KPIT Cummins
Fourth quarter and Annual Results FY 2013

Investor Release

BSE: 532400 | NSE: KPIT

KPIT Cummins meets FY13 revenue guidance of 32% growth given at the beginning of the year, meets the upward revised profit guidance
Registers 33% Y-o-Y growth in USD revenues, INR revenues grow by 49%
Net Profits grow by 37% Y-o-Y

Pune, April 29, 2013: KPIT Cummins (BSE: 532400; NSE: KPIT), a leading product engineering and IT consulting partner to automotive & transportation, manufacturing and energy & utilities companies, today reported its consolidated financial results for the quarter and full year ended March 31, 2013.

Highlights for the quarter & full year ended March 31, 2013

Q4 FY2013:

- USD Revenue grew by 2% Q-o-Q and 10.6% Y-o-Y to USD 105.5 Million.
- INR Revenue stood at INR 5,698.6 Million, a Q-o-Q growth of 1.2% and Y-o-Y growth of 18.7%.
- EBITDA margin expanded by 207 bps to 17.7%.
- Q4 FY2013 PAT grew by 17% Y-o-Y to INR 511.7 Million.

Full year ended March 2013:

- Achieved the USD revenue guidance for the year with 32.7% Y-o-Y growth to reach USD 410.5 Million.
- Exceeded the revenue guidance for the year with revenue of INR 22,386.3 Million, a Y-o-Y growth of 49.2%.
- Outperforms lower end of upward revised profit guidance, with 36.9% Y-o-Y growth to reach INR 1,990 Million.

Guidance for FY14:

- FY14 USD Revenue to be in the range of USD 465 Million to USD 475 Million, a growth of ~14% - 16%
- FY14 PAT to be in the range of INR 2,309 Million to INR 2,388 Million, a growth of ~16% - 20%

Management comments

Commenting on the company's performance in Q4 and FY13, Ravi Pandit, Chairman & Group CEO, KPIT Cummins said, "We are pleased with our performance in FY13. We met the revenue guidance given at the start of the year and have also achieved the upward revised profit guidance. This performance is a result of better alignment of our value propositions with the needs of our customers and their confidence in our expertise. We expect revenue growth in FY14 to be industry beating again at 14-16% and estimate 16-20% growth in profits during the year. FY13 has placed us in a strong position as we pursue our goal of reaching USD 1 billion in revenues by FY17."

Kishor Patil, MD & CEO, KPIT Cummins said, "Our IP led revenues doubled during the year, in line with our strategy to build on profitability with focus on non-linear revenues. We are confident of sustaining our growth momentum in FY14, with APAC geography growing at a faster pace alongside US. Our current pipeline and order book status confirms to our guidance for the new fiscal year and we will add around 1,000 people to our team in FY14. As a technology partner to global manufacturing companies, we are making investments in developing new solutions and platforms that will help customers build better products and win in the competitive marketplace. Moving further on our Cloud, Analytics, Social and Mobile (CAMS) strategy, in FY13 we added a high end SuccessFactors certified team in the US to boost our SAP cloud offerings, and continue to build solutions in the CAMS space."

Corporate Update

FY13 started positively for the industry but condition changed as the year progressed. At the beginning of the year we had guided for an industry leading, 32% + growth number and despite the macro uncertainties, at the end of the year, we were able to deliver the guided growth. In terms of profitability, we increased our guidance during the year and delivered on the increased guidance. Though we met both the topline as well as the bottom-line numbers, we had our own set of challenges during the year with SAP Business and Cummins as an account, especially during the second half of the year. Sluggishness of the European market remained a challenge throughout the year, however US and APAC geographies helped us neutralize this slowness. Our growth during the year was supported largely by Auto Embedded and IES businesses.

Having sailed successfully in FY13, we take this opportunity to look into the opportunities for FY14 and beyond, for KPIT.

BUSINESS UPDATE

SHARPENING OUR FOCUS

KPIT's philosophy has always been to concentrate on a few industry verticals viz. Automotive and Transportation, Manufacturing and Energy & Utilities and thereby becoming an integral part of the ecosystem of these verticals. KPIT strives for leadership in the areas in which it operates. Leadership at KPIT means working with the industry leaders, having the maximum wallet-share of outsourced services and having scale and being recognized as a 'Though-Leader' by the industry participants. To attain this leadership, we regularly invest in domain focused technology R&D thereby staying ahead on the technology curve. We also look to attain leadership through our people - domain experts from their respective verticals. We have been adding such experts across the globe and will continue to do so in the near future.

Read on to learn more about how we have been continuing to focus on our verticals:

AUTOMOTIVE AND TRANSPORTATION :

The recent US market statistics indicate a growing confidence in economic recovery with major automakers witnessing growth in sales. In March 2013 Chrysler saw its best sales since December 2007 while GM and Ford saw an increase of 6% in their US sales. This growth is being led by pent up demand from old vehicles, easy availability of credit combined with a wide range of new and advanced technology products being available in the market. To remain competitive and gain market share, auto majors need to maintain / reduce costs and still bring in high end technology features in vehicles. The electronics component is increasing in new vehicles being launched by automakers driven by innovative technologies and consumer demands.
Each car and truck built in North America now contains almost USD 3,200 worth of electronic equipment, up from just under USD 1,500 a decade ago. A multifold rise is expected over the next five years. Even in the Indian market, legislative changes and consumer needs are driving auto majors to offer advanced features in new models. Airbags and anti-lock braking systems are likely to become mandatory in Indian passenger vehicles by FY14. In the infotainment segment, blue tooth connectivity and USB port are expected to witness higher uptake, even in the mid-size car and hatchback segments. Worldwide sales of automotive electronic technology are expected to soar from USD 189 billion in 2012 to USD 274 billion by 2017.

