



INVESTOR UPDATE
FOR
QUARTER ENDED 30TH JUNE 2007

HIGHLIGHTS

- Sequential growth in Revenues of 5.44% in USD and 3.83% in Rupees.
- 32.30% y-o-y growth in Revenues to Rs. 1352.92 Mn
- Net Profits for the quarter grew by 22.59% y-o-y to Rs. 126.85 Mn.
- New partnership with Cummins Inc. for F&A BPO. F&A BPO business volume estimated at about \$90Mn over 5 years.
- Offshore revenues grew by 44.78% y-o-y and 6.27% q-o-q.
- 1 new Star customers added - total of 18 Star customers
- 7 new customers added during the quarter, total 97 active customers
- 18 customers reach revenue run rate of over \$ 1 Million

FINANCIAL HIGHLIGHTS

HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2007 (Q1FY08)

- USD Revenues grew sequentially by 5.44%.
- Rupee Revenues grew sequentially by 3.83% and by 32.30% over the previous year.
- Offshore revenue growth was 44.78% y-o-y and 6.27% q-o-q.
- Offshore FTEs have grown by 43.57% y-o-y.
- Net addition of 345 employees during the quarter leading to employee base of 3601 at the end of the quarter.
- Utilization rates for the quarter were 89% onsite and 67% offshore. During the quarter, the assumption of the number of billable days per person was revised upwards. On a like-to-like basis, i.e. on the basis of the new methodology, the onsite and offshore utilization rates for the previous quarter were 87% and 68% - implying a marginal increase in onsite utilization and a marginal decline in offshore utilization. On an overall basis, on a like-to-like basis, the utilization declined from 71.41% in Q4 FY07 to 71% in Q1 FY08.
- Share of revenue from Cummins declined to 38.96% as compared 44.30% in the corresponding quarter of the previous year. The revenue from Cummins grew by 7.78% sequentially and by 16.35% y-o-y.
- Gross profit margin for the quarter was 37.78%.
- 7 new customers were added during the quarter taking the total number of active customers to 97.
- During the quarter 1 customer was reclassified as Star customers, taking the total number of Star customers to 18.
- As at the end of June 2007, total hedged position stood at approximately \$34Mn at an average of Rs. 43.99 / USD.

BALANCE SHEET DETAILS

Rs. Million	Q1 FY08	Q4 FY07
Shareholders Equity	2325.78	1990.36
Total Debt	1134.91	1222.96
Total current assets	2326.21	2070.20
Cash balance	749.85	625.35
Receivables	1203.23	1101.72
- No of days of sales	81	87
Fixed Assets	1769.38	1772.05
Total Assets	3445.26	3228.05

NEW BUSINESS PARTNERSHIP

- The company entered into a new partnership with Cummins Inc. to provide F&A BPO solutions. This partnership will help jumpstart F&A BPO business at KPIT Cummins Global Business Solutions (KPIT GBS), the company's wholly owned subsidiary. Over a period of 5 years, the company expects to generate approximately \$90Mn of revenues from this business.

GUIDANCE FOR FY08

- The initial guidance for FY08 was based on the prevailing exchange rate scenario. Subsequently, the Rupee has appreciated by approximately 7% against the USD and approximately 5% against Euro and GBP. Considering the new exchange rate regime, the Company is revising its guidance, based on assumptions of the future exchange rates.

In USD Million	Initial Guidance	Revised Guidance
Average Exchange rate	Rs. 43 / \$	Rs. 41.50 / \$
Revenue (\$ Mn)	\$143.02 to \$143.72	\$145 to \$148
Profit (\$ Mn)	\$16.28 to \$16.98	\$15.18 to \$16.39
Revenue (Rs. Mn)	Rs.6150 to Rs.6180	Rs. 6018 to Rs. 6142
Profit (Rs. Mn)	Rs. 700 to Rs. 730	Rs. 630 to Rs. 680
Implied Revenue Growth (\$)	39.5% to 40.2%	41.44% to 44.36%
Implied Revenue Growth (Rs)	32.6% to 33.27%	29.78% to 32.45%
Implied PAT Margin	11.38%-11.81%	10.47% to 11.07%

