

February 6, 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,

**Sub: Transcript of the Post Earnings Conference Call for the quarter ended December 31, 2025.**

In terms of Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Post Earnings Conference Call for the quarter ended December 31, 2025, conducted on January 30, 2026, for your information and records.

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

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

Kindly take the same on your records.

Thanking you.

Yours faithfully,

For **KPIT Technologies Limited**

Ashish Malhotra  
**General Counsel & Company Secretary**



“KPIT Technologies Limited Q3 FY’26  
Earnings Conference Call”

January 30, 2026



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

**MODERATOR:** MR. RAHUL JAIN - DOLAT CAPITAL

**Moderator:** Ladies and gentlemen, good day and welcome to KPIT Technologies Q3 FY'26 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 '\*' and then '0' on your touchtone 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, Sagar. 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 Investor Relations at KPIT to do the Management introductions. Over to you, Sunil.

**Sunil Phansalkar:** Thank you, Rahul. Good evening and a very warm welcome to everyone on the Q3 FY'26 earnings call of KPIT Technologies Limited. Since we are still in the first month of the year, I take this opportunity to wish all of you a great 2026 and beyond.

On the call today, we have Kishor Patil – Co-Founder, CEO and MD, Mr. Sachin Tikekar – President and Joint MD, Anup Sable – Board Member and COO, Priya Hardikar – CFO and Sunil from Investor Relations.

As we always do, we will have the comments about the performance on the quarter and the way forward in the opening and then we will shift into question-and-answer mode.

So, once again, a very warm welcome to you and I hand this over to Mr. Kishor Patil.

**Kishor Patil:** Welcome to Q3 Earnings Call.

Today, the way I would do is, I will go through some of the highlights of the quarter and then I would hand it over to Anup whom, you are aware, he is now the Chief Operating Officer. He used to be the CTO before this. So, to explain what transformation we are doing in terms of business specifically,

what we have been talking about the solutions and there have been many queries about what does it actually mean. So, he would like to take a couple of examples and explain so that you may get some clarity.

So, I think I will start with the financials:

So, FY'26 year-on-year growth was 9.4% in rupee terms, 3% in US Dollar terms , and the constant currency growth in Quarter 3 was 1.5%. EBITDA growth was 6.8% post-absorbing partial increments Organic growth is negative under 1% for the quarter.

Overall, if you really look at the growth it was contributed by growth in Europe and off-highway, off-highway commercial.. Overall, the net profit excluding the one-time Labor Code impact is 1.53 billion against 1.53 billion last quarter. The impact of new labour code,was INR 469 million post-tax. We also declared interim dividend during the quarter. The cash at the end of the quarter is about INR 9 billion after payment of INR 6.3 billion against the payouts of Caresoft and N-Dream during the quarter. The TCv value of deals won during the quarter is INR 202 million. Largely it is across the geographies, Europe the highest, followed by USA and there is also something from China, this quarter - from a Chinese OEM.

As I mentioned earlier, we believe that the business is changing, the OEMs are changing, their challenges are different. So, the overall business will change for the industry in the coming years. While we continue to grow our existing business and we do see those opportunities, we would like to move forward and change the business ahead of time. That is why we are moving to solutions-based transformation.

Now, there are a couple of indications there. The fixed price revenue mix in our business is 66% against 59% last year. Per person revenue is also up. We have continued the investment in this business, which is about USD 3.8 million during the quarter. This does not include the AI investments we are making, which is in addition to this. Plus, this definition of investment does not include the investments which we have made earlier in certain acquisitions like Technica or the recent acquisitions like N-Dream and Caresoft.

So, while we are here, I would like to mention that overall, the way we look forward, we see many positives out of this quarter and the last six months. The first thing is the focus on AI and we have two projects or wins which are

in the AI area, which we are working on and which are in the production programs we are working upon.

The second thing is also on AI, we announced the partnership with Microsoft. Actually, Microsoft also made an announcement in terms of recognizing KPIT as a frontier partner of technologies. Similarly, another leading CRM company has also signed an agreement for our agentic solutions on their platform. In terms of micro-mobility, we have done a partnership with Hero Group, HMC HIVE. That was the recent announcement we did about a month back. We do believe we see that overall in commercial and off-highway we continue to see traction, which is based on the back of Caresoft Acquisition and our other offerings.

**In terms of geographies:**

Overall, we see positive discussions in USA, positive discussion in Europe, positive discussion, of course, in India, China, Middle East and Southeast Asia, and in certain pockets of Japan and Korea. In order to really manage this transformation as well as the readiness for growth in future, we have added a lot of leadership. The first one, of course, I mentioned to you, Anup is now designated as a Chief Operating Officer and Key Managerial Person. Anup has been with the company for 31 years and has played multiple roles. We also have added multiple technology leaders in AI, also in certain domains, architecture etc. Also, we have promoted some internal people in terms of these positions, in addition to hiring from outside. In the Geos, also some of the practice teams we have at a senior level, we have hired from the industry in view of our movement towards solution-based business and readiness. Similarly, we have continued to add people who can really handle complex sales, both in case of AI as well as the solutions, and we will continue to do that.

This is where we are, and I would now request Anup to really take a few examples about the solution business.

**Anup Sable:**

Thank you, Kishor. Hello everybody, good evening.

I would first like to sort of demystify what is a solution, because many terminologies or definitions of solution could exist. You can imagine something like an iPhone is actually a product. That means you can literally pull it out of a box and with a minimum configuration, that means if you have an older iPhone, you can scan a barcode and eventually the new iPhone can get configured to your all contacts, etc. information that is there, and you can

start using it literally within 10 minutes of buying it. That's a product. Usually, the most important attribute is mostly shrink-wrapped. It has a little bit of configuration to be done like we spoke in terms of iPhone. When we talk about a solution, a large part of the work that is required to be done for a solution is already ready with somebody like us, but there is some part of the work that has to be customized based on the customer's requirement, and these requirements could be different. These requirements could be more and less basis certain requirements of customers. These requirements could actually address certain internal complexity in terms of customer setup and the customer's product, and hence there is a definite amount of work in terms of software development, in terms of validation that needs to be done to make the solution ready for the customer.

