



INVESTOR UPDATE

FOR

QUARTER ENDED 31st DECEMBER 2007

HIGHLIGHTS

- Revenue in US\$ terms grew by 42.11% y-o-y and 4.30% q-o-q to US\$ 37.11 Mn; In Rupee terms, Revenue grew by 29.09% y-o-y and 1.29% q-o-q to Rs. 1,511.72 Mn
- Volume growth (FTE based) has been 35.01% y-o-y and 5.86% q-o-q.
- Offshore revenues grew by 42.05% y-o-y and 6.98% q-o-q to constitute 54.59% of total revenues.
- Gross Profit increased by 34.84% y-o-y and 6.56% q-o-q to Rs. 589.13 Mn, leading to increase in Gross Profit Margin by 1.93% q-o-q to 38.97%
- Net Profits for the quarter grew by 2.97% y-o-y to Rs. 141.13 Mn.
- MSA of leading customers renewed with rates higher by 12-15%
- Revenue growth has been led by Auto Electronics & GBS
- Won prestigious AUTOSAR project
- 2 new Star customers added - total of 23 Star customers
- 25 customers reach revenue run rate of over \$ 1 Million

QUARTER ENDED DECEMBER 31, 2007 (Q3FY08)

FINANCIALS

- Revenues in US\$ terms grew sequentially by 4.30% and 42.11% y-o-y.
- Average realization during the quarter was Rs. 40.74 per US\$ as against Rs. 41.95 per US\$ during the previous quarter, lower by 9.16% compared to the average realization in Q3FY07.
- Revenues in Rupee terms grew sequentially by 1.29% and by 29.09% y-o-y.
- Offshore revenue growth was 42.05% y-o-y and 6.98% q-o-q.
- Offshore revenue constituted 54.59% of total revenue, as compared to 51.69% in Q2 FY08 and 49.61% in Q3 FY07.
- Volume growth, as measured by FTE growth, measures the actual increase in the volume of work without the effect of exchange rate or billing rates. During the quarter, total volume growth was 35.01% y-o-y and 5.86% q-o-q.
- During the quarter, the proportion of fixed price contracts went up to 14% as compared to 12% in the previous quarter and 9% a year ago.
- Gross profit during the quarter increased by 34.84% y-o-y and 6.56% sequentially, despite a 2.88% decline in average realization rate for the quarter.
- Gross profit margin for the quarter was 38.97%, higher by 1.93% over the previous quarter on account of higher offshoring volume.
- EBITDA has grown by 33.27% y-o-y to Rs. 237.86 Mn.
- PBT grew during the quarter by 2.60% sequentially to Rs. 163.44 Mn. PBT margin improved slightly to 10.81% as compared to 10.67% in the previous quarter.
- As at the end of December 2007, total hedged position stood at approximately \$19.44 Mn at an average of Rs. 41.86 / US\$.
- Balance Sheet details:

Rs. Million	Q3 FY08	Q2 FY08
Shareholders Equity	2777.11	2467.71
Total Debt	991.03	1224.29
Total current assets	2586.38	2659.54
Cash balance	573.11	673.95
Receivables	1512.06	1320.39
- No of days of sales	85	81
Fixed Assets	1898.46	1751.87
Total Assets	3803.21	3724.92

EMPLOYEES

- Offshore FTEs have grown by 41.16% y-o-y and 7.12% q-o-q. Comparatively offshore revenue has grown by 42.05% y-o-y and 6.98% q-o-q.
- Onsite FTEs have also grown by 13.89% y-o-y, with a marginal increase compared to the previous quarter.
- Overall utilization stands at 73.20% during the quarter, a decline from the previous quarter, primarily on account of decrease in onsite utilization. Offshore utilization have remained at the same level.
- Total employee strength for the Company at the end of Dec 2007 was 4152, of which employees in the KPIT Cummins Global Business Solutions (GBS) accounted for 496. During the quarter, net employee addition was 213.

