

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2008

KPIT Cummins Infosystems Limited

Registered & Corporate Office - Plot No. 35/36, Phase I, Rajiv Gandhi Infotech Park, Hinjewadi, Pune - 411057

Website : www.kpitcummins.com

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SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

Rs. in Lacs (except per share data)

Sr. No.	Particulars	Consolidated Results				KPIT Cummins Infosystems Limited				Particulars	CONSOLIDATED			
		Quarter ended		Year ended		Quarter ended		Year ended			Quarter ended		Year ended	
		March	March	March	March	March	March	March	March		March	March	March	March
		31, 2008	31, 2007	31, 2008	31, 2007	31, 2008	31, 2007	31, 2008	31, 2007		31, 2008	31, 2007	31, 2008	31, 2007
1]	Sales	16,484.11	13,030.36	60,054.65	46,370.15	14,123.46	9,535.23	48,043.94	31,578.04	1] Segment Revenue				
2]	Software Development Expenses	10,263.16	7,937.95	37,302.59	28,836.76	9,599.37	6,212.60	31,429.12	20,934.48	U.S.A.	9,115.84	7,268.07	33,606.04	28,280.94
3]	Gross Profit	6,220.95	5,092.41	22,752.06	17,533.39	4,524.09	3,322.63	16,614.82	10,643.56	UK & Europe	5,342.05	4,120.48	19,328.55	13,636.49
4]	Selling and Marketing Expenses	1,440.56	1,532.83	5,771.42	5,123.67	239.73	50.67	544.26	307.93	Rest of the World	2,026.22	1,641.81	7,120.06	4,452.72
5]	General and Administration Expenses	2,424.63	1,504.30	7,751.76	5,331.68	2,393.61	815.28	6,496.31	4,097.80	Total	16,484.11	13,030.36	60,054.65	46,370.15
6]	Operating Profit Before Interest, Depreciation, Exceptional Items and Minority Interest	2,355.76	2,055.28	9,228.88	7,078.04	1,890.75	2,456.68	9,574.25	6,237.83	Less: inter segment revenue	-	-	-	-
7]	Interest and Financial Expenses, net	169.81	169.76	754.70	446.37	94.64	176.85	674.44	488.69	Net sales / income from operations	16,484.11	13,030.36	60,054.65	46,370.15
8]	Depreciation / Amortisation	851.41	353.04	2,546.84	1,212.11	592.41	341.79	2,037.73	1,077.11	2] Segment Results Profit / (loss) before tax, interest, depreciation and minority interest				
9]	Operating Profit Before Exceptional Items and Minority Interest	1,334.54	1,532.48	5,927.34	5,419.56	1,203.70	1,938.04	6,862.08	4,672.03	U.S.A.	3,852.67	2,848.71	13,526.10	10,923.13
10]	Other Income	39.66	38.10	89.03	129.00	103.89	37.70	207.68	161.68	UK & Europe	2,238.57	1,821.68	8,234.07	5,505.10
11]	Profit Before Tax, Exceptional Items and Minority Interest	1,374.20	1,570.58	6,016.37	5,548.56	1,307.59	1,975.74	7,069.76	4,833.71	Rest of the World	129.71	422.02	991.89	1,105.16
12]	Tax Expense (Refer note no. 4)	202.25	165.50	760.53	517.59	170.94	98.43	661.33	259.52	Total	6,220.95	5,092.41	22,752.06	17,533.39
13]	Net Profit After Tax before Exceptional Items and Minority Interest	1,171.95	1,405.08	5,255.84	5,030.97	1,136.65	1,877.31	6,408.43	4,574.19	Less:				
14]	Exceptional Items (Net of Tax) (Refer note no. 5)	(137.20)	-	(137.20)	-	-	-	-	-	- Interest	169.81	169.76	754.70	446.37
15]	Net Profit For The Period Before Minority Interest	1,034.75	1,405.08	5,118.64	5,030.97	1,136.65	1,877.31	6,408.43	4,574.19	- Other unallocable expenditure net of unallocable income	4,676.94	3,352.07	15,980.99	11,538.46
16]	Add :-Minority losses to the extent of minority interest(net)	4.67	0.68	9.51	16.61	-	-	-	-	Total Profit before tax, minority interest & exceptional items	1,374.20	1,570.58	6,016.37	5,548.56
17]	Net Profit for the period after minority interest	1,039.42	1,405.76	5,128.15	5,047.58	1,136.65	1,877.31	6,408.43	4,574.19					
18]	Paid up Capital [Face Value Rs. 2/- per share]					1,557.66	1,495.52	1,557.66	1,495.52					
19]	Reserves Excluding Revaluation Reserves					25,693.46	17,568.36	25,693.46	17,568.36					
20]	Earning per Share Before Exceptional Items for the period (on par value of Rs. 2/-)													
	Basic	1.51	1.89	6.84	6.83	1.46	2.52	8.33	6.19					
	Diluted	1.49	1.51	6.73	5.47	1.44	2.01	8.19	4.95					
21]	Earning per Share After Exceptional Items for the period (on par value of Rs. 2/-)													
	Basic	1.33	1.89	6.67	6.83	1.46	2.52	8.33	6.19					
	Diluted	1.31	1.51	6.55	5.47	1.44	2.01	8.19	4.95					
22]	Aggregate of Non-Promoter Shareholding													
	- Number of shares					58,706,681	55,410,601	58,706,681	55,410,601					
	- Percentage of shareholding					75.38%	74.10%	75.38%	74.10%					

