



## INVESTOR UPDATE

### FOR

### QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009

(NSE: KPIT, BSE: 532400)

(July - Sep 2009)

#### KEY HIGHLIGHTS

- Revenue for the quarter increased by 2.4% Q-o-Q to Rs.1769.86 Mn.
- In USD terms, Revenues stood at \$ 36.35 Mn. Q-o-Q growth of 3%.
- EBITDA grew by 28% Q-o-Q and 20% Y-o-Y to Rs.468.37 Mn. EBITDA margins expanded by 5.3% to 26.5% during the quarter.
- Net Profits for the quarter stood at Rs. 211.95 Mn, a Y-o-Y growth of 27%. On a Q-o-Q basis, profits declined by 5.3%.
- Gross Profit Margins improved Q-o-Q basis. They expanded by 2.9% to 45.8%. Y-o-Y basis they expanded by 3.8%.
- PAT Margin expanded on Y-o-Y basis by 3.7% to 11.98%. However Q-o-Q they declined by 0.97%.
- Sequentially, EPS decreased to Rs. 2.69 from Rs. 2.86 during the quarter and grew by 25% YoY .
- 4 new Customers were added during the quarter, taking the total number of customers to 137.
- Overall increase in utilization levels with offshore utilization increasing by 5% going to 72.8% and onsite utilization increasing by 1.40% going to 94.33%.



**FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2009**

➤ **Revenues:**

- During the quarter, Revenue in USD terms increased by 3% Q-o-Q. Q2 FY10 Revenue was USD 36.35 Mn. In absolute terms, the q-o-q USD revenue growth was of USD 1.09 Mn.
- Our largest customer contribution is around 32% during the quarter. There have been major changes in the customer's engagement model. The team is reorganizing itself to deliver on a fixed price basis and also focused on Value delivery.
- In Geography terms, out of the total Q-o-Q revenue increase, US contributed 4%, Europe -4% and APAC 18.5 %. Our focus on the emerging markets is taking shape and will continue to contribute largely to our growth in the future.
- We believe that the worst is behind us. We actually faced a revenue decline only in Q1FY10 after seeing revenue growth till Q4 FY09 and we believe there would not be any further significant reduction in our USD denominated top line going ahead. There would be marginal ups and downs for the remainder of the year. We have made a modest beginning by having QoQ growth in Q2FY10.
- Our customers are now coming back to the discussion tables to discuss projects and thus there is much more visibility now as compared to earlier two quarters. This is a sign that in the near future even the order flow will be normalized.
- With some new initiatives we have received good traction in two new customer segments namely - PSUs and Defense in our related areas of work.
- We also believe we are well-equipped now to expand ourselves to offer services to a new industry sector - Energy and Utilities.
- We are focusing on bagging larger deals and maintaining key customer growth. We are also moving towards becoming a total solutions provider.

➤ **Profitability:**

- Profits marginally declined during the quarter on a QoQ basis mainly due to increase in forex loss by almost 640%. Keeping the forex loss in Q2 equal to Q1, the net Profits have actually expanded proportionately to the operating margins. Net Profit margins contracted by 1% Q-o-Q and expanded by 3.7% Y-o-Y basis.
- We have been able to not only maintain healthy operating margins but increase them which is a result of productivity improvement and cost control measures continuously being taken over the past few quarters, along with the shift in business from onsite to offshore. SG&A costs have fallen by 8.9% (Q-o-Q) and 24.6% (Y-o-Y). The offshore



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utilization improved by 5%+ during the quarter to touch 72.8%, an increase of 1.5% YoY. The Onsite utilization improved by 1.4% QoQ and 0.5% YoY.