I will give you two examples of what we mean by solution. When we talk about, let's say, something that is pre-AI as a solution, there is an advanced feature inside the car now where you can use the phone as a key. Now, from a user's perspective, what it means is that you can use the phone and not have a key with you. The car detects the phone at a particular distance, unlocks the car, car also detects that the phone is inside the car and the door is locked and then allows the vehicle to go in an ignition ready state so you can switch on the ignition and then start driving the car. And similarly, when you get out of the car, it can switch off. You move away from the car, it locks the car.

Now, there are different technologies technically required and it's a very complex system in terms of implementation. So, you have multiple technologies like Bluetooth, ultra wideband, Wi-Fi, 5G, all involved. Then you have challenges inside the car in terms of how many different computers does this particular system interact in terms of making the use cases work. And of course, when you actually develop something like this, you need to make sure that you have integration with the Apple iPhone, but it also then works with the Android phones and then it works in Android specifically with Samsung and then specifically with other Android phones that are there. So, all of this, a large part of it is testable, reusable, but a significant part of it is customized to what the OEM would like to have. And for this, KPIT has a solution which is a combination of the test platform and then the number of test cases that are required for certain certification requirements. There is a consortium called CCC consortium that certifies the solution for this. So, all this is ready. So, when we go to the customer, we can actually present a full-fledged readiness in terms of getting the customer to a stage where a new phone or a new vehicle launch can be supported.

Now, what is the advantage? There are a couple of advantages that happen because of this. One is things are more or less ready. That means the time required for this particular activity is less. Second, because you have done this for multiple instances, there is already a domain know-how that is captured inside which gives an advantage both in terms of quality and again in terms of time. And of course, the overall cost for the customer is lower because most of the things are ready. And as a result, the profitability for KPIT would also be high. This is one example of a solution.

Now, I would take another example of a fully AI-based solution because in every solution, you can always have a certain amount of AI to improve the efficiency, improve the performance. But I am talking about a fully AI-based solution. Now, for this, I will give you an example of how software development happens, especially in large teams. So, when you want to develop a software, say for example, what you see inside your vehicle for a digital cockpit, which is a combination of your central touchscreen, the cluster, the colorful cluster that you have and then certain lighting that is inside, ambient lighting that is there inside the car.

Now, when you write the software for such a thing, the software is a combination of written software by OEM, written software by the tier 1 and then various third-party suppliers, sometimes as good as 20 different suppliers. For example, Apple CarPlay, Android Auto comes from Google. So, all these systems have to be combined together and validated. And when the software development is complete and the integration starts happening, there are a large number of bugs or issues that come out, which are integration issues.

Now, when you look at a complex system, significantly large software, the most critical operation that happens very close to the software or the vehicle getting launched is fixing all of these issues. And sometimes these issues could be in numbers of thousands, if not hundreds. So, the most bottleneck operation in such a case becomes who actually decides where the problem originated from because the software has been written by 20 different players. It is residing on 4 different computers. So, where is the defect originating from and how to go about fixing this problem? This is called a triaging problem. It is a very complex thing because not only you have to deal with complexity, but the number of people who can handle this in terms of understanding what the problem is and where the problem originated are limited and hence this operation gets bottlenecked. Now, this is a problem that we are solving by triaging as an AI-infused solution. So, when we get into the customer, we have understood what the source code is, we have

understood what the architecture of the vehicle is, we have understood what the defect is, and then we have created an AI-based engine that allows what this one or two bottleneck resources used to do to immediately be done by the AI and as a result, again, significantly reduce the time to fix the problem. Also, the duration for which this bottleneck has happened, that also is significantly reduced and of course, at the end, the customer gets quality as an output and the vehicle launch happens on time.

So, I gave you two examples. One, which is very specific to a complex system, the iPhone case that I talked about the phone as a key and the second example I talked about software development life cycle, where we are actually solving a complex bottleneck choked problem using AI, AI as the primary engine or tool to fix it. So, there are multiple such solutions that we are going to focus on this year in terms of going behind the customers. These have been validated, these have been working with the customers in the last few years and we feel confident that now we can actually go to more and more customers and allow them to leverage what we have.

**Kishor Patil:**

Thank you, Anup. So, basically, we believe that this is the direction in which the clients are going where they would like to have a solution ahead of time and we can make it available to their customers in a shorter duration and we can take full ownership so that there are no delays, overheads, which is from the client side. We do believe that this may take 12 months to 18 months, for a large part of our business to convert into this, but naturally, specifically AI and some of the few solutions which we believe have potential would start in the next 3 months to 4 months.

So, this is what I just wanted to mention today. I think we will be happy to take any questions.

**Moderator:**

Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Karan Uppal from PhillipCapital India. Please go ahead.

**Karan Uppal:**

Thanks for the opportunity. A couple of questions from my side. Firstly, on the pivot to solutions-led offerings versus service-led model which we used to have. So, do we expect to gain market share from our peers given our solutions or you expect that could the outsourcing of work increase from OEMs versus the work which they used to do internally? That is part one. And secondly, with this solutions led model, do you expect any cannibalization of the existing revenue? If yes, if you can quantify it?