INCOME STATEMENT For the Quarter ended 30th June 2007

Rs. Million	Q1FY08	Q4FY07	Q-o-Q %	Q1FY07	Y-o-Y %
Sales	1352.92	1303.03	3.83%	1022.65	32.30%
Software Development Expenses	841.81	793.80	6.05%	640.94	31.34%
Gross Profit	511.11	509.24	0.37%	381.70	33.90%
Selling and Marketing Expenses	134.99	153.28	-11.93%	106.56	26.68%
General & Admin Expenses	161.52	150.43	7.37%	122.80	31.52%
EBITDA	214.60	205.52	4.42%	152.34	40.87%
Interest & Finance Expense, net	19.94	16.98	17.44%	10.94	82.18%
Depreciation	53.63	35.30	51.90%	25.16	113.19%
Profit After Depr. & Interest	141.04	153.24	-7.96%	116.24	21.33%
Other Income	0.45	3.81		0.58	
Profit Before Tax	141.49	157.05	-9.91%	116.82	21.12%
Provision for Taxation	15.06	16.55		13.15	
Minority Interest	0.41	0.07		-0.19	
Profit After Tax	126.85	140.57	-9.76%	103.47	22.59%
Paid up Capital	152.50	149.55		74.35	
Free Reserves	2,100.99	1,756.84		1,476.40	
Earning per Share (of Rs. 2/-)					
Basic (Rs.)	1.66	1.89		1.40	
Diluted (Rs.)	1.61	1.51		1.13	

1. 'q-o-q' or 'sequential' growth refers to growth during the quarter compared to the immediately preceding quarter
2. 'y-o-y' growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year

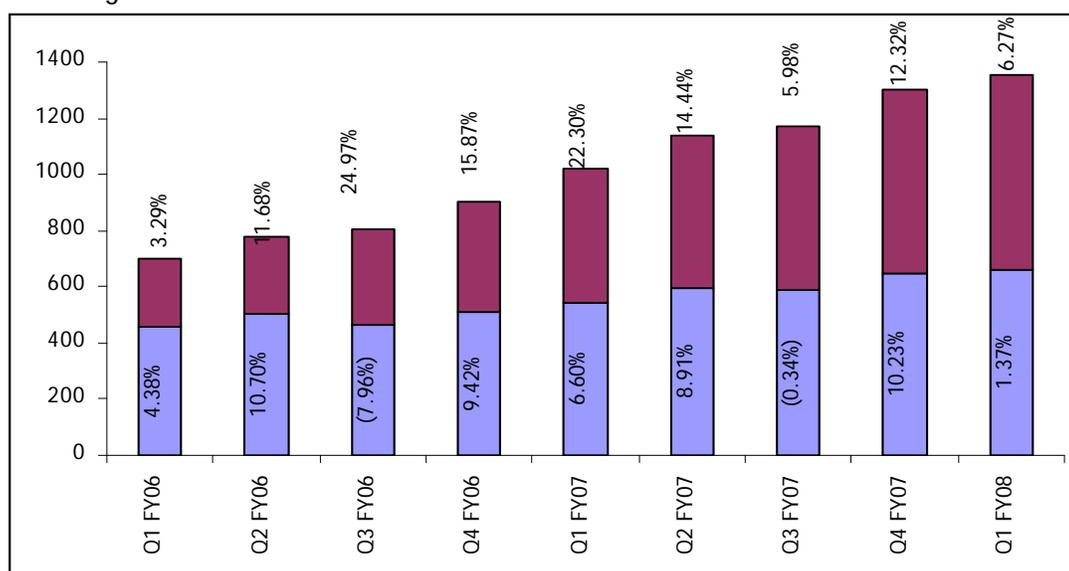
FACT SHEET - Q1 FY08

	Q1FY08	Q4FY07	Q-o-Q %	Q1FY07	Y-o-Y %
Revenue Spread - by Geography					
USA	57.67%	58.77%	1.89%	64.75%	17.83%
Europe	30.55%	29.68%	6.87%	28.88%	39.95%
Rest of World	11.79%	11.56%	5.89%	6.37%	144.86%
Revenue Spread - Verticals					
Manufacturing	78.35%	78.03%	4.25%	77.33%	34.04%
BFSI	9.68%	10.44%	-3.73%	8.72%	46.86%
Others	11.97%	11.53%	7.79%	13.95%	13.52%
Revenue Spread - by LOB					
Manufacturing	44.11%	NA		NA	
Auto Electronics	20.21%				
Semiconductor Solutions Group	8.43%				
Business Intelligence	13.86%				
Diversified Financial Services	8.26%				
Global Business Solutions	5.12%				
Customer details					
No. of Customer Added ¹	7	4		5	
No. of STAR Customers ²	18	17		13	
No. of Active Customers	97	90		77	
Customers with run rate of >\$1Mn	18	19		NA	
Top Customer - Cummins	38.96%	37.53%	7.42%	44.30%	15.96%
Star Customers - Non Cummins	42.22%	43.02%	1.55%	31.31%	77.79%
Top 10 Customer Billing	74.75%	74.15%	4.32%	79.50%	23.97%
Repeat Business	90%	90%		89%	
Onsite / Offshore Split ³					
Onsite Revenues	48.74%	49.92%	1.37%	53.16%	21.30%
Offshore Revenue	51.26%	50.08%	6.27%	46.84%	44.78%
Revenue by Contract Type					
Time and Material Basis	90%	91%		90%	
Fixed Price / Time Basis	10%	9%		10%	