We believe, with technology at the forefront of innovation and differentiation, there are tremendous opportunities for specialist players like KPIT in the Automotive vertical. Some of the key industry trends and our specific responses to those trends are as follows:

Key Industry trends:

- Stringent Regulations for emission reduction and fuel efficiency improvements
- Standardization of Electronics (ECU) software platform
- Complexity in Infotainment – consumer electronics having a much faster product development cycle
- Standardization of diagnostic tools
- Driver, Occupant and Pedestrian Safety concerns and regulations across the globe

- Thrust on alternate fuel technologies
- Global value chain optimization
- Retail Transformation
- Call for launching increasingly sustainable, connected vehicles
- Capitalize on services opportunities for intelligent, connected vehicles
- Need to focus on the customer as an individual

Our Response:

Engineering:

We are bringing in technologically advanced products which cover, practically, every functionality in a car and every aspect of the value chain of the automotive industry.

- Powertrain solutions addressing emission reduction and fuel efficiency improvement with multiple global OEMs
- AUTOSAR productized solution, only company in the world to have a suite of Autosar Products
- KPIT In Vehicle Infotainment (KIVI) Platform, designed with a motive - future proof car infotainment. Only ISV in the world to have a GENIVI compliant Infotainment Platform
- Technically advanced Diagnostic Product suite – ODX, OTX
- Patented solutions in Advanced Driver Assistance Systems (ADAS) based on vision technologies and image processing, frugal engineering resulting into cutting edge technology
- Battery Management Systems – patented solutions, high end hybridization and electrification work.
- Safety compliance, best-in-class products for the latest ISO standards compliance

Business IT:

- Warranty Management Solutions, a key offering to the OEMs
- Predict – to – Plan – to – Consensus : A solution that helps in forecasting and demand planning
- OnTrack[SM] Asset Monitoring : a cloud based solution that helps in asset tracking, management and analytics
- KPIT Accelerate Solution for Auto Ancillary
- Dealer Management Solutions
- Oracle Agile PLM to JDE connector
- Utopia : upgrade assessment pack for JDE
- AutoEdge : SAP solution for the Automotive suppliers, sales and service organizations to simplify and optimize core business processes

MANUFACTURING:

The manufacturing vertical is also driven by technological innovations. The key thrust is on operational efficiency through productivity improvement, quality management and cost reduction by automation of human tasks. Another important focus area for manufacturers around the globe is reduction in time to market. Rapid prototyping and actual manufacturing, using technologies like 3D printing is fast gaining momentum. Also embedded technologies have been playing a vital role, making machines more intelligent and efficient. For sub industries within manufacturing, like off highway equipment and farm equipment manufacturers, emission, fuel efficiency and even infotainment are becoming big technology spend areas.

According to Gartner, CRM software will be the top priority for additional spending on enterprise applications globally this year. This is expected to increase because organizations are highly focused on customer retention, satisfaction and attracting new customers. In the planned IT spending ERP occupies the top slot in Eastern Europe and APAC driven by increase in new users and the growth in manufacturing which is a key part of these economies. The economic growth is driving enterprises across APAC region to consider BI and analytics services with a view to drive in better business efficiency while improving decision making capabilities. The estimated size of the Asia Pacific BI and analytics services market in 2013 is USD 2.1 billion, with a CAGR of 8.2% through 2015, the second-highest growth rate among the regions.With increasing adoption of enterprise mobility across organizations the market for enterprise mobility solutions is expected to grow at a CAGR of 15% to touch USD 140 billion by 2020. The existing spend by enterprises on mobility is also expected to grow to 10%-12% of the total IT spend by 2020 compared to less than 5% now.

Manufacturing is slated to return to the developed countries like US and UK, especially with rising evidence that near shoring or out sourcing of manufacturing is no longer as attractive as it used to be in terms of cost reduction. Recent studies predict that if the current trends hold, by 2015 the average cost of importing manufactured products from China will be about the same as manufacturing them in the US.

Thus, we trust that the manufacturing vertical is embracing technology in a big way and business solutions with technology in the lead is a great value demonstration to the manufacturing vertical. Some of the key trends and our response to the same is outlined below:

Engineering:

- Re-architecture of electronics to reduce costs and increase efficiency
- Autosar offerings for standardization
- Model based Development for enhancing reliability
- Diagnostics solutions

Business IT:

- Should Costing
- Oracle Accelerate Solution for Industrial Manufacturing
- Agile PLM Accelerator for Medical Device manufacturing companies
- Utopia : upgrade assessment pack for JDE
- Assembly line kitting solution : EBS Bolt-on
- HITECHEdge : SAP pre-configured solution for the Hi-Tech industry
- FMCEDGE : SAP pre-configured solution for the metal components industry
- ComponentEDGE : SAP pre-configured solution for discrete manufacturing organizations
- 360 customer package : to migrate existing CRM installations to SAP HANA
- Stratos CRM mobility solution

ENERGY & UTILITIES:

There has been a similar technological transformation in the utilities industry with smart meters and smart grid technologies changing the way utilities served their customers in developed markets. These technologies are slowly making their way into the emerging markets now. The global market for smart-grid technologies will generate revenues of USD 73 billion in 2020, up from USD 33 billion in 2012. Simultaneously, a continuous evolving regulatory environment and a strong push towards renewable energy sources has brought forth a period of transition for the utilities industry. These changes have resulted in generation of volumes of data and the need for analytics concerning that data. Overall, the worldwide market for smart grid data analytics is expected to grow steadily through 2020, with cumulative worldwide spending from 2012 through 2020 totaling just over USD 34 billion. The bulk of this spending will occur in Asia Pacific, where annual investment will surpass USD 2.5 billion by 2020. These new technologies will also challenge the traditional business, operations and management structure that utilities have got accustomed to over last so many years. It also implies the need for transformational deals in ERPs. Many utilities are also looking at cloud solutions to help them adapt the new business models and operational architectures. As per a recent research, the market for smart-grid-related cloud services will reach USD 4 billion by 2020.

