

Press Release
For Immediate Release

KPIT Cummins keeps growth going in Q3

Y-O-Y Revenue grows 42.11 % in US Dollar terms

Wins a prestigious assignment from European Auto Consortium

Pune, January 17th, 2008: KPIT Cummins Infosystems Ltd. (BSE: 532400; NSE: KPIT) a specialist solutions partner to Global Manufacturing corporations registered a revenue of Rs.1511.72 Mn during Q3FY08 – a 29.09 % growth over the corresponding period in the last financial year.

Topline Growth

In US\$ terms, revenues over the last quarter same year grew by 42.11% while sequential growth was 4.30%. Total revenues in Rupee terms for Q3FY08 were Rs.1511.72 Mn, reflecting a 29% growth over the revenues in same quarter last fiscal and 1.29% growth over the revenues of previous quarter.

Profit Growth

For Q3 FY08, the Company earned a Net Profit of Rs. 141.30 Mn. Profits grew 2.97% over the same quarter last year and an increase of 0.41% over previous quarter. This was despite a 9.16% drop in Average US Dollar realization from Q3 FY 07(Rs. 44.85) to Q3FY 08 (Rs. 40.74) and a 2.9% drop from Q2FY08(Rs.41.95) to Q3FY08(Rs.40.74).

Highlights of the Quarter

- Total Revenue for the quarter, Q3 FY08, grew by 29 % y-o-y to Rs. 1511.17 Mn while Profits for the quarter grew by 2.97% y-o-y
- 1.29% Sequential revenue growth in Rupee terms & 4.30% in US\$ terms
- 4 new customers added during the quarter: total # of active customers goes to: 106
- 2 STAR Customers (1 in Auto & 1 in GBS/BPO) added during this quarter taking the total to 23
- 213 employees added during this quarter taking the total number to 4152
- Renewal of Master Service Agreements at 12-15% higher price; New contracts at 3-5% higher price; Benefit to be realized over coming quarters
- Volume growth was 35.01% y-o-y and 5.86% sequential
- Offshoring growth 42.05 y-o-y and 6.98% sequential

Overall performance:

Customers & Markets

- *Prestigious win from an European Automotive Consortium*
Europe's leading automotive consortium has chosen KPIT Cummins as a preferred partner for their new Conformance Test Development project. This project was kicked-off during the middle of Q3.
- KPIT Cummins' Global Business Solution (GBS) won a Finance & Accounting support project with a leading European multinational manufacturing corporation.

Automotive & Semiconductor

- *Second company in the world to achieve the SPICE(Software Process Improvement and Capability dEtermination) Level 5 Certification*
During the third quarter, KPIT Cummins became the second company in the world to obtain Automotive SPICE™ Maturity Level 5 certification, a testimony to its stringent quality systems and capability to develop critical automotive grade embedded software systems and components. Automotive SPICE™ under the PATHFINDER™ certification scheme for organizational maturity evaluates the quality & process competencies as well as the organizational maturity of software service providers for automotive manufacturers.
- *KPIT Cummins is now an ARM Approved Design Centre*
ARM Holdings, UK designs the technology platform that lies at the heart of advanced digital products, from wireless, networking and consumer entertainment solutions to imaging, automotive, security and storage devices. An ARM Approved Design Centre is assessed on its capability to provide solutions on ARM platform to a growing number of ARM "Design Clients" who choose to outsource all or part of their design and manufacturing activities. ARM Approved Design Centre status will enable KPIT Cummins to deliver World class SoC(System on Chip) based design services on ARM Platform with special focus to Automotive and Consumer markets.

Technology & Offerings

- *KPIT Cummins Files for a second patent*
KPIT Cummins' innovation initiative: Center for Research in Engineering Sciences and Technology (CREST) that focuses on developing solutions & products to aid non-linear revenues filed its second patent during this quarter. The first patent filed last quarter was related to microprocessor obsolescence, while the second one relates to reducing hardware for multiplier in Digital Signal Processing (DSP).
- A leading independent third party analyst firm selected KPIT Cummins as one of the 20 key providers of testing services for Financial Services Institutions.