CUSTOMERS

- Share of revenue from Cummins was 37.95% as compared 40.00% in the corresponding quarter of the previous year and 39.05% in the previous quarter. The revenue from Cummins grew by 22.49% y-o-y.
- During the quarter 2 customers were reclassified as Star customers, taking the total number of Star customers to 23. One of the two new star customers in a leading Tier I vendor to the automotive industry, while the other is a leading middleware software company.
- As non-Cummins continue to ramp up, growth from this set of customers has been higher. Non Cummins Star customers, on an aggregate, have recorded a growth of 8.86% q-o-q and 37.86% y-o-y. On a like to like basis (i.e. taking the revenues of the new Star customers in the previous quarter) the q-o-q growth in non-Cummins Star customers' revenues was 7.45%. Non Star customers too, have shown higher growth of 2.43% q-o-q and 39.21% y-o-y.
- Revenues from Star customers have increased by 3.82% sequentially and by 30.35% y-o-y. On a like to like basis (taking into account the previous quarter revenue of the new Star customers), revenue from Star customers have 3.12% over the previous quarter.
- The Company has been able to achieve 12-15% increase in billing rate from several of its customers on the renewal of their respective MSAs. This has been possible on account of strengthening of the Company's positioning. recognition of the Company's quality of services and the length of relationship with the customers. The billing rate increases are with effect from January 2008.
- With ramp up in customer account in Asia Pacific geography, revenues from Rest of World grown by 14.55% q-o-q and 92.23% y-o-y. European region grew by 45.22% y-o-y and 3.35% q-o-q

- 4 new customers were added during the quarter, taking the total number of active customers to 106. Of the new relationships, we have one each in the SSG and DFS LoBs, and two in GBS.
- Automotive electronics Line of Business (LoB) and Global Business Solutions (GBS) LoB have led the growth in revenues, growing by 15.28% and 31.70% respectively during the quarter.
- During the quarter, the Company's Automotive Electronics LoB won a prestigious Conformance Test Development Project awarded by the AUTOSAR (AUTomotive Open System Architecture) consortium. The project is KPIT Cummins' major step towards establishing leadership in the Automotive space in Europe. The Company also won an order from one of the premier supplier to the global automotive industry.
- In its GBS LoB, in line with its focus on Finance & Accounting (F&A) BPO projects, the Company won a F&A support project at a leading european pharmaceutical and chemicals company. Starting with providing support at their newly acquired plant at US, the Company will also look for expanding its services to other territories and service areas.
- The Company had some significant customer / project wins in the Business Intelligence (BI) area too from a global marketer of consumer and commercial products and from a UK based international grocery and general merchandising retail chain.

AWARDS & RECOGNITIONS

- For the second consecutive year, the company has been listed in the Top 25 Companies nominated for the ICSI National Award for Excellence in Corporate Governance 2007 conferred by The Institute of Company Secretaries of India
- The Company became the second company in the world to obtain the Automotive SPICE™ Maturity Level 5, a testimony of its stringent quality systems and capability to develop critical embedded software systems and components. Automotive SPICE™ under the PATHFINDER™ certification scheme for organizational maturity evaluates the quality & process competences as well as the organizational maturity of software service providers for automotive manufacturers.
- The Company has also now become an ARM Approved Design Centre. ARM Approved Design Centres have been assessed for the provision of the range of capabilities required by the rapidly growing number of ARM "Design Clients" who choose to outsource all or part of their design and manufacturing activities. ARM Approved Design Centre status will enable KPIT Cummins to deliver World class SoC based design services on ARM Platforms with special focus to Automotive and Consumer Electronics Markets. KPIT Cummins has domain expertise in Analog Mixed Signal, SoC and Embedded Software capabilities for Automotive & Consumer Electronics.
- KPIT Cummins' Chairman and Group CEO, Mr. Ravi Pandit, was awarded with the distinguished - Miller Award of Excellence, by Cummins Inc, USA. This award is presented to

honor individuals whose work on behalf of the Company and whose core values reflect the spirit of J. Irwin Miller, former Chairman and CEO of Cummins.

- The Company has ranked as a “Platinum Partner of Renesas”. Platinum partners are premium Renesas partners with deep knowledge of Renesas devices and tools. Renesas engages with these select partners by invitation only.
- KPIT Cummins has been evaluated as one of 14 key Indian providers of offshore BPO for Investment Services Firms by Gartner in its November 2007 report titled “Offshore Delivery of BPO for Investment Services Firms”.
- During the quarter, KPIT Cummins filed for a second patent in the area of reducing hardware for multiplier for Digital Signal Processing (DSP). The first patent, filed earlier, was related to microprocessor obsolescence.

CAPACITY EXPANSION

- The third state-of-the-art facility, with a capacity of 365 people, has been established at Whitefield in Bangalore.