- The following factors have contributed to the improvement in profits and profitability:
  1. Our productivity improvement initiatives, namely more fixed price contracts, Improved reuse of production assets from repository, reduced rework efforts, increased zero defect deliveries to customers, increased usage of automation tools, increased customer satisfaction rating and better onsite offshore revenue mix. have been delivering improved outcomes.
  2. We are continuously increasing the number of assets in our asset repository and also focusing on their re use. We currently are reusing about 15% of the total assets in our repository. We are also focusing on use of open source and freeware tools for project management, configuration management and software model development. We have internally developed a Project Health Management System which helps in the ongoing monitoring of the projects and thus enabling required corrective actions, if any, at the right time.
  3. The reduction in SGA costs depicts the ongoing cost control and reduction initiatives like consolidation of facilities and utilization of all assets ( hardware, software, space ), capital expenditure only on a “must have” basis, strict control on support hiring and renegotiation of contracts with service as well as capital vendors for rate reduction. These measures will continue on an ongoing basis.
  4. The forex loss during the quarter stood at Rs.131.57 Mn. as against Rs. 17.82 Mn. in Q1 FY10. In Q1 there was a big gain on the conversion of foreign currency liabilities since the net differential in the closing rate of Q1 and the previous quarter was Rs. 3/\$ less. This gain on liability conversion offset the MTM losses and actual losses on maturity of the forward contracts. In Q2, the closing rate was marginally higher than Q1 and thus there was no gain on liability conversion but a marginal loss which added to the MTM and actual conversion losses. Thus there was a net increase of Rs.114 Mn. of forex losses in Q2FY10 as compared to Q1FY10.



➤ **Balance Sheet details (Rs. Million):**

- The Cash Balance as at September 30, 2009 stood at Rs. 1663.94 Mn. as compared to Rs. 1812.09 Mn. over the June 30, 2009 balance. The surplus funds were invested in Liquid Funds during the Qtr to the tune of Rs. 280.87 Mn. Thus on a comparable basis the Cash and Cash equivalents as of Sept 30, 2009 stood at Rs. 1944.81 Mn. registering an increase of 132.72 Mn. The Cash Balance is being held in Current Accounts (Rs. 967.40 Mn.) and Deposit Accounts (Rs. 694.48 Mn.)
- As on September 30, 2009 our total debt stood at Rs. 1,081.68 Mn. (Rs. 1,036.61 Mn. as of June 30, 2009) comprising of Rs. 672.00 Mn. of Term Loan and Rs. 405.04 Mn. of Working Capital Loan.
- Forex Hedging instruments with maturity of more than 3 months and considered effective hedges in accounting terms are provided for as adjustment to the Reserves and Surplus in the Balance Sheet. As on September 30, 2009 these Hedging Reserves were Rs. 772.51 Mn., as compared to Rs. 847.70 Mn. as of Q1FY10 end.

Balance Sheet Summary: As at (Rs. Mn.)	September 30, 2009	June 30, 2009
Shareholders' Equity	2,923.99	2,635.88
Total Debt	1,081.68	1,036.61
Minority Interest & Deferred Tax Liability	52.41	68.25
<b>Total</b>	<b>4,058.08</b>	<b>3,740.74</b>
Fixed Assets	2,128.88	1,929.96
Investments*	280.87	0.31
Current Assets	3,801.08	3,968.08
Cash Balance	1,663.94	1,812.09
Receivables	1,300.53	1,411.05
Loans & Advances	836.61	744.94
Current Liabilities	2,152.75	2,157.61
<b>Total Net Assets</b>	<b>4,058.08</b>	<b>3,740.74</b>

- *Investments include investment of surplus cash in Liquid Funds.*



## KEY DEVELOPMENTS

### PARTNERSHIP

- NEC Electronics in collaboration with KPIT Cummins have developed a new AUTOSAR 3.0 compatible software solution for various hardware platforms. This software package enables easy design of application software without the need for new developments. This will be mainly of use to the Auto Tier I suppliers to the OEMs and we will start generating revenues from this from the Tier I vendors.
- KPIT has signed a MoU with a renowned National Research Laboratory towards joint research and development in the areas related to ultra-capacitors and batteries, which will go a long way in the development of software solutions in the new generation of Hybrid and Electric vehicles.

### AWARDS AND THOUGHT LEADERSHIP

- KPIT Cummins ranked 65 in Dataquest Top 100 survey - up from 78<sup>th</sup> position in 2008
- KPIT co-hosted a seminar on '**Semiconductor & Software Business Collaboration Opportunities between India and Japan**' in association with India Semiconductor Association (ISA) and The Japan External Trade Organization (JETRO).
- KPIT participated as a speaker at the Germany Session of NASSCOM in Mumbai.
- We also participated as speakers in **AUTOSAR & INFOTAINMENT** at "**Electronica and Productonica 2009**" organized by ZVEI (German Electric and Electronic Manufacturer's association).

