new companies into robo taxis. So there is that spend. So, these are the areas where there is whatever budget they have, more budget is being allocated to these areas. Fortunately for us, we have footprint in all of these areas. So we look forward to capitalizing on our strengths to increase our wallet share.

Kishor Patil: I think there is one area which we talked about is the products, which is where specifically in the area of validation, which is a very important part, both from the quality perspective as well as reduced time. And overall, many of our products are in that line. So overall, over the product portfolio is one area which may accelerate the spend, I mean, capturing that spend.

Rahul Jain: Yes, I understand. Of course, you guys have been talking about it, but it's a very mission critical decision. Probably that may take more time in the thought process. Thanks for the color. Secondly, I mean, we of course are talking about that growth might start turning better starting Q4?

But from the current base of cost that we have, do we see there is some room of optimization because probably this company was designed for a much higher growth. And we will go back to that kind of number. But in the interim, do we see a need of some correction in some of the aspect in our current cost base?

Kishor Patil: So absolutely, there is such opportunity. And mainly because of the change. First, what we want to do is basically with AI and the products. The second thing is what the customers are looking for. As we mentioned, the European players also are looking at doing more work remotely than onsite, which they have been used to.

So certainly, our mix may change in terms of our capacity, which has been in certain different centres from high cost to low cost kind of centres, more on the capability side and expectations. We will never optimize our technology investments and the teams which we have. But the client engagement team, the mix may change depending upon what the clients are looking for. So that's something we have started optimizing and we will optimize.

Rahul Jain: Sure. And lastly, on the comment that we mentioned on the losses in the Qorix business. So, is there a way we are thinking about it that where it could stabilize on an annualized basis or any other color that you could give on that?

Kishor Patil: It will take some time for sure. It is not something we can fix, but there are a few other ways we are looking at one. I mean, we are in the exploration stage, as I said, one is the adjacency where I mean, it's something like robotics or some of these areas where these operating systems may be adopted.

But we still need some time to explore that and ensure that that's how it will happen. The second thing is we can look at some more partners in that area to see to drive the growth in a more strategic manner. These are a couple of options we'll explore, but that will get to that. We will know in the course of time.

Rahul Jain: Thanks for those insights. Those are the questions.

Moderator: Thank you. Next question is from the line of Vaibhav Yadav from Tradenest. Please go ahead.

Vaibhav Yadav: Good evening and thank you for the opportunity. My question relates to the recovery outlook. Given the persistent weakness in the European automotive market, does management anticipate any change to its previously indicated recovery timeline or is there a possibility that the recovery could be delayed further? Thank you.

Sachin Tikekar: All right. Here is the thing. There are two aspects, right? So, when you say recovery, there is recovery for KPIT and then there is recovery for European pass car.

Vaibhav Yadav: Recovery for both, sir.

Sachin Tikekar : Yes, so let me talk about both. First, we'll talk about the industry. So, there is it's going to be a very long-drawn recovery for European auto OEMs. There is continued pressure and it is going to go on for a while. Like I mentioned earlier on, while it's going to take some time, they will prioritize investments in certain areas and we called out those investments and that's where we see opportunities for KPIT.

So, A, in pass car, there is going to be a long-run recovery for European OEMs. In trucks and off-highway, that's not the case. We are seeing trucks coming back slowly, off-highway continue to do reasonably well. So, this is the industry outlook in Europe. What it means to KPIT, we have taken a big haircut

in Europe, especially for one client in the recent past. and that will bottom out in the next couple of quarters.

After that, as Mr. Patil mentioned, there are enough opportunities for KPIT to grow within passenger cars market given that they'll have to do everything cheaper, better, faster. Given our products, given our AI led transformation, we believe that as the consolidation kicks in towards the end of the year, that will materialize in H1 of next year, that creates opportunities for KPIT to grow in European passenger car market.

Vaibhav Yadav: Thank you.

Moderator: Thank you. Next question is from the line of Gokul from BTH Capital. Please go ahead.

Gokul: Thanks for taking my question. I just wanted to understand firstly on the off-highway segment that you mentioned in the beginning of the call also that this is a new segment for us and we just started signing new clients here. So, just want to understand how different is this in terms of scope of work you know from the passenger vehicle where we have our expertise and any other nuances that you can share with respect to what kind of margins we have here or you know there's a visible market, how sticky are the revenues? So, any color that you can share in this segment that will help us understand you know the sustainability of this vertical better, that would help?

Anup Sable: So, if you look at what the transformation this particular industry is looking forward is exactly following on the lines of what passenger car went through in terms of the SDV change. The language used is different. It is called software-defined machines rather than software-defined vehicle. But the fundamental technology is the same.

And in fact, we stand at a very strong position here because not only we have the experience that we have from SDV in the vehicles, but we also have you know, fairly advanced solutions and whatever work we have done through AI now to accelerate these programs. And that is the reason why we stand as the most favourite partner to do these transformations.

Gokul: Right. And in terms of like your segment where you classify it as feature development and integration architecture, cloud-based, etcetera. Any mix that you can give us within commercial for that?

Anup Sable : It is exactly the same thing. I think there will be few things that may not be relevant. For example, the cockpit experience for an off-highway vehicle may be slightly different, but from a technology perspective, it doesn't make any difference right now. Most of the head unit or a cockpit experience is built

upon Android, most of the other things are built upon body electronics, most of the architecture is central zonal. So, all the elements on technology remain the same. So, we are very comfortable and we can actually demonstrate a great value to the customer bringing in all the technology.

Kishor Patil: So, we'll see growth in all three segments. The architecture, feature development, integration, diagnostics and aftermarket. So, there is opportunity in all three.

Gokul: Got it. And secondly, wanted to understand your employee base. I understand in the last couple of years has been stagnant if I'm not wrong and uh so just want to understand going forward also, do we given that our revenue share from fixed price is also increasing, do we expect there to be some operating leverage here whenever this recovery happens in Europe and the rest of our geographies, we will see employee cost not rise as in proportion to our revenues. Like do we expect to add meaningfully the head count you know going forward?

Kishor Patil: That for sure will happen for the products and solution and as we talked about our fixed price projects, I think there is AI leverage. I think these are the three things which we have in terms of increasing revenues for us. But it won't be for all the customers because it also depends upon the adaptability of the clients for certain technology and ability to manage those engagements.

Gokul: Right. I want the thing you mentioned two new adjacencies, one was energy, what was the other one?

Sunil Phansalkar: Energy tech and deep tech.

Gokul: Deep tech. Okay. Thank you.

Kishor Patil: Thank you.

Moderator: Thank you. That was the last question for today. I now hand the conference over to the management for closing comments.

Sunil Phansalkar : So, thank you everyone for your active participation and have a great evening ahead. Bye.

Sachin Tikekar: Thank you everyone.

Management: Thank you. Bye-bye.

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