

Press Release

For Immediate release

KPIT Cummins continues the growth momentum

Revenue growth at 32.3% y-o-y & 3.83% sequential

Jumpstarts F&A BPO business through partnership with Cummins with a 55+M USD deal

Pune, July 17th, 2007: KPIT Cummins Infossystems Ltd (BSE: 532400; NSE: KPIT), an IT, engineering and BPO partner of first choice for its global customers, today announced its results for the quarter ended June 30th, 2007, showing robust growth in all major markets and practice areas-especially Automotive Electronics & Semiconductor Solutions.

Robust Topline Growth

Total revenues for Q1FY08 were Rs. 1352.917 Million, reflecting a 32.30% growth over the revenues in same quarter last fiscal and 3.83% growth over the revenues of previous quarter. In USD terms, revenues over the last quarter grew by 5.4%.

Profits grow 22.59% yoy; Rupee appreciation + Wage rise bring margins under pressure

For Q1 FY08, the Company earned a Net Profit of Rs. 126.8 Million, a growth of 22.59% over the corresponding quarter in the previous fiscal but profits were lower by 9.77% over the preceding quarter-owing to rupee appreciation against the US Dollar & annual wage increments during this quarter.

Highlights of the Quarter

- Total Revenue for the quarter, Q1 FY08, grew by 32.3% y-o-y to Rs. 1352.917 Mn while Profits for the quarter grew by 22.59% y-o-y
- Offshore revenues grew by 44.78% over the same quarter previous year
- 3.83% Sequential revenue growth in Rupee terms & 5.4% in USD terms
- KPIT Cummins to expand partnership with Cummins in F&A BPO area—this deal will jumpstart the F&A BPO business. Expected revenues about 55+M USD over next 5 years.
- 7 new customers added during the quarter: 6 in Manufacturing & 1 in Diversified Financial Services vertical, total # of active customers goes to: 97
- 1 STAR Customer (Automotive) added during this quarter taking the total to 18
- # of employees added during the quarter is 345 taking the total number to 3601

F&A BPO to be one more growth driver for KPIT Cummins

KPIT Cummins also announced today, that it has reached an understanding to partner with Cummins Business Services (CBS) for delivering F&A (Finance & Accounting) Services to Cummins. KPIT Cummins will benefit from the domain knowledge of global F&A systems and processes at CBS which it plans to take to other customers. This deal significantly strengthens KPIT Cummins's positioning in the F&A BPO services market for the Manufacturing vertical. KPIT Revenues from this partnership are expected to be USD 1+ Million in the first full year with a potential to grow into a USD 15 Million BPO business annually in 60 months. This deal will generate about 55+M USD revenues over next 5 years. KPIT Cummins believes that a 5 year opportunity size of 90+M USD is available in this F&A space including business from non-Cummins customers. *A separate joint press release giving details of this partnership is being issued along with this note.*

Ravi Pandit says: Robust growth to continue; long-term outlook very positive

Commenting on the results, Mr. Ravi Pandit, Chairman and Group CEO, KPIT Cummins said, "*This quarter witnessed a robust growth in revenues. However quarterly margins have taken a hit due to rupee appreciation and salary increments. Our fundamentals continue to be very strong and Cummins Business Services partnership in the area of F&A BPO adds one more strong scalable offering to our portfolio for the Manufacturing vertical. We look forward to consistent growth in quarters to come*"

Kishor Patil: Bullish on key practice areas: Automotive, Semiconductor & F&A BPO

Expressing his views on the quarterly performance, Mr. Kishor Patil, CEO & MD, KPIT Cummins said, "*All markets demonstrated predictable growth this quarter. We see good traction for Automotive & Semiconductor solutions as we continue our march to become the leader in this space. In last quarter, we added 3 marquee customers in Automotive & 2 in Semiconductor. We have 3 sizeable deals in Automotive expected to close in next 4-6 months. Pricing is stable with upward bias. Our 55+M USD F&A BPO partnership with Cummins is one more step in our endeavor to become partner of first choice for our global customer base*"

Girish Wardadkar: Excellent Operational readiness for coming quarters

Mr. Girish Wardadkar, President & Executive Director said, *“Last quarter we ramped our middle management by 250+ lateral hires globally. This coupled with our annual pay hike of 17% contributed to lower than expected margins. However our attrition has reduced to 18% from 20+% in previous quarter and utilization has marginally decreased from 71.4% to 71%. We are operationally in very good shape to fulfill the rising demand over next few quarters. ”*

Guidance

In light of the prevalent Rupee-USD exchange rate situation, KPIT Cummins has decided to revise its full year guidance as follows.

Topline guidance in USD terms has been increased from 143.02-143.72 M USD to 145-148 M USD

PAT guidance in Rupee terms has been decreased from Rs. 700M-730 Mn to Rs. 630 M-680 Mn

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 103+M USD (FY 06-07 Revenues), 3500+ 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.

Ranked by Deloitte among the Fastest 50 companies in India and Fastest 500 companies in Asia-Pacific,(November 06)KPIT Cummins endeavours 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 (56+% CAGR over last 5 years) 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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