Operational Excellence

- ***Saving of USD 1.42 Million through Six Sigma***

The Six Sigma team of KPIT Cummins successfully closed 26 projects over last 12 months contributing to significant savings of USD 1.42 Million.

Corporate Governance

- ***Ravi Pandit Receives the 'Miller Award For Excellence'***

Following the prestigious 2007 Golden Peacock Award for corporate Governance in the second quarter of FY08, KPIT Cummins' Chairman and Group CEO, Mr. Ravi Pandit, was awarded with the distinguished - ***Miller Award of Excellence***, by Cummins Inc, USA. This award is presented to honor individuals whose work on behalf of the Company and whose core values reflect the spirit of J. Irwin Miller, former Chairman and CEO of Cummins.

- ***Corporate Governance Excellence Award (ICSI)***

For the second year in a row, KPIT Cummins has been listed in the Top 25 Companies nominated for Award for Excellence in Corporate Governance conferred by Institute of Company Secretaries of India.

Commenting on Q3FY08 performance:

Ravi Pandit, Chairman and Group CEO said: *"We continue to maintain our growth momentum as we enter 2008. Q3 is traditionally a moderate quarter due to holiday season and we saw dollar realizations go down (2.8%) further. However, our volume growth was 35.01% y-o-y and 5.86% sequential. We were able to maintain robust growth and our fundamentals for 2008 remain very strong."*

Kishor Patil, CEO and Managing Director on some major deals: *"This quarter we saw lot of activity in Europe with some major engagements signed in the region, including a prestigious assignment from an Automotive consortium, which will reinforce our leadership position in the Automotive space. We were able to renew Master Service Agreements with 12-15 % higher rates. Pricing continues to be robust with new contracts being signed at 3-5% higher rates. In the forth coming quarters, we will be aggressively looking at Japan & Asia Pacific for new wins and diversification of our revenue base" said Kishor Patil, CEO and Managing Director.*

Girish Wardadkar, President and Executive Director *"This quarter we were able to maintain a robust operational performance with utilization at 73.2%. We were able to realize 6.98% growth in offshoring of our business over the past quarter and this will continue to be our thrust area. Through Six Sigma initiatives, we have been realized 1.42 Million US Dollars in savings over last 12 months and we will continue to leverage Six Sigma as a tool to achieve operational excellence. In addition, we started a 3rd operations centre in Bangalore to accommodate our continued growth in Automotive & Semiconductor space".*

About KPIT Cummins

A rising star on the horizon and a niche specialist partner for the Automotive, Semiconductor & F&A BPO market , KPIT Cummins was recently chosen as a leader in global outsourcing (#38) by International Association of Outsourcing Professionals (May 07).

Formed in 1990, KPIT Cummins is a US\$ 103+Mn (FY 06-07 Revenues), 4150+ people company with global foot-print serving Manufacturing & Financial Services verticals from its offshore centers in India and a near-shore European facility in Poland.

KPIT Cummins endeavors to be the leader for advanced technology solutions/ services in Automotive Electronics & Semiconductor area by partnering with 50+ global OEMs/ODMs (Original Equipment Manufacturers & Original Device Manufacturers) and their suppliers to bring products faster to the market. Its Enterprise IT & BPO services offering helps customers *globalize & streamline processes & systems better & faster.*

Through a focused business model, KPIT Cummins has demonstrated robust growth over several years. Strategic partnerships with leading corporations like Cummins, Cargill Ventures & Lehman Brothers are a testimony to this sound business model & predictable growth potential.

KPIT Cummins has been recognized by the Institute of Company Secretaries of India for demonstrating excellence in Corporate Governance.

Forward Looking Statements

Some of the statements in this update that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

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