**Sachin Tikekar:** Sure. Thanks for the question. This is Sachin Tikekar. So, let me answer the first part. Obviously, the solutions when you look at solving the client's problem and Anup described two of them, what typically happens is in the second example, you saw that there is a hardware setup involved, there are tools involved, there is a workflow and then there are many companies that are actually providing different kind of software. So, if you have to provide a holistic solution, in order to leverage the solution and have the maximum benefits, you have to look at it holistically. So, our first effort is to take a broader view of the problem and provide a comprehensive solution to solve the problem. Now, in this case, what happens is we end up cannibalizing someone else's business. That means we will be able to do it cheaper, better, faster for the client. If there is an existing business, a part of the business has been done by KPIT, then obviously that part gets cannibalized. But the thing is, when we provide the holistic solution, we get a much bigger wallet share. So, that's the model that we are applying across the OEMs and the whole purpose is twofold. One is to solve the problem of the OEMs more comprehensively and help them get their vehicles in the production program cheaper, better, faster. At the same time, increase the wallet share for KPIT and also the margins. So, yes, the simple answer is yes, this will lead to increase in wallet share. I think that's the answer to your first question. What was the second question?

**Karan Uppal:** Does it cannibalize our revenue?

**Sachin Tikekar:** I think I answered that to some extent and in some cases we will do it proactively in the interest of the client, but we always want to solve the bigger questions. So, we will not just cannibalize our own revenue, we will end up cannibalizing something much bigger. So, net-net there is a wallet share gain.

**Karan Uppal:** Okay, thanks for that. Second, on the geopolitical environment with the new tariffs being announced by the US for new nations and EU-US trade deal in question. How are OEMs reacting to it? Are they comfortable to spend on their new age R&D programs or they may again pause before some clarity emerges?

**Kishor Patil:** I will talk about European OEMs. They have been saying that and you must have seen it, that they want to move towards a different supply chain in this case and that's why basically even though there may not be a new spends, they are moving their spend from the local vendors to India. So, that is certainly a clear trend and that will happen. The second thing there is that they are trying to find out how they can get some new technologies. Some of the specific solutions that we talked about, I think that they would like to go

for. So, I think the way they are looking at it, they are saving some money, they are investing cautiously in certain areas. Naturally, they are not spending all the money, but that is what is happening in Europe. In USA, we believe that the speed is very important because most of the OEMs in USA are significantly delayed on their vehicle programs and I think that, this is where they are looking for solutions and some of the solutions, that Anup mentioned, significantly reduce time for the production program and helps with quality improvement which I think the biggest issue. If you have studied, I think most of the US companies they have a higher overall warranty cost and so basically it is very important for them to have better quality and move faster with the production programs. But this is in pockets. Overall, it is also specific to some OEMs. Some OEMs are not spending and they are really not strategically taking a view, but few of them are doing it in US and also off-highway commercial are at this point of time positively looking at making a change towards this.

**Sachin Tikekar:**

Just to add to Kishor's point, the macro reading that we have from different OEMs is, I think this has been going on for the last one year, they have figured out ways to, this may continue for a while, everyday things are changing, especially coming from the US and hence I think different alliances are getting formed, but I think the OEMs have figured out a way that this is going to be a way of life and then they are prioritizing certain technologies and certain investments. At the same time, they are deprioritizing many others so that they have enough money to respond to these changes and meet the expectations of their consumers.

**Kishor Patil:**

So, there are one or two geographies which seem impacted because of the uncertainty, one of which is Japan. Basically, if you look at their overall market has shrunk. Most of them were having a good market share in US, which is under doubt now. Many of them were investing into US or Canada or Mexico. Now, many of them have kept their plan on hold or that is not helping them. So, that's the one reason they are getting impacted.

**Karan Uppal:**

Okay, thanks for the detailed color. This last thing on the TCV, Kishor sir, TCV was a bit muted this quarter. How is the pipeline looking and what's the overall outlook for FY'27, if you can elaborate? Thanks.

**Kishor Patil:**

I mean, the first thing is that, during this time, I think when you get the orders, nobody's ready to sign a very long-term deal most of the time, but there will still be a few. But the point is, this is the last quarter and it really depends upon what the budgets are remaining with a particular OEM. So, this, I would not read too much into it. But you know that we give any understanding about

next year around April. But if I have to give you some understanding, I will make only two statements. One is, we believe that in the last quarter that is Q4, we will improve, our growth will be higher, it will be the highest quarterly growth in FY26. I mean, anyway, we did not have much growth, but there will be higher growth in Q4. That will be the highest growth quarter from this year. And our profitability will improve from what we have in Q3 in spite of our investments. This is one statement. The second thing is, we feel reasonably, I mean, and please recognize that we will tell you at end of Q4, but I am just giving you my feel right now. We will for sure grow next year higher than this year. And we believe that we will be in a position to do it. Now, some of these transitions, which we talked about exactly how much, when, time difference, we are a little bit not sure. So, we are not putting exact number right now or we will see what we can do by April, what we can talk about it. But this is the high level color, I can give now.

**Karan Uppal:** Okay, sir. Thanks a lot. I will fall back in the queue.

**Kishor Patil:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Nitin Padmanabhan from Investec India. Please go ahead.

**Nitin Padmanabhan:** Hi, good evening. Wishing you all a very Happy New Year. I had a couple of questions. So, one is, see on the solutioning, I think when we listed in 2019, we actually at that time spoke about maybe having prebuilt 15% to 35% or 40% of whatever customer seeks to build. And that's tested to be error-free code and thereby we accelerate for clients. I think this is more or less similar, but I think you're doubling down. So, if you could give some context on what that doubling down is. And the second is a more conceptual question, is that considering that we are able to sort of up the ante on this and maybe prebuilt a lot more, shouldn't it mean, and basically at lower cost, right? Time to market is shorter. Shouldn't it mean that your deal velocity should be higher, right? Logically, because market share gains would reflect in higher deal velocity. So, just wanted your thoughts there. And do you think that is something that we should start seeing soon or that'll sort of evolve over a period of time? How should we sort of think about this broadly? And lastly, if you could just give some sense in terms of, let's say if you look at US, Europe, and maybe Japan, broadly, how are conversations or spends from our perspective, maybe within the top three or four customers within each of those geographies, is it, just some color that you could give qualitatively would be very helpful.