### CUSTOMERS AND MARKETS

- 4 new customers were added during the quarter - 2 in Europe and 2 in US. Total number of active customers is 137.

#### Automotive:

*Technology solutions for sustainable and Green growth.*

- Commenced **strategic consulting engagement** for an Indian Auto OEM.
- Consulted an **American OEM** on **Human Machine Interface (HMI) Tool selection**.
- Developed an **end-to-end software solution** for **night vision and pedestrian detection** for an **Asian Tier 1**



- Built a Dedicated Short Range Communication (DSRC) based Advanced Traffic management solution for an American Tier 1
- Furthered automotive software standardization efforts: Selected for AUTOSAR (AUTomotive Open System Architecture) Basic Software implementation for a leading European OEM. This reinforces our leadership position in Europe.

#### **Industrial Equipments:**

*First time right' solutions maintaining 'highest quality standards*

- Integrates multiple assembly lines for UK operations of a leading American Tier 1. KPIT Cummins' reliable and scalable re-engineered MES (Manufacturing Execution Systems) solution replaces complex legacy systems.
- Commenced a strategic enterprise IT engagement with a national automotive testing laboratory, to help them reduce the time required for testing, validating and documenting the test results for Auto Manufacturers.
- Commenced engagement with an Asian auto component manufacturer and a leading Asian contract logistics company to implement end-to-end templated ERP solution for business operations.

#### **Hi-Tech and Semiconductor:**

*Solution accelerators for quick-time-to-market*

- Engaged with a leading European semiconductor company on development of MCU for Dashboard Cluster for a High End Luxury Car.
- Started project on developing reference designs for consumer and Automotive applications for a leading Asian semiconductor company. Established Center of Excellence for Motor Controls.
- Commenced work on developing complete digital section of a controller chip for a leading European manufacturer of IC solutions.

#### **Diversified Financial Services:**

*Customer award for excellent teamwork towards breakthrough Improvement in Quality & Productivity*

- Initiates on-site/offshore reverse engineering project for a leading retail bank of South Africa.



**CORE OFFERINGS**

In the current economic scenario, we continue to focus on our niche and specialized areas of work. In Automotive electronics there have been some structural changes which shifted the focus towards hybrid engine, green emissions, Infotainment and safety systems. All the leading automotive OEMs and Tier1s are making significant investments in the area of emission controls, more fuel efficiency, comfort & connectivity and safety.

KPIT is well-positioned to leverage this opportunity with its domain expertise, scalability and the technological strength. Our existing customers are choosing KPIT as their consulting partners and we are helping them in designing their technology roadmaps. Emerging markets would be drivers of revival. We are witnessing significant traction in these markets and are making our strategy more robust. We are collaborating with OEMs, Tier 1s and Semiconductor companies to reduce time to market of new products and make existing products more competitive.

Currently we are working on 30+ vehicle programs as depicted in the table below, with new and existing customers thus helping them bring their products faster to the target markets at profitable price points.

Priority	Industry Reactions
Green Technology	<ol style="list-style-type: none"> <li>Several American, European and Asian carmakers announce launch of electric, hybrid and eco-friendly products over the next 3 years (GM, Nissan Leaf, Daimler's Electric smart, Renault electric car, ecological motor)</li> <li>Governments sanction loans and funding for hybrid vehicles (Fisker Automotive - \$530 million, France 2.5 Bn euro, £25 Mn of UK Govt)</li> <li>Car makers embrace fuel efficient green technologies for future models (Ford - Ecoboost technology, GM - Working on Active Fuel Management (AFM) &amp; Spark Ignition Direct Injection Technology (SIDIT), Samsung, Bosch to produce electric car batteries).</li> <li>Electric Sports-Car maker Tesla gets \$82.5 Mn Investment. Mazda to raise \$1 Bn for green cars.</li> <li>Toyota to begin offering plug-in Prius in 3 yrs. Hyundai plans plug-in hybrid in 2012.</li> </ol>

