



We value our relationship
6 March 2006

KPIT CUMMINS

ACQUIRES

**CG SMITH SOFTWARE
PRIVATE LIMITED**

BANGALORE, 06-Mar-06

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Safe Harbour

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 KPIT Cummins assumes 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.

Spokespersons

- **Ravi Pandit, Chairman & Group CEO,
KPIT Cummins Infosystems Ltd.**
- **Girish Wardadkar, President & Executive Director,
KPIT Cummins Infosystems Ltd.**
- **Raghavendra Swamy GN, President & COO,
CG Smith Software Pvt Ltd.**

KPIT Cummins' acquisition of CG Smith Software

- **Transaction Summary**
- **About CG Smith**
- **Strategic Rationale**
- **Financial Impact**

Transaction Summary

BUSINESS BACKGROUND

- 10+ yrs in Automotive Real time Embedded S/W
- Product (IP) for Automotive Market: *Network Operating System (NOS) components*
- Staff strength: 200+ Engineers
- **Potential to establish KPIT Cummins as a Leader in Automotive Electronics**

GLOBAL CUSTOMERS

- 4 OEMs + 13 Tier 1&2 Automotive companies for services / 24 customers for Product (IP)
- Most(>70%) customers with US\$ 1 Bn+ Revenues
- Over 70% engagements > 3 years
- **Strategy alignment for KPIT Cummins**
 - *Automotive + Semiconductor focus through Advanced Technology Solutions (ATS)*

TRANSACTION SUMMARY

- Rs. 350 mn cash upfront for 100% equity
- Additional Rs. 30 mn based on future 'performance'
- Networth FY06 (E) - Rs 240 Mn
- **All cash deal**

FINANCIAL DETAILS

- Revenues - Rs. 288 Mn FY06 (E)
- Net Profit - Rs. 28 Mn FY06 (E)
- Profitability improvement expected
- EPS impact - 11% Increase
- **Payback expected in 2.5 years**

CG Smith Software - Background

- 50/50 owned by Crompton Greaves & Smith & Co., Inc.
- Offices - Bangalore, Detroit (100% subsidiary - CG Smith Software Inc.) & London
- Business Segments -
 - Automotive: 92% / Others: 8%
- Market Experience
 - Strong client footprint in UK & Continental Europe
 - Established references in Japan & US
 - 300+ projects successfully delivered
- Quality certifications / assessments
 - SEI CMM Level 5
 - SPICE Level 3 (*Software Process Improvement and Capability dEtermination*)
- Premium membership: AUTOSAR (Automotive Open System Architecture)
 - Consortium of Automotive OEMs, Tier I suppliers and component Vendors in Europe
 - Set up to develop standards for Automotive electronics that will facilitate software reuse

A stable, cohesive leadership at CG Smith Software



Raghavendra Swamy G N (With CG Smith since 1995—21 years experience)
President and COO / Alumnus of Columbia Graduate School of Business, USA & University College of Engineering, Bangalore
Chairperson of IEEE CCEM (computer, communication and engineering management) society, Bangalore chapter / Advisory council of MS Ramaiah Institute of Advanced Studies, Bangalore



Rajesh Janwadkar (With CG Smith since 1998), Engineer by Qualification
VP Sales & Marketing & President CG Smith Software, Inc.
15+ year in Sales / Ex-Tata Unisys, Onward Novell



Somashekar (With CG Smith since inception-16 years experience)
VP Services / Vast experience in indigenous development of controllers for Automobile Industry
Electronics Engineer from R V college of Engineering and an M.Tech., in Industrial Electronics from SJCE, Mysore/ Strong domain expertise in Automotive systems



Vivekanandan B (With CG Smith since 1995-18 years experience), Engineer
Head Products Division /Expert in Safety critical systems /Ex Bharat Electronics



Swaminathan R (With CG Smith since 1996-15 years experience),
CFO & Company Secretary
An associate of Institute of Company Secretaries of India, has previously worked with BHEL

CG Smith Software - Financials

- Revenue (FY06 E): Rs. 288 mn
- Net Profit (FY06 E): Rs. 28 mn
- Networth at Closing (E) Rs. 240 mn
- Average gross margins (FY02-05) 54%
- Cash on balance sheet (FY06 E) Rs. 125 mn
- Net cash investment Rs. 225 mn
- Debt No debt

Financial Impact

- **CG-Smith financials expected to be consolidated in Q1 FY07**
- **Complementary expertise creates scope for cross-selling**
- **Potential for improvement in overall Profitability**
- **Payback Period - Approx 2.5 years**
- **Deal EPS Accretive - 11% increase**
 - **No equity dilution - all cash deal**
 - **Profit making company**
 - **Expected increase in profits**