Thus the Energy and Utilities vertical offers tremendous opportunities, especially in the Business IT area. With our clear focus and early mover advantage (especially in the US) we are gearing up for the opportunities this vertical has to offer:

Engineering:

- Currently we have all the technology knowledge in engineering and aim to apply the same for domain specific solutions for the Energy & Utilities vertical, in the near future.

Business IT:

- SUNAS: Specific solution in SAP for Utility company business needs in North America. Helps Utility, Oil & Gas and Energy companies lower operating costs, improve customer service and future-proof critical applications
- SAP certified HANA RDS packages for the utilities industry
- Ready to deploy BW to HANA migration RDS solution
- VersaPOS : a fuel retail solution that helps integrate retail station operation with corporate ERP
- Retail point of sale solution for JDE
- iSUNASWM – Work Order Management mobility solution for the utilities industry

We will continue to deepen our emphasis on business solutions targeted specifically towards our focus verticals. We believe that now is the time to further strengthen our positioning within these verticals. We have been delivering industry leading growth numbers for the past 3 consecutive years and have the capability to maintain our leadership in these verticals and build further on the same as we collectively march towards our vision of being a USD 1 Billion revenue company with 18% EBITDA, by 2017.

Source: Scotia Bank, Gartner, Pike Research, NASSCOM reports.

REVENUE UPDATE

USD Revenue (in million)	Q4 FY13	Q3 FY13	Q-o-Q Growth	Q4 FY12	Y-o-Y Growth
Reported Revenue	105.52	103.46	2.00%	95.38	10.63%
Adjustment for SSG	-	-		2.04	
Adjustment for DFS	-	-		-	
Comparable Revenue	**105.52**	**103.46**	2.00%	**93.34**	**13.05%**

The reported USD revenue number of USD 410 Million is at actual cross currency rates. If we measure the USD revenue with constant currency rates, then, the actual revenue number for FY13 comes to USD 413 Million.

Amongst the SBUs, we saw a very strong growth in A&E SBU as it grew by 8.3% QoQ while IES SBU grew by 1.7% on a QoQ basis despite the softness in Cummins account. SAP SBU had another soft quarter with revenue decline of 5.8% QoQ.
We saw another strong quarter in SYSTIME as revenues grew by 9.3% Q-o-Q to USD 19.9 Million. For the year FY13, IES SBU led the growth with 75.3% while SAP and A&E SBU grew by 36.7% and 39.1% respectively.

During FY13 the revenue share of our top client Cummins came down from 21.5% to 19% with a YoY growth of 31.6%. Due to the current macro environment Cummins as an entity has been experiencing volatile business conditions and expects a slowdown mainly in the first half of CY13. We also expect a similar trend in our business with Cummins with softness prevailing in the first half of CY13 and pick-up in the business momentum from second half of the year. For the quarter revenue declined by 12.3% QoQ while its revenue share came down to 16.6%. Despite this short-term concern, we would continue to be a strategic partner for Cummins and work together in their transformational and long term engagements.

Our total customer addition for the year was 14, with 5 customers added in Q4FY13 taking the active customer count to 183.

This year we saw a strong growth in APAC geography which is now a very strategic market for us both in engineering and Business IT related services. During the year we strengthened our foothold in APAC and secured a few key projects across the region. US continue to be the biggest market for us with growth opportunities in the space of JDE and SAP offerings mainly across manufacturing and utilities vertical. Our Europe market share came down during the year primarily impacted by the Euro-zone conditions. Even though we have expanded our presence across the European geography and we see some stability in Germany which is an important automotive market for us but we do not expect a major turnaround in this region unless the macro improves.

PROFITABILITY

During Q4FY14, our operating margins went up by 207 bps to 17.7%. The prime reason for this was the change in business mix with Auto Engineering and IES share in the total revenues going up. Both the SBUs also saw a rise in their respective operating margins. For the full year, the company level EBITDA stood at 16.30%, an increase of 180 bps over the last year. We had targeted an improvement of 50 bps to 100 bps in EBITDA for FY13. We are pleased to have beaten this target.

For the year, A&E SBU recorded EBITDA in the range of 24% - 25%, IES SBU in the range of 17% - 18% and SAP SBU EBITDA stood at 5%.

The realized rate for FY13 was INR 54.5/USD as compared to INR 48.51/USD in FY12.

During the year the full impact of the rupee depreciation did not flow to the operating margins, mainly due to the following 2 reasons:

- We stepped up our investments in Subject Matter Experts in individual practices with an aim to create more business focused solutions for our Strategic customers, in the target industry verticals
- The SAP SBU operations got a set back with SAP's increased focus on cloud applications, especially in the HR area, which affected the revenues and in turn the operating margins of SAP SBU, especially in the second half of the year.

The net impact of all foreign exchange gains and losses, viz. MTM on hedges, actual gains/losses on contracts maturing during the year and the net impact of translations of all foreign currency denominated assets and liabilities is under the other income line item in the P&L account. For FY12, the other income was positive at INR 128 Million, whereas for FY13 the number stood at a loss of INR 170 Million. Thus for the Y-o-Y change, the impact of other income stood at INR 300 Million. Thus as a result, the impact of the rupee depreciation was not seen even on the PAT number to the extent it should have reflected.

CASH FLOW

We have been focusing on increasing the cash flow from operations for the company. We closely monitor the DSO days and also the commitments on fixed assets additions. We believe we have been fairly poised on both these items. A cash flow synopsis of the FY13 Cash Flow is as under:

Details	INR Million
Cash Profit for FY13	**2,462**
Working Capital Adjustments	(1,085)
Cash Generated from Operations	**1,377**
Fixed Assets + Dividend + ESOPs	(756)
Balance Cash Flow	**621**
M&A Investments	(1,397)
Financing - Debt	1,311
Balance Cash Flow	**535**
Financing - Equity	1,620
Total Surplus for the year	**2,155**

Thus we had a healthy cash generation, from operations, for the year.