KPIT Engagements	KPIT Role
Quick end- to- end implementation of Anti Brake system with regenerative braking to an electric vehicle for major electric car OEM in APAC	Improving Competitiveness
Key contribution as software architect and developer for a strategic CNG Hybrid program for Major diesel engine manufacturer in US	Reducing Time-to-market
Design of battery model, independent of battery chemistry for quick & efficient testing of hybrid/electric battery system	Bringing in Frugal Innovation
Model based design of battery management system software and the associated hardware for Major Tier I in North America	Reducing Time-to-market
Specification development of stop start technology for passenger cars for Major OEM in APAC	Creating competitiveness



Priority	Actions
<b>Small Cars</b>	<ol style="list-style-type: none"> <li>Several American, European and Asian carmakers unveil small cars for emerging as well as developed markets (Ford - Figo, VW - Polo, Nissan - New Micra, Toyota - Scion iQ, Honda Jazz, Bajaj - Bajaj Lite, Maruti Splash)</li> <li>Companies collaborate to bring new technology for energy efficiency in personal mobility solutions (Toyota Plans to Make Car Engines in India, GM India &amp; REVA Form Alliance for New Electric Small Car, India emerging as a manufacturing hub for cars)</li> </ol>

KPIT Engagements	KPIT Role
Key contribution in a government-industry forum for designing the software standard for small car with Indian Government- Industry ecosystem	Bringing in Frugal Innovation
Final stage of discussions for conversion of 2 wheel drive vehicle to 4 wheel drive for defense applications for a Tier I supplier in APAC	Bringing in Frugal Innovation
Helping global OEMs & Tier I for component localization aimed at cost reduction for Major OEMs globally	Value engineering
Design & development of active suspension seating control system for Major Tier I manufacturer in APAC	Reducing Time-to-market

Priority	Actions
<b>Intelligent &amp; Smart Cars</b>	<ol style="list-style-type: none"> <li>Car makers commit investments for smart vehicle technology in braking, safety, comfort and driver assistance systems (Mercedes Builds Car That Auto-Brakes At Red Lights, Ford - To use virtual vehicle sound to improve interior sound quality &amp; quietness, Daimler invests in Hambach to build electric Smart, Google Working on "Smart Charging" Software for Electric Cars - Popular Science - Mike Spinelli, Chevrolet Malibu, Smart car and other shockers on list of biggest resale value)</li> <li>European Commission - Intelligent car flagship initiative to include Autonomous Cruise Control, Lane departure Warning System &amp; Alarm for Drowsy or drunken driving.</li> <li>Honda Jazz will have an automatic version in the coming days - Wheels Unplugged - India's Automobile Magazine - Sep 14, 2009</li> </ol>

KPIT Engagements	KPIT Role
Lane departure warning system for passenger cars - Internal R&D project	Bringing in Frugal Innovation
Go-to-market for vision-based system for passenger cars of an Asian automotive OEM	Increasing competitiveness
Design & development of Remote keyless entry feature using a customized chip, for passenger cars for a Major European Tier I	Reducing time to market
Vision based testing solution for automotive cluster systems for a Major European Tier I manufacturer	Increasing competitiveness
Conceptualization & implementation of state of art vehicle simulation facility for a Major passenger car OEM in APAC	Increasing competitiveness
Reference board and software design to test the new automotive microcontroller in emerging mkts application for major semicon manufacturer	Reducing time to market
Key contributor in immobilizer product devp for a Major FPGA manufacturer	Competitiveness



Focus Area	KPIT Actions	Imperative
Standardization	ECU integration, aimed at multiple application on a single platform and reusability of platform components for a Major Luxury car OEM in Europe	Frugal Innovation
	Co-development & maintenance of Product Line architecture based engine platform for a Major diesel engine manufacturer of North America	Improving competitiveness
	Being a premium member of AUTOSAR, helping global OEM for migrating to AUTOSAR with major German OEMs	Quick time to market
	Standardized Network operating system for European C/D class vehicles with Major Europe passenger car OEM in	Creating competitiveness
	Development of a configurable software stack, easily reconfiguring the system for OBD II and EOBD with minimal changes software for Major European Tier I	Improving competitiveness