**Kishor Patil:**

Yes. So, first thing is, thank you for remembering what we said in 2019. So, I think at that point of time, if you remember, we were moving towards the domains, which was electrification, autonomous, infotainment, then we moved to digital cockpit, that kind of a thing. So, basically we had created a certain, what I would say, visible demonstrations of what the client will get ultimately. And I can say that actual usage of those into the actual delivery was not more than 5% to 7%. Actual program, when we deliver, it was not more than 5% to 7% overall contribution from such demonstrations. So, it was more towards understanding the requirements, the client understanding, what could be the functionality, what are the additional functionality, what we could deliver, our ability, skills etc. This is what we could do. And this is what it is. Now, more and more, as Anup mentioned, this is not about projects. This is about a full solution, which you are giving to the client. And this includes people from client side who are working on this, people from us, there may be some people from other vendors, including some tier ones. So, this is a more holistic solution, which we are giving. So, there is a huge difference. And, we are expecting, I mean, I don't know what over the period will happen, but at least 50%-60% kind of reusability benefit is in most of the solutions. As I mentioned, we have just set this up. About 2-3 months back, we started making the changes. And that's where Anup has a clear goal of bringing this transition. So, next six months, I think we should give here. And after that, we will be in a better position to say but of course, this we are doing because we expect that this will drive high quality growth for KPIT in the midterm.

**Sachin Tikekar:**

Nitin, I think there was an external factor as well, which was, if you remember in 2019, this was the first time all the OEMs wanted to build software on their own, they started their own software companies, and they had the money and the time to do it. And the thing was, everything was built ground up. That was the approach that was taken, especially in all the SDV programs, if you think about it, times have changed now. Nobody has the time and the money to do this. And plus, there is a lot of learning from all the programs that have been delivered. So, the expectation is all of this will get cheaper, better, faster. That's why we think that the adoption of our solution in today's time is likely to have much bigger impact. There was one last question, Nitin, which was about the spend of our clients from US, Europe and Japan. So, as you know, the pressure continues on everybody, and they have done reprioritization. And from our perspective, we see an opportunity for us to grow in certain areas. One is digital cockpit, that is true across the three geographies. The second is obviously, as you get more and more connected vehicles, with the OTA in them, cyber security becomes a bigger concern. So, we are seeing a lot of spend in cyber security. Third is, given different

countries have different approaches towards powertrains, so multiple powertrains, you cannot just have battery electric, the consumers want to have options. So, we see investment also in ICE now, as far as powertrains are concerned. In countries like China, navigation on autopilot has become a default, you cannot sell an electric vehicle unless you have navigation on autopilot in China. It's going to the US as well as to Europe. So, that's another area. So, these are the 3-4 areas where we have strength and we believe that the spend is going to get prioritized from the OEM's perspective. Last but not the least, the cost reduction, the vehicle cost reduction from mechanical, electrical, electronics, and also software perspective is becoming more critical. And with the acquisition of Caresoft business, we are also ready to help the OEMs reduce their product cost. So, these are the areas where we think there is going to be a lot more traction as we get into FY'27.

**Nitin Padmanabhan:** Got it. So, just one last one as a follow up. So, when you think about what has changed from then to now, as you said, obviously, right now, their ability to spend is lower. And we are actually from whatever we are doing, we are helping them do it at a lower price quicker. But do you think that what we will see is maybe better margins because of the way we are approaching this, but lower growth versus historicals? Or do you think we will be able to get both because we will get higher market share? So, how are you thinking on this as you look at it going forward versus how it was in the past?

**Kishor Patil:** See, I think we are looking at it in two, three different ways. We certainly believe that we can increase our market share in the medium term. I cannot say next quarter or quarter after, but in medium term. But we also believe we will be in a position to have a better solutions backed with AI and have as well the other normal solutions. We talked about other adjacencies we are talking about. And we do believe that both the commercial off highway and micro mobility would really bring more revenues. So, overall this is what we believe. So, this is our growth strategy. And from that perspective, we do believe that we will be making significant investments. And that's why I talked about earlier also what investment we are making. We will be in a position to be in the ballpark of the margins we have, little here and there, but similar margins in spite of the investment. But in the midterm, we are very sure that the margins will improve.

**Nitin Padmanabhan:** On the growth side, do you believe it is directionally? How are you thinking? You think...?

**Kishor Patil:** I did mention earlier.

- Nitin Padmanabhan:** I got it. Perfect. Thank you so much and all the best.
- Kishor Patil:** Thank you.
- Moderator:** Thank you. The next question comes from the line of CA Garvit Goyal from Serene Alpha. Please go ahead.
- Garvit Goyal:** The first question is on this change in strategy. A few quarters back, we were speaking about a different strategy where we were speaking about getting the learning from China and providing services to the European OEMs, right? So, I am just trying to understand. Now we are speaking about a different, altogether different strategy, bringing some solutions. So, first question is, when we are speaking about the solution, is it applicable to the existing order book or existing pipeline that we are having? Or is it for the newer areas, newer upcoming pipeline that we will be getting in future?
- Kishor Patil:** I think it is both. And as you have seen that, and I think Sachin mentioned that people prioritize what is actually required by them. So, many times there is a requirement, but they believe that certain features that they want to put in a car, they will prioritize it over some other things. So, that's why, I mean, there have been many questions. I keep on saying, I don't know what we call it, whether it be called cannibalization or changing in the priority of OEMs but that's why the decision happens at that point of time from the OEMs. China remains important. We talked about it. I think, the reason the Chinese companies have been successful is that they understand the consumers very well and they created many solutions or features which can go in the car very quickly. So, that remains our learning and also the technology aspects. So, we continue to do that. You might have seen this time, this is the second OEM we have won which is a Chinese OEM, which we are very proud of. I mean, it's not easy to win. And so I think the Chinese strategy is there and it will take some time, but we do believe that we will be successful over the period.
- Anup Sable:** So, solution strategy is not a replacement to the adjacencies we talked about, defense, China, the European part of it. This is in addition to that.
- Sachin Tikekar:** Does that answer your question?
- Garvit Goyal:** Yes. And secondly, the indications that we provided last time in Q2 regarding H2 this year, they have not yet reflected in Q3 as far as margins are concerned. And last time we also spoke on FY'27 to be a promising growth year. This time we are sounding a bit bearish while still guiding for a better FY'27. So, I just wanted to understand from you, like how to interpret this, means what has

changed over the last quarter? And are we like still confident for a very good Q4 that we guided last time and a very promising FY'27? So, how to interpret it, sir?