We leveraged our balance sheet to help us on the existing M&A deal payments which we did during the year. With the current level of operations and the expected growth in these, we believe that the cash outflow for the M&A investments will come back to us in the form of cash in under 2.5 years. The cash raised by way of Equity in Q3 FY13 will primarily be used for the balance payments of the existing deals and new deals, if any.

Our growth over the years has been pretty steep. In FY11 and FY12, our cash flow from operations as a % of EBITDA stood at approx. 43% and 46% respectively. We believe there is a cost of growth associated with faster growth and hence the above ratio is comparable only between similar growth organizations. As a matter of simulation if we hypothetically assume our growth for FY11 and FY12 to be half of what it actually was, the above ratios (cash flow from operations as a % of EBITDA) significantly improve to 61% and 63% respectively. Thus the lower ratios, if only due to faster growth rates, is merely a cost of growth and not cash flow generation inefficiency.

LEADERSHIP TEAM UPDATE

There has been a change in the SBU leadership during the quarter with Lokesh Sikaria, the head of SAP SBU, deciding to pursue his interest outside KPIT. The SBU will now be led by Vaibhav Nadgouda, Executive Vice President, SAP SBU who will work closely with Mr. Sachin Tikekar, Board Member, President- Strategic Relationships & Business Transformation. With more than 16 years of consulting and business delivery experience in the SAP space, Vaibhav has been driving global relationships with key customers including Fortune 500 companies. The leadership transition has already been completed and it has been functioning smoothly across employees and client relationships.

All other partners and the executive leadership of Sparta will continue as earlier.

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

Oracle Platinum Partner and Winner of the 2012 Oracle Excellence award for Specialized Partner of the year – North America

In IES SBU, we have established an exclusive Oracle Exalytics Center of Excellence (CoE) – one of the 3 Exalytics CoEs that Oracle plans to build across India. Exalytics CoE is aimed at offering customers a hands-on experience in the industry's first high-speed engineered system, featuring in-memory business intelligence (BI) software and hardware to deliver extreme performance. With this CoE we will be able to provide BI, DSS and Analytics solutions in corporate functions like operations, Sales & EPM.

Overall there is good traction for JDE Upgrades, Master Data Management, BI and Value chain execution offerings while there is increased demand for bundled solutions and shared support proposition around Oracle E-Business Suite (EBS) in India. In the European region there is moderate traction for Edge products like Value Chain Planning. With Oracle extending the support for R12 upgrades by another year till May 2014, we are trying to work upon a similar JDE upgrade model for EBS R12 upgrades by building foundation through upgrade assessments using our proprietary solutions. We have also intensified our efforts in Cloud, Analytics, Mobility and Social (CAMS) space where we already had a few mobility deal wins in the past but we achieved our first strategic win for cloud related offering during this quarter. We are now working towards creating a strong pipeline of opportunities in this area.

A leading independent analyst firm in its assessment of Oracle based Supply Chain System Integrators has mentioned KPIT **amongst the only four vendors, globally, with extensive support capabilities in warehouse management**.

CUSTOMER HIGHLIGHTS

- KPIT continues to be the consulting partner of first choice for global manufacturing corporations. A fortune 200 North American industrial manufacturer and a large energy manufacturer selected KPIT to strengthen their business processes and enhance reporting & analytics experience.
- PL Developments, a Midsize Pharmaceutical Manufacturer utilized Oracle Business Accelerators to Quickly Implement Oracle E-Business Suite 12.1 and Fuel Rapid Growth.
- Supply chain, transportation, logistics & warehouse management remain important traction areas for KPIT, where several manufacturing corporations and logistics providers are engaging KPIT to optimize their supply chain, distribution and storage functions. A leading Asian logistics and shipping corporation has selected KPIT as its transportation management consulting and system integration partner.

AUTOMOTIVE & ENGINEERING (A&E) SBU

Largest 3rd party Automotive Electronics Vendor in the World

In A&E SBU we continue to see more traction in Powertrain, AUTOSAR, Infotainment & Clusters and Mechanical Engineering & Design Services (MEDS) practices. We have been making significant investments in the infotainment space which is starting to deliver expected results.

After successful integration of previous AUTOSAR basic software versions in several production programs of leading automotive OEMs, we recently **introduced the world's First AUTOSAR stack completely compatible to R4.0.3 and**

developed according to the Quality Management requirements of ISO26262. This holistic solution includes, basic software stack (BSW) and new comprehensive AUTOSAR Tool Platform (ARTOP) based tool chain for Electronic Control Unit (ECU) configuration. This BSW stack is most efficient in implementing safety critical applications for Powertrain, Chassis and Body Electronics. Over 20 OEMs and Tier1s worldwide leverage KPIT's deep in-vehicle networking expertise, superior quality and highly competent local support across the globe to co-innovate and develop their AUTOSAR based Electrical / Electronic (E/E) systems. AUTOSAR R3.x and R4.x BSW stacks have been approved and are in use by several leading European automakers. KPIT's comprehensive service offerings around the BSW have always ensured successful execution of AUTOSAR based ECU projects. Global OEMs are now looking at AUTOSAR strategy and our expertise in this particular domain positions us very strategically in the automotive industry.

CUSTOMER HIGHLIGHTS

- A leading automotive Tier 1 from APAC has selected KPIT for the AUTOSAR BSW stack integration for a leading European OEM program.
- The traction for Mechanical Engineering services has grown consistently over the last few quarters. A leading North American industrial component manufacturer is leveraging KPIT's capabilities in the redesign & reengineering of components, while another North American Tier 1 has selected KPIT for EMS reengineering.

THOUGHT LEADERSHIP

Mr. Ravi Pandit, Chairman & Group CEO, KPIT Cummins was a keynote speaker at the Automotive R&D Trends 2015 conference held at Chennai, India in March. Mr. Pandit spoke on emerging possibilities to make Green Mobility cost effective.