## BUSINESS OUTLOOK

### ECONOMIC RECOVERY IN SIGHT

Automotive	Industrials	HiTech
<ol style="list-style-type: none"> <li>Government announces recovery packages for the automotive industry (Cash for clunkers program)</li> <li>Leaders of American and European car manufacturing companies express optimism for economic revival (Renault-Nissan CEO, Peugeot)</li> <li>Companies launch initiatives to bring more fuel efficient, environment friendly and smart vehicles. Enhance focus on emerging markets (BMW, Mercedes-Benz, Ford).</li> <li>Auto market has grown at 55% Y-o-Y in BRIC countries.</li> <li>SIAM steps up forecast as vehicle sales grew by 22.4% in August. (Business Standard, April 9, 09)</li> </ol>	<ol style="list-style-type: none"> <li>Economic activity in the mfg sector expanded in Sep 2009 for 2<sup>nd</sup> consecutive month, and overall economy grew for the 5th consecutive month. - Manufacturing ISM Report on Business®. - October 1, 2009</li> <li>According to the September CMI from the NACM, U.S. credit conditions and performance are improving at an increasing rate. - September, 2009</li> <li>Manufacturing jobs off-shoring has again picked up growth.</li> <li>One-third of India's manufacturing sector has registered high growths of up to 20% in the 1st quarter of 2009-10 fiscal, the CII-Ascon survey said.</li> <li>Govt. has promised to keep interest rates low till recovery signs in the manufacturing sector strengthen.</li> </ol>	<ol style="list-style-type: none"> <li>Global chip makers boost revenue forecast for 3<sup>rd</sup> quarter and current financial year (Texas Instruments, Intel corp., ASML)</li> <li>Semiconductor equipment purchased in Aug was up 14.6% (compared to 12% in July)</li> <li>European technology stocks have gained on revised outlook statements from semiconductor firms. (WSJ, April 17, 09)</li> <li>India is now the second largest R&amp;D hub for \$1.3bn Synopsys Inc, the California-based global leader in software and IP for semiconductor design, verification and manufacturing.</li> <li>Semiconductor industry's contribution to India's GDP will be at least 15% by 2020.</li> </ol>



- Though the economic recovery is in sight, the business outlook still doesn't seem to be clearly visible, though the visibility has improved a lot over the quarter. Our manufacturing customers are still facing challenges of capacity utilization. Business environment continues to be volatile.
- Despite all these challenges, the bottom is already behind us and slow signs of recovery have been observed during the quarter. Automotive sector has now started showing signs of revival with car sales picking up in US although at a very slow pace. Our Automotive business has also improved by 4% QoQ and semiconductor business has improved by 25% during this quarter.
- From geographical perspective, we noticed significant traction in India & APAC regions besides South Africa. India has shown good traction especially in SAP and Automotive. We would explore strategic partnerships in these regions as we have been doing in Europe. Our revenue share from the established geographies continues to be stable.
- With the business scenario gradually recovering, we continue with our investment in CREST (R&D), People Development (training & certification) and Practice Development in selected areas of interest.
- Our R&D efforts in automotive have been recognized through project wins during this quarter. We will now start investments in Practices, SMEs and front end sales to be geared up for the 'New Normal' growth, which we believe is round the corner. We have completed the campus recruitment process and fresh graduates would be joining us during the remainder of the year. The first batch has already joined in the first week of October. We are stepping up our investments in technical talent to get ready once the market is back to its 'New Normal'.
- The Rupee has started appreciating against the dollar. If the same continues in the near future, it will have a big negative impact on the bottom line of exporters. We believe, we are much better placed to face the rupee appreciation, since there is a natural hedge in terms of our costs in foreign currencies and the balance exposure is sufficiently covered. Having said this, the rupee appreciation will have some adverse effect on our bottom line numbers. Even after this expected appreciation, we are confident of maintaining the EBIDTA margins above 20% levels.



As stated in our last communication, in spite of the expected fall in revenues, our outlook on profitability remains strong. We are confident of not only maintaining, but also of exceeding the absolute profits after tax, of last financial year. The Rupee continues to be volatile and in our calculations we have considered the Rupee to be around 47 to a dollar for the remainder of the year. With this, we believe we should end the year with Net Profit after tax between Rs. 770 Million to Rs. 820 Million.