**Kishor Patil:**

So, the first thing is that there is a change in Labour Code which was being discussed for last 3-4 years and it came in last 3-4 months. So, nobody knew when it would hit. It has one time impact and it has an ongoing impact specifically for this industry. So, that is point number one. Point number two, I would say that, I mentioned to you about the overall investments which we will continue to make. And I think we believe that it is very important from the company strategy viewpoint to continue to do that and actually double down on that. We have, and we will do that. Certainly, I would say that in Q3, , we have got a bit short by about a million dollar or so in organic growth. But that happens in this kind of environment by even some movement of projects from now to next quarter or so. So, this kind of changes happen in this kind of environment. And Q4, I mentioned that based on what we think, it will be better than all the three quarters we had. It doesn't say much, but it will just say that there will be a positive growth organically and our profitability will be steady, including this cost, which will be higher than what it used to be. So, the quality of revenue should be better. And we also mentioned that the next year will be better than this year. Now, this is what we are saying based on the pivot we are taking in terms of solutions. As you know that we are a Company which will take a leadership first and start working on that. And it has generally given better results in the past. We have positioned ourselves and 4-5 years back, we took a bet and we worked on it, which was very difficult for many people to understand. And we delivered on that. We do believe that this will be a bet similar. It may take some time, but this will be an important pivot for us.

**Garvit Goyal:**

That's it from my side. All the best for the future.

**Kishor Patil:**

Thank you.

**Moderator:**

Thank you. The next question comes from the line of Rishabh Rathi from Goldman Sachs. Please go ahead.

**Rishabh Rathi:**

Hi, good evening and thank you for taking my questions. I was just trying to understand on businesses which we have already won over the past 12 months. In your view, what are some of the milestones which need to be crossed before we can see some of these revenues, some of these businesses accelerating into revenues? And just secondly, can you share any early

learning post the Caresoft acquisitions? What are the amount or magnitude of synergies you see from this asset? Thank you.

**Kishor Patil:**

So, For the pipeline, what we have won, the prioritization sometimes changes, so it gets slowed down. But many of these deals are over 3 to 4 years. So, I think these revenues will convert. I mentioned last time, we had given a number also that how much cannibalization had happened last year because of the drop. So, it doesn't reflect exactly like what has been won from that perspective. On the Caresoft perspective, I think the integration, etc. we are already in the market. We are moving forward as Mr. Tikekar mentioned. I think we are also adding to their capabilities and adding one plus one to more than three. That's basically the potential. Also, off-highway commercial, we see as a growth area. I mentioned that. And Caresoft gives us some good leads into that part. I would say that this is where we are. Also, on N-Dream, which is a small acquisition relatively, we see a high potential in that, specifically both in terms of growth and profitability. And it is already in two million vehicles, and we expect it to be about three million vehicles next year. So, this is how we started. And we are trying to see how, we can really leverage that platform for adding more services on the back of this engine.

**Rishabh Rathi:**

Thank you, and all the best. Thank you.

**Moderator:**

Thank you. The next question comes from the line of Vimal Jamnadas Gohil from Alchemy Capital Management. Please go ahead.

**Vimal Jamnadas Gohil:**

Thank you for the opportunity, sir. Sir, I just had a question on the transformation that we are making. If you could take us internally, what are the metrics you're tracking to gauge the progress of this transition? And as investors, how should we look at what metrics should we track, which you disclose in order to gauge what the progress means over the next 12 months to 18 months? The related question over there would be, ultimately, what are we looking at? What are the outcomes we are looking at? Maybe slightly lower in number?

**Sachin Tikekar:**

Can you repeat the second part? So, first is, in the transition from services to solutions, what are the key parameters we will look at? What is the second one?

**Vimal Jamnadas Gohil:**

Internally, what are we tracking? And what investors, how should we look? They are probably more assured on the progress.

**Sachin Tikekar:**

Yes.

**Vimal Jamnadas Gohil:** And the related question, sir, over there would be, how should we then, what's the end outcome over here? Are we looking at secure customers? Are we looking at accelerated revenue growth, maybe a few years down the line, or maybe better margins? What's the end outcome? Thank you.

**Sachin Tikekar:** So, from the services to solutions, the one metric that completely changes is, what becomes most important to us is the revenue per employee. That's something that we also write in our report. That's one of the key measures that not only we track internally, but that's something that makes sense for the analysts and investors also to look at. I think this becomes the most important. Other than that, I think there are many others that we have listed out that basically change related to the progress that we are making in terms of building up the solution, getting the market ready for that. And we have to also look at our CRM with a different length given the transition.

**Kishor Patil:** So, I think what we will do is, at the end of the year, we will come out with a more detailed conversation on this. And we will share more details about it. Right now, we have some ideas. But in the next 3 to 6 months, we will have a better idea. But I guess in six months, we will be very sure about the criteria. And as you know, in the last 3 to 4 years, we started sharing as many things as possible as soon as we had a better handle on them. But we will share more at the end of the year.

**Sachin Tikekar:** The second question is, what is the outcome? I think Mr. Patil already mentioned, you know what to expect. Obviously, increased wallet share from KPIT's perspective. And of course, in the midterm, profitable growth. I think these are the two outcomes that we really expect in the midterm as we transition from being primarily a services company to primarily a solutions company.

**Vimal Jamnadas Gohil:** Understood, sir. Thank you very much and wishing you the very best. Thank you.

**Kishor Patil:** Thank you. Thank you very much.

**Moderator:** Thank you. The next question comes from the line of Ankit Agrawal from Yellowstone Equity. Please go ahead.