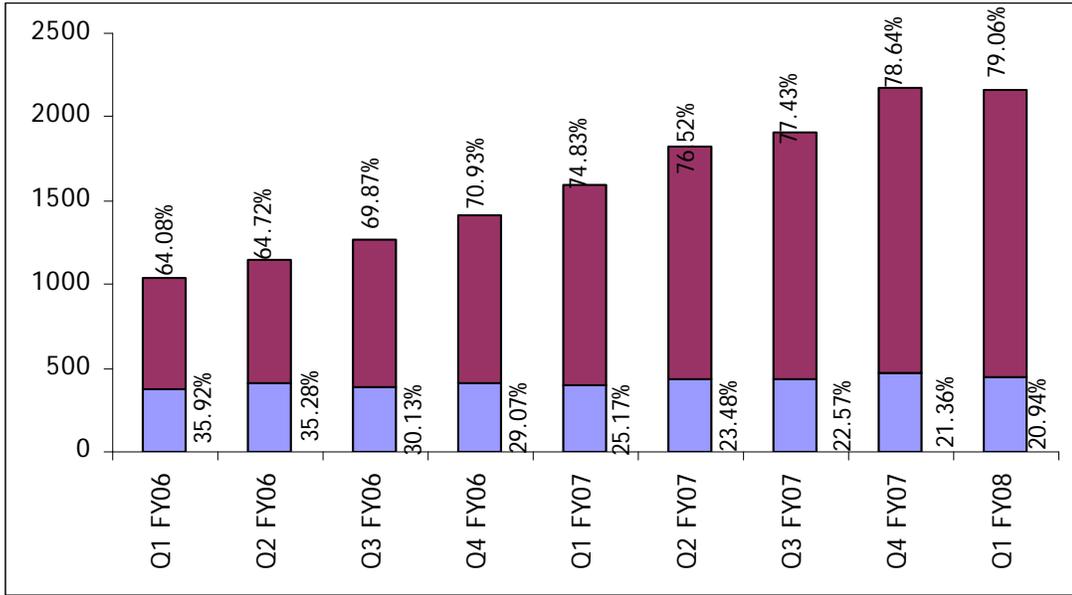
	Q1FY08	Q4FY07	Q-o-Q %	Q1FY07	Y-o-Y %
Human Resources - Details					
Development Team - Onsite (Avg)	508	500		435	
Development Team - Offshore (Avg)	2,548	2,302		1,675	
Onsite FTE ⁴	452	465	-2.80%	400	13.00%
Offshore FTE ⁴	1,707	1,712	-0.29%	1,189	43.57%
Employees at the end of Quarter					
Development staff	3,256	2,900		2,306	
Gen Mgmt / Support staff	306	318		208	
Marketing (Subsidiaries) staff	39	38		30	
Total	3,601	3,256		2,544	
Employee utilization					
Onsite	89.00%	93.08%		92.00%	
Offshore	67.00%	74.38%		71.00%	

Notes:

1. Of the 7 new customers added, 6 are for the Manufacturing vertical and 1 for the DFS vertical. 3 customers pertain to Auto Electronics LoB, 2 customers pertain to Semiconductor Solutions Group, 1 customer pertains to Diversified Financial Services and 1 customer pertains to Manufacturing LoB.
2. One new Star customer added during the quarter is a leading semiconductor company.
3. Trend in offshore revenues growth over the last ten quarters is as shown in the following chart:



4. The growth in number of Full Time Equivalent (FTE) employees in offshore have is shown in the following chart.



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 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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