## LOOKING BEYOND



We expect to reach \$500 mn in revenues by the end of FY 2013 by continuing sharp focus on select industries, practice areas and expanding reach in emerging markets. We shall expand our service offerings to Energy & Utilities space and would bring in larger focus on manufacturing businesses in Defense and PSU sectors. We shall be leaders in key practice areas and our solutions would be aimed at reducing cost of ownership, ensuring sustainable mobility solutions and enhancing fuel efficiency

## FOREX INSTRUMENTS

- No more liabilities on the 3 derivative contracts

### Total Outstanding Hedges:

- Total amount of hedges as on 30th September 2009 : \$151.85 Mn.
  - Maturing in the next 6 months : \$ 46.90 Mn.
  - Maturing beyond March 2010 : \$104.95 Mn.
- The average hedge rate for FY10 is Rs. 45.73 / USD ( with an assumption of spot being around Rs. 47 / USD )



**INCOME STATEMENT FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009**

Rs. Million	Q2 FY10	Q1 FY10	Q-o-Q Growth	Q2 FY09	Y-o-Y Growth
Sales	1,769.86	1,728.07	2.42%	2,009.54	-11.93%
Software Development Expenses	958.49	985.42	-2.73%	1164.56	-17.69%
<b>Gross Profit</b>	<b>811.37</b>	<b>742.66</b>	<b>9.25%</b>	<b>844.98</b>	<b>-3.98%</b>
Selling and Marketing Expenses	152.82	162.93	-6.20%	165.84	-7.85%
General and Admin Expenses	190.19	213.58	-10.95%	288.99	-34.19%
<b>EBITDA</b>	<b>468.37</b>	<b>366.15</b>	<b>27.92%</b>	<b>390.15</b>	<b>20.05%</b>
Interest	5.12	5.37	-4.59%	10.12	-49.39%
Depreciation	75.79	71.17	6.49%	76.01	-0.30%
<b>Profit After Depn. &amp; Int.</b>	<b>387.46</b>	<b>289.61</b>	<b>33.79%</b>	<b>304.02</b>	<b>27.44%</b>
Other Income	-131.57	-17.82	638.4%	104.82	25.52%
<b>Profit Before Tax</b>	<b>255.89</b>	<b>271.79</b>	<b>-5.85%</b>	<b>199.20</b>	<b>28.46%</b>
Provision for Taxation	43.94	48.01	-8.48%	30.92	42.12%
<b>Profit After Tax</b>	<b>211.95</b>	<b>223.78</b>	<b>-5.29%</b>	<b>168.28</b>	<b>25.95%</b>
Minority Interest	-	-	-	1.27	-100.0%
Profit after Minority Interest	211.95	223.78	-5.29%	167.01	26.91%
Exceptional Item	-	-	-	-	-
<b>Profit after exceptional item</b>	<b>211.95</b>	<b>223.78</b>	<b>-5.29%</b>	<b>167.01</b>	<b>26.91%</b>
Paid up Capital	156.10	156.09	-	156.09	-
Free Reserves	2,767.66	2,479.79	-	2162.64	-
EPS (Rs. 2/-Face Value each)					
- Basic	2.72	2.87	-5.33%	2.16	25.72%
- Fully Diluted	2.69	2.86	-5.95%	2.15	25.05%
<b>Common Size Analysis:</b>					
Gross Profit Margin	45.84%	42.98%	-	42.05%	-
Sales & Marketing Exp / Revenue	8.63%	9.43%	-	8.25%	-
General & Admin Exp / Revenue	10.75%	12.36%	-	14.38%	-
EBITDA Margin	26.46%	21.19%	-	19.41%	-
Net Profit Margin	11.98%	12.95%	-	8.31%	-