**Ankit Agrawal:** Thank you for taking my question. My question is related to Qorix as well as this solution-based shift. It sounds like what we are doing in Qorix is also solution-driven, although we are packaging it as a product. So, just want to

understand what is the difference and also what is the traction we are getting on Qorix?

**Anup Sable:** Qorix is both a product and a solution. Typically the complexity of a middleware software is you can never really take it shrink-wrapped. But the attempt is to make it as shrink-wrapped as possible. But whatever you deliver to the customer, there is always going to be an effort in terms of integration, the application software for that. So, that is the explanation on whether the Qorix is actually a product or a solution. So, it's a combination of both.

**Kishor Patil:** So, I think as you can see for some quarters there are fluctuations, this quarter we have got good revenues. it might not be true for the next quarter. So, it is based on the licenses. I think one thing I can tell you is there are again multiple changes which are happening. One is that, new vehicle programs have been pushed out because of the problems the OEMs faced in the existing program as well as keeping the spending in mind. I mean, I would say postponing the spending on the new programs. So, because of that, the middleware and operating system spend went down. And that's the reason it doesn't have as much traction as we had expected till now. But we believe this will be as you probably know that Qorix has become the part of a European Union software partnership which the European companies have made. And there are very significant OEMs who are a part of that. So, we do believe that this is something which is very unique and we feel that Qorix will have its fair share in some time.

**Ankit Agrawal:** Okay. So, is it fair to say that Qorix is mostly focusing on middleware and architecture, whereas our solutions-based approach is granular across so many different domains?

**Anup Sable:** Yes. Actually, Qorix is less than architecture. It's mostly middleware. Architecture is a much more comprehensive subject which KPIT is handling. It's not a part of the Qorix activity. Whereas KPIT is handling maybe across all the domains now, including because architecture is also a domain for us now. Including architecture domain, KPIT is handling solutions across multiple domains.

**Ankit Agrawal:** Okay. Yes, that's helpful. Okay. Thank you.

**Anup Sable:** Thank you.

**Moderator:** Thank you. Your next question comes from the line of Sandeep Shah from Equirus Securities. Please go ahead.

**Sandeep Shah:** Thanks for the opportunity. In this pivot to solution-driven business, is it fair to assume as we are taking a lead in SDV ahead versus peers in terms of solution-based delivery method, we are planning to repeat the same thing, which will help us in terms of winning the further wallet share and may help some of the Western OEMs, both in the US and Europe, to launch the new model as fast as Chinese EV players or the OEMs are launching and taking the wallet share?

**Anup Sable:** Yes, your line is not very clear, but let me explain what I understood out of the question. Your question to summarize is, is the solution offering that we have to the OEMs going to increase or better their time to market? Yes, the answer is yes. Most of the solutions that we are talking about, some of them, definitely some of them are really about very, very difficult things that the OEM does during the development of a vehicle. And because we have these solutions ready, we definitely feel that the time to market will significantly decrease for the OEMs.

**Sandeep Shah:** Okay. And just another related question, more as a bookkeeping. In a pivot to solution, we will not change any accounting policy in terms of capitalizing the development cost. We may continue to not capitalize and take it to P&L. Is the understanding correct?

**Kishor Patil:** So, as you have seen for many years, we have not capitalized anything unless there is a new investor in a certain area. So, in the normal course of business, there won't be any capitalization.

**Sandeep Shah:** Okay. Thank you. All the best.

**Moderator:** Thank you. The next question comes from the line of Sameer Dosani from ICICI Prudential. Please go ahead.

**Sameer Dosani:** Thanks for the opportunity. I hope I am audible. I am not sure whether this is already addressed. So, Asia, as a geography, has been declining for a few quarters. And what I understand, we had a mega deal here, we have a large client, and they've been backtracking or they've been reducing spending in certain areas. So, can you throw some light what will happen in Asia as a geography and when will we start growing for us? That's my first question.

**Sachin Tikekar:** We look at Asia in two regions. One is Japan, Korea, China. Second is India and Southeast Asia and Middle East. You're right about a specific OEM, A, we have been doing a really large program and all large programs come to an end. So, we will go through that. However, what we have done in Japan is we have

started working with a couple of others. And hopefully, you know, over a period of time, that will give us some growth, not only in Japan, but also in Korea. And as Mr. Patil explained, we have started to see some wins coming out of China. So, as a region, we believe that it will come back in some time. However, the India and Southeast Asia part will grow. It's been growing for us and we see a lot more growth. Now that India has become the focus for most of the OEMs across the globe. So, it's not only the India OEMs, the existing OEMs, the new OEMs, new age OEMs in India. But at the same time, the global OEMs want to come and look at India for India. And that poses an incredible opportunity for KPIT. And I think most of our solutions will be ready in time to help these OEMs launch new vehicle programs in India. So, we remain very bullish on India, not only now, but in the foreseeable future. That's how I would, so that's what I would say for now.

**Sameer Dosani:** Asia will continue to remain stable in declining and then start growing, like it will take 6 months, 12 months, maybe even months. How do you think about that?

**Sachin Tikekar:** I think we will see some ups and downs with really large programs. We have to make some adjustments. So, we will see some ups and downs. But, in next 2 or 3 quarters, we will see growth coming back in Asia as well. Because we have been sowing seeds into new OEMs across Asia. And, some of them have started to grow. Some will take a little bit longer. So, I would say, by middle of next year, we should start to see growth coming back in Asia.

**Kishor Patil:** Just to add to what we said, in Asia, we have broken this into two geographies, as Mr. Tikekar mentioned, and that you will start seeing, that we will start reporting also from next year. And we see a significant growth in the India and Southeast Asia and Middle East kind of geography. And as we say, even China, we see that. And we have, in Japan and Korea is where we will see a few ups and downs, but we will stabilize it.