Mr. Ravi Pandit, Chairman & Group CEO, KPIT Cummins chaired the panel discussion at BRICS @ SIAT 2013. Mr. Pandit made a presentation on the changing scenario and how BRICS nations will need to learn from each other to make the world Safer, Greener and Quieter.

KPIT Cummins exhibited AUTOSAR and In-vehicle networking capabilities at the Embedded World event at Nuremberg, Germany in February 2013.

REVOLO update

We won the prestigious Mahesh Modi Environmental Excellence Award for Revolo. The award, given by the Automotive Research Association of India (ARAI) with the objective to foster technological innovation based on innovative science, recognizes our commitment towards building sustainable automotive solutions of tomorrow.

We continue with our mass trials with volunteers. As stated in the previous update, the results are encouraging, both on the fuel efficiency as well as the emissions fronts.
We await the homologation rules for hybrid retro fitment and permission to carry out large scale multi-city trial. These processes have been initiated about five quarters ago and we have hope for a quick closure.

SAP SBU

SAP Gold Partner and Winner SAP Partner Impact Award - North America

The top 3 priorities for CIO spend is aimed at analytics, cloud and mobility. SAP as a company is positioning itself strongly in these areas through HANA and SuccessFactors capabilities with new licensing and pricing models and we are also noticing an increased traction in these respective areas. We recently **joined SuccessFactors partner program as a SuccessSales Partner**. Through this partnership we will provide advisory, business process maximization and implementation services for the cloud-based SuccessFactors Business Execution (BizX) suite. These services will be in the areas including Personnel Administration (PA) / Organizational Management (OM), benefits, global payroll, talent management, and HCM analytics solutions to corporations in the focus industry verticals. Leveraging our proven best practices and pre-packaged toolsets that enable accelerated speed to value through cloud-based or converged infrastructure deployments we will provide our customers services around SuccessFactors Business Execution (BizX) suite as well as the SAP ERP Human Capital Management (SAP ERP HCM) solution. As part of this partnership we will strengthen and expand SuccessFactors adoption across Australia, China, Hong Kong (China), India, Japan, Malaysia, New Zealand, Singapore, South Korea and Thailand.

During the quarter we added a team of around 25 SuccessFactors (SFSF) certified consultants under a business transfer agreement with a SFSF specialist company Learn 2 Perform (L2P). Under the business transfer deal, all the employees and customers of L2P are transferred to KPIT w.e.f May 01, 2013. We believe, with this addition we are now well poised to capture the explosive growth in the SAP SFSF business, which has been a deterrent to our growth in SAP SBU for the last 2 quarters.

We continue to experience strong growth in the Energies & Utilities vertical with a few good wins during the quarter. Among the top 10 new deals of the year almost half came from utilities domain. Given the technology reset in the market space we are optimizing our portfolio of services and aligning fast with the market place through new and differentiated offerings such as non-linear solutions and templatized offerings. We continue to create cutting edge technology solutions focused on different industry verticals - our mobile solution, HANA solution, CRM & BusinessObjects for Discrete industries, and other solutions which are certified by SAP. Our Smart Meter Analytics 2.0 (SMA2.0) & Customer Energy Management 1.0 (CEM1.0) ramp up application has been approved by SAP and the software is now available for download. With a long term focus we are looking for more Annual Maintenance & Support or annuity deals where we can be strategic partners for IT organizations of large companies and bring value through our technology and industry experience.

CUSTOMER HIGHLIGHTS

- Successful Go-Live of SAP ERP for the Airports Authority of India (AAI) across 125 airports simultaneously within a period of 8 months. As a part of E-Governance initiative, AAI decided to implement ERP in HR, Finance, Material Management and Project System functions to improve productivity, efficiency and transparency under the project named “PARIVARTAN.” We were selected as the implementation partner in June 2012. The system will handle payroll accounting for nearly 19,000 employees of AAI at various Airports across the country. The system will also be integrated with the legacy systems such as Electronic Tendering and Procurement System (ETAPS), Airport Information Management System (AIMS) etc. With this implementation the organization shall become process driven and substantially paperless. Apart from automating the HR, Finance, Material Management and Project Systems functions, the system will provide “MIS dashboards” for senior management.
- KPIT’s performance and partnerships within the North American utilities industry has been growing at a very high rate. During the quarter several mid to large size water, gas and electric utility companies selected KPIT as a

consulting partner for expertise areas such as Data Architecture, ERP virtualization, advisory services and business process management.

Recognition and thought leadership

- Mr. Kishor Patil, CEO & MD, was nominated as a finalist for the Ernst & Young Entrepreneur of the Year (EOY) – India 2012 award. The award, one of the world's most prestigious business awards for entrepreneurs, recognizes those who have made stellar contribution towards placing India on a solid growth path. Mr. Patil's nomination endorses KPIT's values of innovation, entrepreneurship and originality of thought & ideas.
- Pankaj Sathe was recognized as one of the '40 Most Talented HR Leaders in India' in the 'ET Now – Talent & HR Leadership' Awards at the 21st Edition of the World HRD Congress.
- KPIT Cummins participated as a key exhibitor, participants and sponsor at the prestigious Symposium on International Automotive Technology (SIAT) 2013 organized by ARAI. The company presented six papers at the event while one paper titled "Vision based Traffic measuring system" won the best paper award at the event.
- A technical paper titled 'An Adaptive Method for Noise Removal from Real World Images' has been published in the IAEME journal of 'International Journal of Electronics and Communication Engineering & Technology (IJECET)', Volume 4, Issue 1, Jan- Feb (2013) issue.
- KPIT Cummins participated in CES (Consumer Electronics Show) 2013 held in January 2013.
- KPIT Cummins presented at the Seminar on "Intelligent Transport Systems-Role of standards" organized by Bureau of Indian Standards.