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



**PERFORMANCE METRICS (QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009)**

	Q2 FY10	Q1 FY10	Q-o-Q Growth	Q2 FY09	Y-o-Y Growth
<b>Revenue Spread - Geography</b>					
USA	56.64%	55.53%	4.45%	53.88%	-7.42%
Europe	34.01%	36.39%	-4.26%	36.46%	-17.84%
Rest of World	9.35%	8.08%	18.54%	9.66%	-14.74%
<b>Revenue Spread - Verticals</b>					
Manufacturing	86.59%	82.68%	7.27%	88.87%	-14.19%
BFSI	7.37%	7.63%	-1.05%	5.08%	27.87%
Others	6.04%	9.69%	-36.22%	6.05%	-12.07%
<b>Revenue Spread - by LOB</b>					
Manufacturing Business IT	50.47%	52.27%	-1.10%	51.21%	-13.19%
Auto Electronics	26.45%	26.05%	4.00%	29.23%	-20.30%
Semiconductor Solutions Group	6.80%	5.56%	25.15%	7.36%	-18.64%
Diversified Financial Services	7.22%	7.88%	-6.15%	5.12%	24.29%
Global Business Solutions	9.05%	8.23%	12.61%	7.08%	12.60%
<b>Customer details</b>					
No. of Customers Added	4	5	-	6	-
No. of STAR Customers	26	26	-	26	-
No. of Active Customers	137	133	-	123	-
Customers with run rate of >\$1Mn	26	25	-	30	-
Top Client - Cummins	32.14%	33.76%	-2.52%	40.43%	-29.99%
Star Customers - Non Cummins	49.82%	48.40%	5.41%	42.55%	3.12%
Top 10 Client Billing	67.71%	69.52%	-0.26%	67.23%	-11.30%
Repeat Business	90%+	90%+	-	90%+	-
<b>Onsite / Offshore Split</b>					
Onsite Revenues	37.30%	41.93%	-8.89%	44.01%	-25.35%
Offshore Revenue	62.70%	58.07%	10.58%	55.99%	-1.38%
<b>Revenue by Contract Type</b>					
Time and Material Basis	66.48%	77.74%	-12.42%	83.22%	-29.65%
Fixed Price / Time Basis	33.52%	22.26%	54.20%	16.78%	75.98%
Debtors (days)	70	74	-	74	-



	Q2 FY10	Q1 FY10	Q-o-Q Growth	Q2 FY09	Y-o-Y Growth
<b>Human Resources - Details</b>					
Development Team - Onsite (Avg)	465	496	-	614	-
Development Team - Offshore(Avg)	3,543	3,539	-	3,753	-
Onsite FTE	439	461	-4.77%	576	-23.78%
Offshore FTE	2,580	2,389	7.99%	2,679	-3.70%
Total FTE	3,019	2,850	5.93%	3,255	-7.25%
Development (at Qtr end)	4,035	3,973	-	4,353	-
Gen Mgmt / Support (at Qtr end)	351	348	-	361	-
Marketing (Subsidiaries) (at Qtr end)	51	49	-	47	-
Total (at Qtr end)	4,437	4,370	-	4,761	-
Onsite utilization	94.33%	92.93%	-	93.88%	-
Offshore utilization	72.82%	67.50%	-	71.38%	-



## CONFERENCE CALL DETAILS

Conference name : KPIT Cummins Q2 FY2010 Conference Call  
Date : Friday, 16<sup>th</sup> October 2009  
Time : 1600 Hrs (IST)  
Dial-in numbers : Primary : +91 22 25983200  
Standby : +91 22 66085000  
Toll Free : 1800 22 7129 / 1800 209 7129

### About KPIT Cummins Infosystems Ltd.

KPIT Cummins Infosystems Limited (BSE: 532400; NSE: KPIT), a trusted global IT Consulting and product engineering partner, is focused on co-innovating domain intensive technology solutions for Manufacturing corporations (with special focus on Automotive, Hi-Tech & Industrials verticals) to help its customers become efficient, integrated and innovative enterprises.

A leader in technology solutions and services, KPIT Cummins currently partners with 100+ global Manufacturing corporations including 50+ Original Equipment Manufacturers (OEMs), semiconductor companies and Tier 1s, helping them globalize efficiently & bring complex technology products/ systems faster to their global markets.

Please visit [www.kpitcummins.com](http://www.kpitcummins.com) for more information.

## 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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