

Press Release

For Immediate release

KPIT Cummins marches ahead in Q2

Registers double digit growth (qoq) in both topline and bottom-line

Strong volume growth: 41.13% yoy & 13.35% in Dollar terms

Bags **3 new star** customers

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

Topline Growth

In US\$ terms, revenues over the last quarter same year grew by 41.13% while sequential growth was 13.35%. Total revenues for Q2FY08 were Rs. 1492.42 Million, reflecting a 30.88% growth over the revenues in same quarter last fiscal and 10.31% growth over the revenues of previous quarter.

Profit Growth:

For Q2 FY08, the Company earned a Net Profit of Rs. 140.72 Million, a growth of 13.97% over the corresponding quarter in the previous fiscal and 10.94% over the preceding quarter.

Highlights of the Quarter

- Total Revenue for the quarter, Q2 FY08, grew by 30.88% y-o-y to Rs. 1492.42 Mn while Profits for the quarter grew by 13.97% y-o-y
- 10.31% Sequential revenue growth in Rupee terms & 13.35% in US\$ terms
- 5 new customers added during the quarter: 4 in Manufacturing & 1 in Diversified Financial Services vertical, total # of active customers goes to: 102
- 3 STAR Customers (2 Auto & 1 Semiconductor) added during this quarter taking the total to 21. Strong traction for multi-year/multi-million offshore deals in Advanced Technology Solutions for Automotive & Semiconductor verticals.
- 338 employees (excluding campus hires) added during this quarter taking the total number to 3939.

Overall performance:

Automotive & Semiconductor

- KPIT Cummins was chosen as a *strategic partner by a top 10 Asian Tier-1 supplier in a global selection process to co-build its advanced electronic systems for global vehicle platforms* thus enabling faster time to market. This is a *multi-year deal with annual revenue potential of US\$ 10+Mn* in next 24-30 months.
- KPIT Cummins partnered with a leading Automotive software company to co-provide *high-end Hardware-in-Loop solution for world's top 5 car maker*.
- KPIT Cummins was selected to build an *end to end FPGA (Field Programmable Gate Arrays) design solution for an Automotive Tier-1 supplier in Germany*.

Global Business Solutions

- World's leading middleware software company has engaged KPIT Cummins as a partner to provide *multi-lingual Enterprise Software Support services from its Poland and India centers*. This is a *multi-year deal with annual revenue potential of US\$ 5 + Mn* in next 24 months.

Enterprise IT

- 1) Business Intelligence practice had a sterling quarter with several wins:
 - a. Signed a *new contract with a leading French Corporation* for building a financial reporting system.
 - b. Bagged a *multi-year/multi-million dollar assignment from a top 5 customer* for providing Business Intelligence Services & solutions

This quarter witnessed a lot of accolades & recognitions for KPIT Cummins

Customers & Markets

- ◆ Became the *first and only Indian company to be invited to JASPAR (Japan Automotive Software Platform & ARchitecture) consortium*. JASPAR is a consortium formed by leading Japanese Automotive corporations *to define the standards for next generation in-vehicle electronic systems architecture*.
- ◆ Electronica Machine Tools, a KPIT Cummins customer was selected among the *top 100 innovative CIOs of the year by CIO magazine for demonstrating innovative application of IT for furtherance of business objectives*. This was done for an innovative implementation of SAP by KPIT Cummins in a record time of 4 months.
- ◆ EFY (Electronics For You) TOP 100 survey ranked KPIT Cummins amongst *top 100 focused providers of Electronics Systems & Solutions*.
- ◆ An independent industry analyst recognized KPIT Cummins among the select *Business Process Outsourcing services provider in the F&A (Finance & Accounting) domain for Investment Services firms*.

Operational Excellence

Winner in Support category at the National level Lean and *Six Sigma Excellence Awards 2007* jointly organized by Sakaal group of publication and Symbiosis Center Of Management and HRD (S C M H R D). KPIT Cummins was the *only company among the 14 IT/ITeS contestants* selected for this award. 81 companies across various industry verticals participated in this competition.

Corporate Governance

- ◆ *Only IT company to be selected for the Golden Peacock award for excellence in Corporate Governance* by the World Council for Corporate Governance & Institute of Directors (UK & Delhi)
- ◆ KPIT Cummins has been recognized as one of *India's most investor friendly Companies*, as endorsed by a study carried out by Business Today (Aug 2007 issue). KPIT Cummins stands in the Top 10 amongst 20 companies across sectors
- ◆ *Chairman, Ravi Pandit was conferred the Rotary Excellence Award* by Rotary Club of Pune, Kothrud

Commenting on Q2 performance:

Ravi Pandit, Chairman & Group CEO said:

“We had a very encouraging Q2 with lot of customer wins at higher rates, improvement in our operational efficiencies and double digit volume growth over the last quarter. Our Poland center registered its first major win this quarter. Our competitive positioning in the Automotive & Semiconductor verticals is strengthening every quarter as we sign up new accounts and expand our relationships with existing customers. In spite of the foreign currency depreciation, we have found our way to protect margins. We will continue to work on options to better them in forthcoming quarters.”

Kishor Patil, CEO & Managing Director expressed his pleasure

“Our investment in practices like Business Intelligence & Global Business Solutions (BPO) is paying off with several multi-year deals with US\$ 10+Mn annual potential signed this quarter. Automotive Electronics & Semiconductor practices continue to demonstrate leadership in marketplace with significant wins. We have three US\$ 10 Mn + deals in pipeline over next 4-6 months and we look forward to a strong performance in quarters to come. Europe & Asia-Pacific demonstrated sizeable wins. We have also experienced better price realizations in our new wins by a factor of 12-15%.”

Girish Wardadkar, President & Executive Director commented on robust operational performance

“Utilization has improved to 74% this quarter from 71% last quarter. We are effectively leveraging Six Sigma as a tool to improve our operational performance. Around 250+ engineers have joined us fresh out of campus and we will focus on their training + deployment in coming quarters. We hired 338 people this quarter. Annualized attrition at the end of H1 was down to 21% from 24% last year. As part of our innovation initiative-CREST, we filed our first patent this quarter. As we get into H2, we will continue to see success of several operational & technology initiatives launched in earlier quarters”

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), 3900+ people company with global footprint 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, (Nov. '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 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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