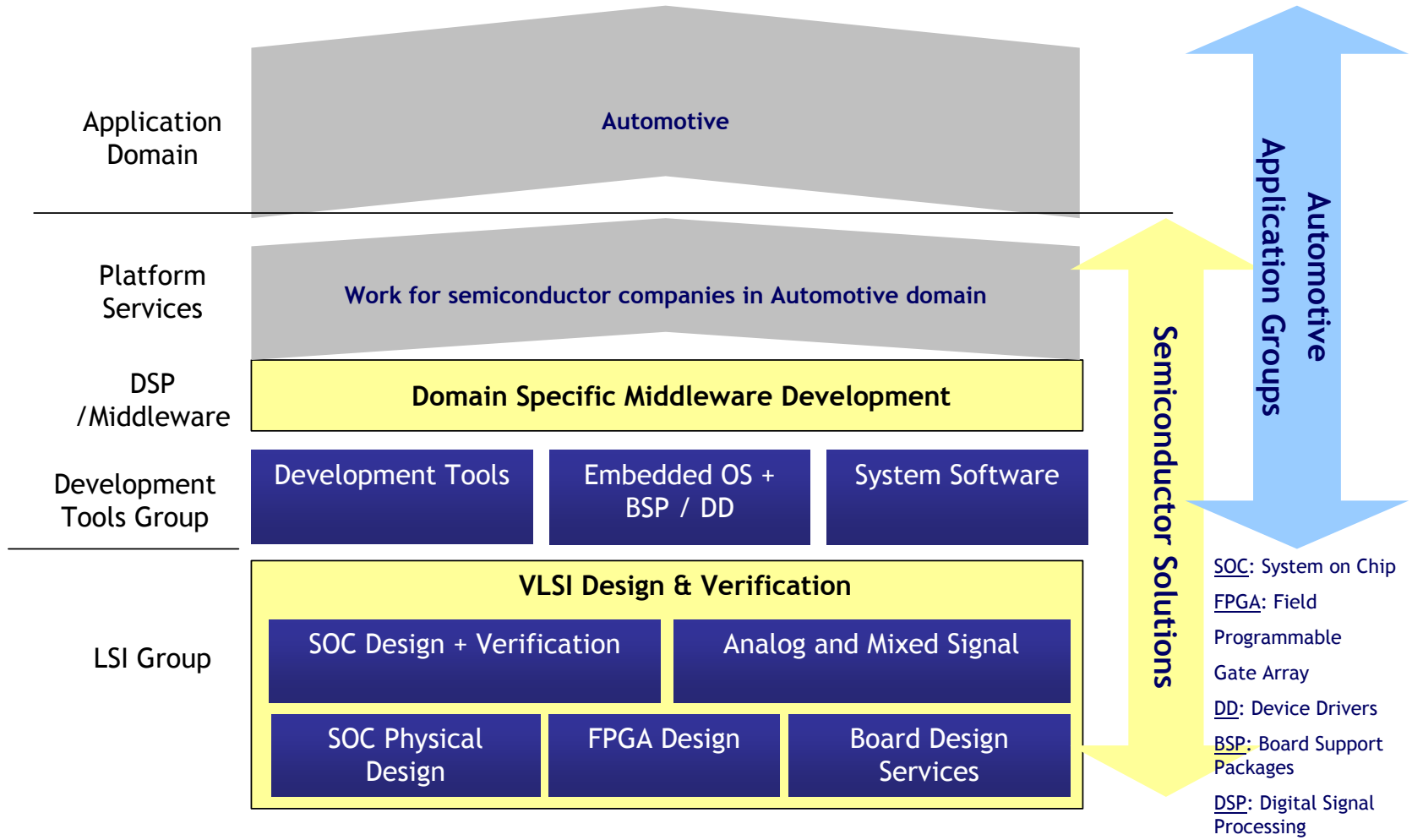
Complementary domain expertise

	KPIT Cummins	CG Smith
Powertrain	Highly Evolved	Mature
Body Electronics	Mature	Highly Evolved
Cluster	Developing	Highly Evolved
In-vehicle Networking	Developing	Highly Evolved
Infotainment	Developing	Mature
Braking/Safety	Developing	Mature
Vision / Navigation / Telematics	Developing	

- Highly Evolved - Domain Depth & Breadth of services
- Mature - Breadth of Services
- Developing - Emerging Capability

Increases the depth and breadth of combined offerings for the Automotive Market

KPIT Cummins + CG Smith: End to End Offerings for Auto



Strategic Rationale

MARKET TRENDS

- Global mkt for non-entertainment Auto Electronics : \$26.9 billion in 2002 ;@ \$35.4 billion by 2007 E*
- In-vehicle electrical & electronics content to grow from 25% to 40% by 2010**
- Automakers' electronics engineering manpower to treble between 2010 & 2015**

