

Press Release

KPIT Cummins Q2 Net Profits increase by 62%

- Net profit for Q2FY07 grew by 61.98% over previous year to Rs. 123.48 million
- Revenues for Q2FY07 grew by 46.78% over previous year to Rs. 1140.26 million
- Offshore revenues grew by 101.61% over previous year
- 3 Additional Star customers
- 5 new customer added, of which 4 are in Advanced Technology Solutions domain
- 16 customers reach revenue run rate of over \$1 Million

Pune, October 19, 2006: KPIT Cummins Infosystems Ltd (BSE: 532400; NSE: KPIT), a global IT consulting organisation, announced its results for the quarter ended September 30, 2006.

For the quarter ended September 30, 2006, the Company earned Net Profit of Rs. 123.48 Million, 61.98% over the corresponding quarter in the previous fiscal and 19.33% over the preceding quarter.

Net profit margin has improved to 10.83% of revenues for the quarter, as compared to 10.12% in Q1FY07 and 9.81% in Q2FY06. EPS for the quarter was Rs. 8.30 as compared to Rs. 5.30 for the corresponding period of the previous year, an increase of 57%.

Revenue growth for the quarter was also strong. Total revenues for the quarter were Rs. 1140.26 Million, reflecting a 46.78% growth over the revenues in Q2FY06 and a 11.50% growth over Q1FY07 revenues.

Growth in offshore revenues has been stronger at 101.61% over the previous year. As a proportion of total revenues, offshore revenues increased to 48.07% during the quarter, over 13% increase from the corresponding quarter of the previous year. The Company has witnessed a consistent trend of growth in offshore revenues over the last ten quarters.

During the quarter, the company added 5 new customers, taking the total active customer base to 82. These include 7 of the top OEMs in the automobile industry, 4 of the top 10 semiconductor companies of the world and other leading names in the manufacturing and financial services verticals. There are 16 customers with a revenue run rate of over \$ 1 Million.

For Q2FY07, 62.40% of Company's revenue came from US, 28.68% from Europe and the balance 8.92% from Rest of the World, including Japan and Asia Pacific. In terms of growth over the previous year, however, Rest of the World showed the highest growth rate of 148%, followed by Europe with 53% and 36% for US. Revenue breakdown by industry vertical was

76.34% from Manufacturing, 10.77% from Diversified Financial Services (DFS) and the balance 12.89% from 'Others' which included independent software vendors. DFS vertical has grown by 37% compared to the previous quarter.

During the quarter the Company added 265 new employees, taking the total employee strength to 2,809.

Commenting on the performance of the company, **Mr. Ravi Pandit, Chairman and Group CEO, KPIT Cummins** said, "During the last quarter, we have witnessed a strong revenue growth, especially in the offshore revenues. This has helped us improve our profitability by 62% compared to the previous year. We remain confident of achieving our mission of \$100Million by FY07."

Mr Kishor Patil, Managing Director and CEO, KPIT Cummins added, "We are witnessing a strong revenue growth, both in terms of new customer acquisition as well as scaling up of our existing customers. We have 16 customers reaching revenue run rate of over \$ 1 Million, demonstrating our ability to scale up new relationships. Our agreement with Renesas to set up 500+ ODC in India is also a significant landmark for our company and would also open up new avenues for growth in Japan, especially for our Advanced Technology Solutions domain."

About KPIT Cummins

KPIT Cummins Infosystems Ltd is a global IT consulting organization and a CMM level 5 Company. With a major presence in solutions for Manufacturing, Advanced Technology Solutions (Automotive, Industrial Automotive and Semiconductor Solutions) and Diversified Financial Services, KPIT Cummins has grown at 66% CAGR over the last three years. KPIT Cummins has been ranked overall 8th among all listed Indian IT companies by Dataquest FINANCIAL INDEX. The Company operates globally through its subsidiaries in USA, UK and Middle East.

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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