INCOME STATEMENT

For the Quarter ended 31st December 2007

Rs. Million	Q3FY08	Q2FY08	Q-o-Q %	Q3FY07	Y-o-Y %
Sales	1511.72	1,492.42	1.29%	1,171.07	29.09%
Software Development Expenses	922.59	939.55	-1.81%	734.17	25.66%
Gross Profit	589.13	552.87	6.56%	436.90	34.84%
Selling and Marketing Expenses	155.52	142.57	9.08%	129.78	19.83%
General & Admin Expenses	195.76	175.44	11.58%	128.64	52.18%
EBITDA	237.86	234.86	1.28%	178.48	33.27%
Interest & Finance Expense, net	19.74	18.82	4.90%	9.38	110.36%
Depreciation	58.74	57.17	2.74%	30.34	93.60%
Profit After Depn. & Interest	159.38	158.87	0.32%	138.76	14.86%
Other Income	4.06	0.43		0.89	
Profit Before Tax	163.44	159.29	2.60%	139.65	17.04%
Provision for Taxation	22.31	18.46	20.84%	4.40	406.56%
Minority Interest	0.18	(0.11)		1.99	
Profit After Tax	141.30	140.73	0.41%	137.23	2.97%
Paid up Capital	155.66	152.55		74.46	
Free Reserves	2,667.01	2,300.17		1,690.55	
Earning per Share (of Rs. 2/-)					
Basic (Rs.)	1.83	1.84		1.84	
Diluted (Rs.)	1.78	1.79		1.49	
Margin Analysis:					
Gross Profit Margin	38.97%	37.05%		37.31%	
EBITDA Margin	15.73%	15.74%		15.24%	
Net Profit Margin	9.35%	9.43%		11.72%	

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 - Q3 FY08

	Q3FY08	Q2FY08	Q-o-Q %	Q3FY07	Y-o-Y %
Revenue Spread - by Geography					
USA	54.51%	56.60%	-2.45%	62.25%	13.04%
Europe	33.13%	32.47%	3.35%	29.45%	45.22%
Rest of World	12.36%	10.93%	14.55%	8.30%	92.23%
Revenue Spread - by Verticals					
Manufacturing	82.52%	82.45%	1.38%	77.50%	37.45%
BFSI	8.41%	8.39%	1.53%	10.63%	2.17%
Others	9.06%	9.17%	0.08%	11.87%	-1.47%
Revenue Spread - by LOB					
Manufacturing	40.44%	42.94%	-4.60%	NA	NA
Auto Electronics	24.31%	21.37%	15.23%		
Semiconductor Solutions Group	9.11%	8.73%	5.70%		
Business Intelligence	11.89%	14.30%	-15.78%		
Diversified Financial Services	6.92%	7.02%	-0.15%		
Global Business Solutions	7.32%	5.63%	31.70%		
Customer details					
No. of Customer Added	4	5		4	
No. of STAR Customers	23	21		15	
No. of Active Customers	106	102		86	
Customers with run rate of >\$1Mn	25	21			
Top Customer - Cummins	37.95%	39.05%	-1.56%	40.00%	22.47%
Star Customers - Non Cummins	44.62%	41.51%	8.86%	41.78%	37.86%
Top 10 Customer Billing	70.80%	72.29%	-0.79%	75.75%	20.65%
Repeat Business	90%	90%		90%	
Onsite / Offshore Split					
Onsite Revenues	45.41%	48.31%	-4.79%	50.39%	16.33%
Offshore Revenue	54.59%	51.69%	6.98%	49.61%	42.05%
Revenue by Contract Type					
Time and Material Basis	86%	88%		91%	
Fixed Price	14%	12%		9%	

	Q3FY08	Q2FY08	Q-o-Q %	Q3FY07	Y-o-Y %
Human Resources - Details					
Development Team - Onsite (Avg)	545	521		485	
Development Team - Offshore (Avg)	2985	2770		2125	
Onsite FTE	492	488	0.82%	432	13.89%
Offshore FTE	2092	1953	7.12%	1482	41.16%
Employees at the end of Quarter					
Development staff	3764	3561		2787	
Gen Mgmt / Support staff	344	334		298	
Marketing (Subsidiaries) staff	44	44		34	
Total	4152	3939		3119	
Employee utilization					
Onsite	90.34%	93.73%		89.00%	
Offshore	70.07%	70.51%		69.75%	

CONFERENCE CALL DETAILS

The Company will host a post earnings conference call on 18th January, 2008. The details of the conference call are as follows:

Conference name : KPIT Cummins Q3 FY08 Conference Call
Date : Friday, January 18, 2008
Time : 1530 Hrs (IST)
Dial-in numbers : Primary : +91 22 2781 3185
Standby : +91 22 6776 3885

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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