SYNERGY

- Common Vision & Passion for Automotive
- Automotive + Semiconductor: Key growth drivers for KPIT Cummins
- Share of ATS(Advanced Tech Solutions) in KPIT Cummins revenue to grow :
 - From current 16% to 25+% in the next FY

VOICE OF CUSTOMER

- Domain competence
- Offshore Scale
- Local Presence (Branch office/Subsidiary)

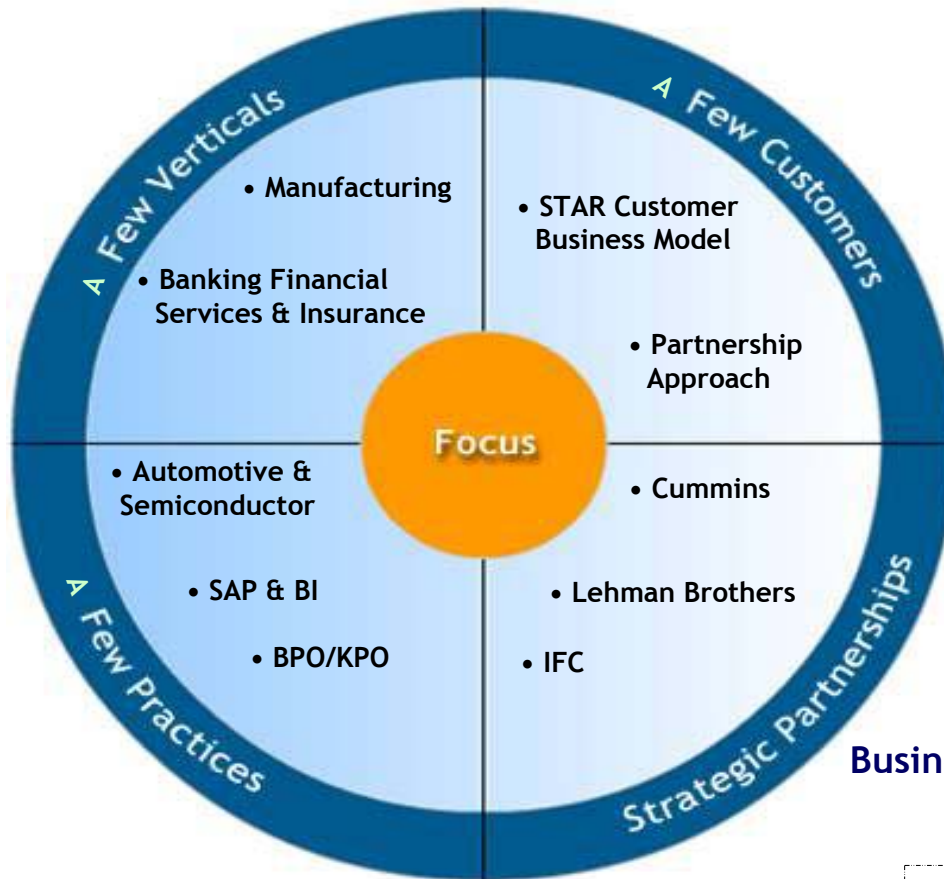
OPPORTUNITY

- Emerging standards like AUTOSAR
 - Key role in Automotive solutions of the future
 - CG Smith has an early mover advantage
- Cross sell /Account Management
- New Product/IP Development : For Matured and Emerging Markets
- Potential for Leadership in 3rd Party space

*Reed Electronics Research; excluding sensors and commercial vehicles

**Automotive Design & Production May 2005

KPIT Cummins: Focused Biz Model/Integrated Offerings



**Advanced
Technology Solutions (for
Automotive & Semiconductor)**

Business IT

**BPO/KPO
Tech Support & Analytics**

- Revenue Rs. 3100 mn FY '06 (E)
- 2200+ People
- 4 International M&As in 4 years
- Global Presence : US, UK, France, Germany, Japan

Aiming for Leadership in Automotive

Aim: To be a preferred solution partner for the Automotive Industry-

- Enabled in driving emerging technological trends and Automotive Standards through AUTOSAR
- 700+ people in Advanced Technology Solutions (Automotive Electronics + Semiconductor) Space
- *Expected to grow to 1000+ in next 12-18 months*
- *3000+ person years of collective experience / 500+ projects*
- Anchor Customers / References in all key markets/ offering areas
- Local presence in all markets
- India Development Centers in key Automotive hubs: Bangalore & Pune
 - Central Europe*(proposed)

Among the Top, 3rd party automotive electronics player from India

End-to-end solutions for Automotive with global footprint, rich domain expertise

Thank You