**Sameer Dosani:** Got it, sir. That's good to hear. And second is, sir, when you speak about consolidation, right? So, like there are three buckets where you can consolidate, right? One is, obviously, taking work that is getting done in the OEMs, you outsource that and gain wallet share. Second is you gain wallet share from on-site-based vendors. And third is from offshore-led India players. So, obviously, consolidation would be a factor of all three, but where is the maximum share coming from at this point of time when you consolidate vendors or you try to win wallet share?

**Kishor Patil:** It's not exactly like that, but in Europe, it is from the on-site vendors too.

**Sachin Tikekar:** That's right. I think it's all three. In Europe, as Mr. Patil said, it's mostly consolidation movement from largely local vendors to more of global vendors. And with solutions, you know, it really doesn't matter whether it's on-site or offshore, right? The world becomes a level playing field. So, we compete and we win against the competition.

**Sameer Dosani:** Got it. That's good to hear. And thanks for taking my questions and all the best for the future.

**Sachin Tikekar:** Thank you so much.

**Moderator:** Thank you. Your next question comes from the line of Bhavik Mehta from JPMorgan. Please go ahead.

**Bhavik Mehta:** Hi, thank you. The first question is, if you look at your peers' commentary over the last few weeks, everybody's talking about a good demand outlook, positive deal conversion to revenues, which should be in excess going forward. So, just curious to know, do you share the same outlook or is it something different for KPIT team? Peers have been talking about good growth in automotive.

**Kishor Patil:** So, I think we have given the sense of what we are saying. We have mentioned how the different geographies are behaving. We, of course, as you know, that as compared to most of our peers, we have a much wider scope in terms of clients and the market as well as the volume. And we are actually seeing the change in the behavior of OEMs and the requirements. And we believe that if this is the case, what steps we are taking are most important in terms of long-term growth potential, and that's why we are talking about this growth. So, we would not generally make a statement. We would say that off-highway commercial, there is a growth which we would see, but not exactly the same statement in case of passenger cars across, on board.

**Bhavik Mehta:** This second question is on AI solutions. So, we have seen a lot of IT companies and even some of your peers try this solutions approach or IT-based approach in the past, but haven't seen much success out there. So, what is different this time? It gives you confidence that AI solutions can become a bigger part of your business in the next 2 to 3 years and is there any target you have in mind in terms of how much the solutions can contribute to revenues versus the course of the next three year period?

**Anup Sable:** Last six months, I am personally actually executing projects where internally we are solving the problems using AI. That makes me more confident, makes

us very confident in terms of what it can do and how it can be done. So, we are very clear about what AI can deliver to our customers. I would suggest you also listen to the interview that Anthropic CEO had given during Davos. We are in full agreement with him that we have the solution ready to solve our customers' problem. I think it is up to the customer's adoption now in terms of how they adopt AI quickly into their life cycle. But we are ready.

**Sachin Tikekar:** And I think what has changed from last time, there are two things. It didn't work as much. So, a lot of lessons learned. And I think this time, most of the solutions have been vetted by the client. And some of them are already been piloted during the course of this year and last. So, that gives us a lot more confidence that this time is going to take some time, as Mr. Patil mentioned, 12 months to 18 months before we start to make the shift. And in the next couple of years, we would want the majority of our business to come from solutions.

**Kishor Patil:** One thing I mentioned is we are focused only on mobility and that gives a very different advantage as such.

**Bhavik Mehta:** Okay, got it. Thank you.

**Moderator:** Thank you. The next question comes from the line of Vidyadhar Ginde from Soham Asset Managers Private Limited. Please go ahead.

**Vidyadhar Ginde:** Thank you. So, my first question is that in the last few quarters, when your growth has slowed down, has your share of the pie gone down or you've lost market share or the pie itself for you has gone down or is it both?

**Sachin Tikekar:** So, basically, if you look at mobility, from passenger car perspective, their spend has gone down by 20% to 25%. It's a dramatic, I think their volumes have gone down substantially, their profits have gone down even more. Except for one or two clients, we have not lost our wallet share in any of our T25 clients. In case of majority, we have actually gained wallet share. So, basically, the pie has shrunk quite a bit and that's the reality at this point.

**Kishor Patil:** The other way to look at it, if you look at an industry, all other ER&D providers and you look at their automotive business, mobility business, in the year-on-year, they have a significant reduction in this sector.

**Vidyadhar Ginde:** So, my second question was, so your medium to long term outlook, if I am not wrong, will depend on whether these global OEMs which dominated global market share, whether they can stop losing market share to the guys who are ahead in the new world, which is Tesla and the Chinese guys. So, am I correct

in assuming that your medium to long term outlook really depends on these guys or then making otherwise making dramatic market share gains in the challengers who are gaining market share?

**Kishor Patil:**

There are three answers to your question. First is, this was exactly the question people asked me in 2019. People said that there is a Tesla and Tesla will take all the business from all the OEMs. That was 2019. This was asked very often. That was number one. Number two, I would say that we have started working with Chinese OEMs and we have been successful in getting Chinese clients. This itself tells us that we are doing something right and , we are very sure that this automotive business is so critical to the economy, this forms roughly 15% of the GDP of most of the countries. So, it's very critical and many OEMs will survive. So, actually the transformation will help. I mean, we would be of help to them. Third is, we are also going into certain different adjacencies as well as areas like off-highway commercial where we believe that we will be in a position to grow in that area. So, that's the broad-based strategy we have adopted.

**Vidyadhar Ginde:**

So, just to take this forward, you are reasonably confident that a lot of your global legacy OEMs will survive, stop losing market share. Is that the case?

**Kishor Patil:**

That, I will say that they will continue to spend. That's what I would say. They will prioritize their spend and they would take a call in terms of which are the profitable lines versus other lines. So, their volume, you cannot say, but the people will adjust their strategy to that line and most of the OEMs will continue, but I am sure there will be a few casualties. That's what we mentioned earlier.