Guidance – FY14

With one more year of industry leading growth behind us, irrespective of the economic uncertainties, we are fairly confident of beating the industry growth again next year.
We have been issuing annual guidance regularly at the beginning of the new financial year.

We are pleased to release the guidance for FY14:

USD Revenue for FY14 to be in the range of USD 465 Million to USD 475 Million

INR PAT for FY14 to be in the range of INR 2,309 Million to INR 2,388 Million

The above guidance assumes the current exchange rates for INR/USD and also for the cross currency.

We are also confident of generating a positive cash flow for FY14, after considering the balance payments for the existing M&A deals

Income statement for quarter ended March 31st , 2013 (Revised Format)

INR million	Q4 FY13	Q3 FY 13	Q-o-Q Growth	Q4 FY12	Y-o-Y Growth
Adjusted Sales*	**5,698.61**	**5,632.97**	**1.17%**	**4,697.34**	**21.32%**
Sales	**5,698.61**	**5,632.97**	**1.17%**	**4,800.09**	**18.72%**
Employee Benefit Expenses	2,869.20	2,911.84	(1.46%)	2,363.89	21.38%
Depreciation & Amortization Expenses	126.00	117.67	7.07%	101.70	23.89%
Other Expenses	1,816.51	1,841.87	(1.38%)	1,685.11	7.80%
Total Expenses	**4,811.71**	**4,871.38**	**(1.23%)**	**4,150.70**	**15.93%**
Profit before Other Income, Finance costs & Exceptional Item	**886.91**	**761.59**	**16.46%**	**649.39**	**36.58%**
Other Income	(85.77)	76.72	(211.78%)	(102.63)	(16.43%)
Profit before Finance costs & exceptional Items	**801.14**	**838.31**	**(4.43%)**	**546.76**	**46.53%**
Finance costs	39.31	38.65	1.72%	40.08	(1.90%)
Profit after Finance costs & exceptional Items	**761.83**	**799.66**	**(4.73%)**	**506.68**	**50.36%**
Exceptional Items	-	(94.48)	-	100.45	-
Profit Before Tax	**761.83**	**705.18**	**8.03%**	**607.14**	**25.48%**
Tax Expenses	206.77	182.59	13.24%	149.79	38.04%
Net Profit from ordinary activities after Tax	**555.06**	**522.59**	**6.21%**	**457.35**	**21.36%**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**555.06**	**522.59**	**6.21%**	**457.35**	**21.36%**
Share of profit from associate	-	-	-	1.76	-
Minority Interest	43.38	18.25	137.73%	21.96	97.57%
PAT	**511.68**	**504.35**	**1.45%**	**437.15**	**17.05%**
Paid up Capital	385.63	384.47		355.89	
EPS (INR 2/-Face Value each)					
- Basic	2.65	2.75	(3.46%)	2.46	7.91%
- Fully Diluted	2.58	2.66	(2.94%)	2.42	6.76%
Common Size Analysis:					
EBITDA Margin	17.74%	15.66%	2.07%	15.84%	1.90%
Net Profit Margin	8.98%	8.95%	0.03%	9.11%	(0.13%)

*Previous quarter's figures have been adjusted for SSG & DFS business transfer.

- *Q-o-Q or 'sequential' growth refers to growth during the quarter compared to the immediately preceding quarter.*
- *Y-o-Y growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year.*

Income statement for full year ended March 31st , 2013 (Revised Format)

INR million	FY 2013	FY 2012	Y-o-Y Growth
Adjusted Sales*	**22,386.28**	**14,455.56**	**54.86%**
Sales	**22,386.28**	**15,000.12**	**49.24%**
Employee Benefit Expenses	11,408.06	7,717.84	47.81%
Depreciation & Amortization Expenses	471.51	444.86	5.99%
Other Expenses	7,336.78	5,116.53	43.39%
Total Expenses	**19,216.35**	**13,279.22**	**44.71%**
Profit before Other Income, Finance costs & Exceptional Item	**3,169.93**	**1,720.90**	**84.20%**
Other Income	(169.72)	138.24	(222.78%)
Profit before Finance costs & exceptional Items	**3,000.21**	**1,859.14**	**61.38%**
Finance costs	139.93	73.24	91.06%
Profit after Finance costs & exceptional Items	**2,860.28**	**1,785.90**	**60.16%**
Exceptional Items	(13.05)	100.45	(112.99%)
Profit Before Tax	**2,847.23**	**1,886.35**	**50.94%**
Tax Expenses	765.60	436.68	75.32%
Net Profit from ordinary activities after Tax	**2,081.63**	**1,449.67**	**43.59%**
Extraordinary Items	-	-	-
Net Profit for the Period	**2,081.63**	**1,449.67**	**43.59%**
Share of profit from associate	(5.43)	35.34	(115.37%)
Minority Interest	86.14	31.47	173.77%
PAT	**1,990.05**	**1,453.54**	**36.91%**
Paid up Capital	385.63	355.89	-
EPS (INR 2/-Face Value each)			
- Basic	10.86	8.19	32.64%
- Fully Diluted	10.56	8.08	30.67%
Common Size Analysis:			
EBITDA Margin	16.30%	14.54%	1.77%
Net Profit Margin	8.89%	9.69%	(0.80%)

*Previous quarter's figures have been adjusted for SSG & DFS business transfer.