**Vidyadhar Ginde:**

What comes to my mind is the mobile industry where Nokia from being a market leader, you know where it is now. So, do you see at least all the guys put together here, at least it's not just one Nokia, it's a lot of OEMs put together?

**Kishor Patil:**

There's a big difference in these two industries.

**Vidyadhar Ginde:**

You don't expect that to happen?

**Kishor Patil:**

There is a big difference between these two because the shelf life of a mobile phone versus the life of a car which is there on the road for 12 years to 15 years is very different. The type what it requires is very different. So, it's a different ecosystem and life cycle.

- Vidyadhar Ginde:** Thanks a lot.
- Kishor Patil:** Thank you.
- Moderator:** Thank you. Your next question comes from the line of Ankur Pant from IIFL Finance. Please go ahead.
- Ankur Pant:** Hi, thanks you for taking my question. I have two questions. The first is, as you highlighted, mobility ER&D budgets have fallen sharply last year. So, just an initial sense of your conversations, what does it suggest for this year? Do you expect stabilization, in fact decline to continue? Or is there some growth also that you're building in? Just wanted a sense.
- Sachin Tikekar:** Ankur, as I mentioned earlier on, of course, all the OEMs continue to be under pressure. So, the overall spend is not likely to go up. However, there are certain areas where they're prioritizing spend. And I called out those areas earlier. And those are the areas where we actually specialize. We have deep specialization, digital cockpit, cyber security, then navigation on autopilot, and also multiple powertrains. I think this is where they're prioritizing their spend. And we are also bringing in the cost reduction element from the vehicle perspective. So, these are the five areas that are in fashion in the minds of the OEMs. And we are ready to take those on.
- Ankur Pant:** Thanks. And my second question is with respect to the solutions pivot. Now, historically, for AI and pre-built solutions, OEMs have been generally varied, given that there are risks involved in a vehicle. So, what is changing this time? And given the upfront nature of investments that you would need to make on this, what gives you the confidence that multiple solutions will see broad-based adoption across OEMs? So, they would have been vetted by a few clients, but what gives you confidence in the broad-based nature of adoption?
- Kishor Patil:** I think it is our experience. I think in both the cases we know, and now the few more discussions we are having, it is not a choice for them. It is not IT. They have a choice to do something or this or that. Here, they are stuck with the production programs, and they are not sure whether they can really come out with a vehicle. This happened with two OEMs, and now we have some more discussions. And in order to take it out, there are hardly any alternative solutions, and where we are ready to take the full responsibility. We are not just giving a tool. We are not doing what they tell us to do. We are ready to take full ownership and deliver.
- Ankur Pant:** Perfect. Thank you, and all the best for CY'26.

- Kishor Patil:** Thank you.
- Moderator:** Thank you. The next question comes from Rohan Nagpal from Helios Capital Management. Please go ahead.
- Rohan Nagpal:** Hi. Thanks for taking my question. I just wanted to follow up on the customer project that you said was coming to an end in Japan. I think after we announced the mega deal with Honda, JPY revenue went from being somewhere around 10 million a quarter to all the way up to 40, and now it is to 30. Where does this sort of bottom out in terms of this engagement? Because I think at the time that the engagement was announced, we said that KPIT will work with Honda through 2030. Has that been part of the reprioritization in any way?
- Kishor Patil:** I think that is correct. We will continue to work with them, and there are different programs we are continuing to work with them. And this program is, as other programs it has delayed, so some of the new programs have been a little bit pushed out. And some of these changes are because of that, but we absolutely are strategically in place with OEM. And we will continue to work 2030 and beyond. Typically, our OEM engagement, if you have seen, there are many OEMs who are working for 20 years, and the business has not got down. It keeps on going up, so it takes some time. This was a very large deal, and specifically I talked about the Japan part, where the economy has got impacted, specifically through the uncertainties and etc. So, there are some, what I would say that delays in the production program, for the taking up the new programs, investing into new programs, and that may impact a little bit. It will impact to some extent, but it is not going to be a zero or something like that.
- Rohan Nagpal:** But are we close to steady state right now? Or is there more sort of, we get a better handle?
- Kishor Patil:** So, I would say, we don't know, in 1 or 2 quarters, it may go down further or not. But over the period, if you look at the end of the year, we would be more, because then the new opportunities which are happening, new programs which are happening will catch up. So, it's very hard to tell quarter-to-quarter client-wise, we will never give any answer on.
- Rohan Nagpal:** Fair enough. Okay, that's it from my end. Thank you.
- Moderator:** Thank you. The next question comes from the line of Karan Uppal from Philip Capital India. Please go ahead.

- Karan Uppal:** Thanks for the follow-up. Just a bookkeeping question. So, interest cost has inched up in the last few quarters. Do you expect this to remain elevated in the next few quarters or maybe next year? And secondly, depreciation has also increased to Rs. 81 crores after full integration of Caresoft. So, shall we expect this depreciation line item to stabilize from here on?
- Priya Hardikar:** Yes, depreciation line item will stabilize. This quarter, it had a full impact of N-Dream customer intangible as well as one month of Caresoft. So, it will stabilize. Second question was on the interest cost. In interest cost, we did have interest cost on the borrowing that we had the previous quarter as well as some of the interest cost on the deferred payment calculations and the acquisition accounting. So, yes, both these costs will stabilize now.
- Karan Uppal:** So, Priya maam, this interest cost, shall we assume this Rs. 23 crores as a run rate for future quarters?
- Priya Hardikar:** No, it can lower a little bit, but yes, more or less in the same range.
- Karan Uppal:** Okay. Thanks a lot. And all the best for FY'26.
- Kishor Patil:** Thank you. I think we are already over time. So, I think we should end the call now.
- Moderator:** Thank you. As will take this as the last question and I now hand the conference over to the management for closing comments.
- Sunil Phansalkar:** Thank you very much. So, thank you everyone for being on the call and wish you all the best. Thank you. Bye.
- Moderator:** Thank you. On behalf of Dolat Capital, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.