Income statement for quarter ended March 31st , 2013 (Old Format)

INR million	Q4 FY13	Q3 FY 13	Q-o-Q Growth	Q4 FY12	Y-o-Y Growth
Adjusted Sales*	**5,698.61**	**5,632.97**	**1.17%**	**4,697.34**	**21.32%**
Sales	**5,698.61**	**5,632.97**	**1.17%**	**4,800.09**	**18.72%**
Software Development Expenses	3,725.10	3,706.30	0.51%	3,185.53	16.94%
Gross Profit	**1,973.51**	**1,926.67**	**2.43%**	**1,614.56**	**22.23%**
Selling & Marketing Expenses	346.26	419.13	(17.39%)	304.62	13.67%
General & Admin Expenses	616.56	625.39	(1.41%)	549.63	12.18%
EBITDA	**1,010.69**	**882.16**	**14.57%**	**760.31**	**32.93%**
Interest	42.48	41.54	2.25%	39.00	8.91%
Depreciation	120.61	117.67	2.50%	101.70	18.59%
Profit After Depn. & Interest	**847.60**	**722.95**	**17.24%**	**619.60**	**36.80%**
Other Income	(85.77)	76.72	(211.79%)	(112.92)	(24.04%)
Exceptional Item	-	(94.48)	-	100.45	**-**
Profit Before Tax	**761.83**	**705.19**	**8.03%**	**607.14**	**25.48%**
Provision for Taxation	206.77	182.59	13.24%	149.79	38.04%
Profit After Tax	**555.06**	**522.60**	**6.21%**	**457.35**	**21.36%**
Minority Interest	43.38	18.25	137.71%	21.96	97.57%
Share of profit from associate	-	-	-	1.76	-
Net Profit for the period	**511.68**	**504.35**	**1.45%**	**437.15**	**17.05%**
Paid up Capital	**385.63**	**384.47**		**355.89**	
EPS (INR 2/-Face Value each)					
- Basic	2.65	2.75	(3.46%)	2.46	7.91%
- Fully Diluted	2.58	2.66	(2.94%)	2.42	6.76%
Common Size Analysis:					
Gross Profit Margin	34.63%	34.20%	0.43%	33.64%	1.00%
Sales & Marketing Exp/ Revenue	6.08%	7.44%	(1.36%)	6.35%	(0.27%)
General & Admin Exp/ Revenue	10.82%	11.10%	(0.28%)	11.45%	(0.63%)
EBITDA Margin	17.74%	15.66%	2.07%	15.84%	1.90%
Net Profit Margin	8.98%	8.95%	0.03%	9.11%	(0.13%)

*Previous quarter's figures have been adjusted for SSG & DFS business transfer.

- *Q-o-Q or 'sequential' growth refers to growth during the quarter compared to the immediately preceding quarter.*
- *Y-o-Y growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year.*

Performance Metrics for quarter ended March 31st, 2013

	Q4 FY13	Q3 FY13	Q-o-Q Growth	Q4 FY12	Y-o-Y Growth
Revenue Spread - Geography					
USA	76.34%	74.74%	3.34%	73.33%	23.59%
Europe	11.34%	13.91%	(17.53%)	14.38%	(6.39%)
Rest of World	12.32%	11.35%	9.78%	12.29%	19.00%
Revenue Spread - Verticals					
Automotive & Transportation	38.47%	40.31%	(3.45%)	37.09%	23.15%
Manufacturing	35.35%	33.98%	5.24%	34.97%	20.01%
Energy & Utilities	13.48%	14.21%	(4.09%)	11.55%	38.57%
Others	12.70%	11.49%	11.82%	16.40%	(8.05%)
Revenue Spread - by SBU					
Integrated Enterprise Solutions	48.96%	48.69%	1.74%	42.56%	36.58%
Auto & Engineering	25.02%	23.38%	8.26%	22.93%	29.49%
SAP	26.02%	27.94%	(5.76%)	32.37%	(4.55%)
Semiconductor Solutions Group	-	-	-	2.14%	-
Customer details					
No. of Customers Added	5	2	-	4	-
No. of Active Customers	183	178	-	169	-
Customers with run rate of >$1Mn	78	72	-	59	-
Top Client - Cummins	16.58%	19.11%	(12.26%)	19.49%	0.98%
Top 5 Clients	35.20%	36.82%	(3.29%)	33.01%	26.58%
Top 10 Clients	44.00%	45.21%	(1.53%)	42.22%	23.73%
Onsite / Offshore Split					
Onsite Revenues	53.82%	54.70%	(0.47%)	51.54%	23.96%
Offshore Revenue	46.18%	45.30%	3.14%	48.46%	13.15%
Revenue by Contract Type					
Time and Material Basis	72.70%	70.10%	4.92%	73.55%	17.35%
Fixed Price / Time Basis	27.30%	29.90%	(7.63%)	26.45%	22.53%
Debtors (days)	75	70	-	76	-

Human Resources - Details	Q4 FY13	Q3 FY 13	Q-o-Q Growth	Q4 FY12	Y-o-Y Growth
Development Team – Onsite (Avg)	1,139	1,148	-	964	-
Development Team - Offshore(Avg)	6,486	6,364	-	5,914	-
Onsite FTE	1,074	1,066	0.79%	911	17.85%
Offshore FTE	4,805	4,637	3.61%	4,393	9.38%
Total FTE	5,879	5,703	3.08%	5,304	10.83%
Development (at Quarter end)	7,648	7,616	-	7,071	-
Gen Management / Support (at Quarter end)	538	538	-	526	-
Marketing (Subsidiaries) (at Quarter end)	135	132	-	122	-
Total (at Quarter end)	8,321	8,286	-	7,719	-
Onsite utilization	94.30%	92.83%	-	94.54%	-
Offshore utilization	74.08%	72.87%	-	74.28%	-

Performance Metrics for fiscal year ended March 31st, 2013

	MAR- 2013	MAR- 2012	Y-o-Y Growth
Revenue Spread - Geography			
USA	75.92%	69.56%	62.87%
Europe	12.95%	18.20%	6.23%
Rest of World	11.13%	12.24%	35.71%
Revenue Spread - Verticals			
Automotive & Transportation	39.30%	39.37%	48.99%
Manufacturing	33.68%	32.01%	56.98%
Energy & Utilities	14.19%	11.22%	88.75%
Others	12.84%	17.40%	10.10%
Revenue Spread - by SBU			
Integrated Enterprise Solutions	47.03%	40.05%	75.29%
Auto & Engineering	24.14%	25.90%	39.08%
SAP	28.83%	31.47%	36.71%
Semiconductor Solutions Group	-	2.58%	-
Customer details			
No. of Customers Added	14	14	-
No. of Active Customers	183	169	-
Customers with revenues of >$1Mn	74	59	-
Top Client - Cummins	18.96%	21.51%	31.57%
Top 5 Clients	35.45%	35.02%	51.08%
Top 10 Clients	43.48%	43.61%	48.79%
Onsite / Offshore Split			
Onsite Revenues	53.78%	48.64%	65.02%
Offshore Revenue	46.22%	51.36%	34.29%
Revenue by Contract Type			
Time and Material Basis	71.86%	72.13%	48.69%
Fixed Price / Time Basis	28.14%	27.87%	50.66%
Debtors (days)	75	76	-

Human Resources - Details	MAR- 2013	MAR- 2012	Y-o-Y Growth
Development Team – Onsite (Avg)	1,111	813	
Development Team - Offshore(Avg)	6,283	5,466	
Onsite FTE	1,045	745	40.29%
Offshore FTE	4,646	3,968	17.09%
Total FTE	5,691	4,713	20.76%
Development (at Quarter end)	7,648	7,071	
Gen Management / Support (at Quarter end)	538	526	
Marketing (Subsidiaries) (at Quarter end)	135	122	
Total (at Quarter end)	8,321	7,719	
Onsite utilization	94.08%	91.64%	
Offshore utilization	73.95%	72.59%	

Hedging details

The currency market has been extremely volatile in the recent period and the company has major exposure in 3 currencies- USD, Euro and GBP. As per our hedging policy, we cover 75% of the net exposure through forward contracts for the next two quarters.

Total Outstanding Hedges:

- Total amount of USD hedges as on 31st March 2013 : $ 69.76 million

These hedges are maturing in FY14 and average rate for these hedges are INR 52.07.

Balance sheet details

- The Cash Balance as at March 31, 2013 stood at INR 3,993.21 million as compared to INR 4,069.56 million as on December 31, 2012.
- Capital expenditure for the quarter stood at INR 179.24 million including CWIP.
- As on March 31, 2013 our total debt was INR 3,623.09 million (INR 3,614 million as of December 31, 2012) comprising of INR 1,752.62 million of Term Loan, INR 1,870.47 million 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 (OCI). As on March 31, 2013 these Hedging Reserves were INR 260.41 million as compared to INR 446.38 million as of Q3 FY13 end.

Balance Sheet Summary: As at (INR million)	Mar 31, 2013	Dec 31, 2012	Mar 31, 2012
Equity & Liabilities:			
Shareholders' Funds	10,562.66	9,979.89	7,124.36
Share Application Money pending allotment	1.41	0.50	1.05
Minority Interest	270.24	226.86	326.01
Non-Current Liabilities:	1,602.29	2,002.55	1,043.68
Long Term Borrowings	1,459.21	1,698.37	668.73
Deferred Tax Liabilities	-	-	7.74
Other Long Term Liabilities	0.82	195.52	263.98
Long Term Provisions	142.25	108.67	103.23
Current Liabilities:	5,411.40	4,791.72	4,785.41
Short term borrowings	1,753.35	1,613.87	1,470.05
Trade Payables	1,904.04	1,661.53	1,756.54
Other Current Liabilities	1,754.01	1,516.32	1,558.83
Total Equity & Liabilities	**17,848.00**	**17,001.53**	**13,280.52**
Assets:			
Non-Current Assets:	7,801.22	7,660.21	6,465.68
Fixed Assets	2,004.61	1,951.35	1,852.69
Goodwill on consolidation	4,423.43	4,603.25	3,622.54
Other Non-Current Assets	1,373.18	1,105.61	990.45
Current Assets:	10,046.79	9,341.31	6,814.84
Current Investments	2,036.46	2,005.18	364.70
Trade Receivables	4,672.80	4,013.43	4,232.57
Cash & Cash equivalents	1,920.95	2,022.93	1,472.98
Other Current Assets	1,416.57	1,299.78	744.59
Total Assets	**17,848.00**	**17,001.53**	**13,280.52**

**The Balance Sheet is prior to the proposed dividend entries.*

Conference Call Details

Conference name	:	**KPIT Cummins Q4 FY2013 Conference Call**
Date	:	**Tuesday, 30th April, 2013**
Time	:	**1600 Hours (IST)**
Dial-in Numbers		
Primary number	:	+91 22 3065 2503
Secondary number	:	+91 22 6629 5850
Local access	:	6000 1221

Available in - Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Delhi, Goa, Guntur, Gurgaon, Hyderabad, Indore, Jamshedpur, Kanpur, Kochi/Cochin, Kolhapur, Kolkata, Nagpur, Noida, Patna, Pune, Raipur, Rajkot, Surat, Trivandrum, Vadodara, Vijayawada
Accessible from all major carriers except BSNL/MTNL.

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Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Cochin, Gurgaon (NCR), Hyderabad, Kolkata, Lucknow, Pune Accessible from all carriers.

Toll Free Number	:	USA- 1 866 746 2133 UK- 0 808 101 1573 Singapore- 800 101 2045 Hongkong- 800 964 448

The playback of the conference call would be available until May 3, 2013 at:

India	:	+91 22 3065 1212
Playback ID	:	130502

About KPIT Cummins

KPIT Cummins Infosystems Limited (BSE: 532400; NSE: KPIT), a global IT consulting and product engineering partner, is focused on co-innovating domain intensive technology solutions for corporations specializing in automotive & transportation, manufacturing and energy & utilities. A leader in technology solutions and services, KPIT Cummins currently partners with 165+ global corporations including Original Equipment Manufacturers (OEMs), semiconductor companies and automotive Tier 1 companies. For more information, visit www.kpitcummins.com.

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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