Notes:

General

- 1 The above audited financial results have been reviewed by the Audit Committee and thereafter approved and taken on record by the Board of Directors in their meeting held on June 11, 2008.
- 2 The Financial Statements are prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard on consolidated financial statements mandated by Rule 3 of Companies (Accounting standards) Rules, 2006., the provision of Companies Act, 1956 & the guidelines issued by the Securities and Exchange Board of India.
- 3 The Company had received 3 investor complaints during the quarter ended March 31, 2008. These complaints have been resolved. There were no unresolved investor complaints at the beginning or at the end of the quarter.
- 4 Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). This has not resulted in an additional tax expense , the MAT can be carried forward and set off against the future tax liabilities. Accordingly a sum of Rs 609.51 lacs has been carried forward and shown under " Loans and Advances" in the Balance Sheet as of March 31, 2008.
- 5 Exceptional items represents provision made for diminution in value of long term investments made by KPIT Infosystems Inc., USA a wholly owned subsidiary of the Company.
- 6 Pursuant to the order passed by the Honorable High Court of Mumbai dated February 29, 2008 and the Honorable High Court of Bangalore dated March 6, 2008, KPIT Infosystems Bangalore Pvt Ltd (KPIT Bangalore) merged with the Company. The effective date of the merger as per the scheme of amalgamation was April 1, 2007. As the order was received in March 2008 the revenues, costs and the net loss of KPIT Bangalore for the entire financial year ended March 31, 2008 have been included in the standalone results for KPIT Cummins Infosystems Ltd for the quarter ended March 31, 2008. The net loss after tax for KPIT Bangalore for the period April 2007- March 2008 is Rs 799.15 lacs (and for the quarter ended March 31, 2008 Rs 252.48 lacs). Accordingly the quarter / year ended March 2008 results are strictly not comparable with the results for the corresponding quarter / year (March 2007). Further all assets and liabilities (including reserves) were transferred at their book values as at April 1, 2007. The difference between the cost of investment and the equity capital of KPIT Bangalore aggregating to Rs 3,759.10 lacs has been adjusted in the securities premium account in accordance with the scheme of amalgamation.
- 7 The Company has designated the outstanding forward exchange contracts relating to certain firm commitments and forecasted transactions as at March 31, 2008 as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurements" (AS-30). Changes in fair value of such forward exchange contracts if effective are recognized directly in Reserves (Rs 199.80 Lacs) and ineffective portion is recognized immediately in Profit and Loss Account (Rs Nil).

The Company has also entered into options contracts to the tune of USD 42.60 Million for hedging its USD/EUR revenues and is linked to EUR-USD cross rate movement for next four and half years. The MTM valuation of these options as provided by the bank as of March 31, 2008 indicates a loss of Rs.8926.8 lacs. There is material uncertainty arising from future events mentioned in the option contract and rate over the period of four and a half years from the date of the Balance sheet. The Company is not able to estimate the liability, if any, on these option contracts as on March 31, 2008 and therefore, no provision for the liability and loss on account of option contracts have been made in the books as on March 31, 2008. In view of the above uncertainty the auditors have expressed inability to opine on this matter and accordingly qualified the report.
- 8 The Board of Directors recommended a final dividend at 35%. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the company.
- 9 The previous periods figures have been regrouped wherever necessary to confirm with current period presentation.

Change in Board of Directors

- 10 Ms. Gail Farnsley has been resigned from the Directorship of the Company w.e.f. February 29, 2008 and there is a vacation of Mr. Floyd Rutan from alternate directorship on the same date.
- 11 Ms. Lila Poonawalla, Dr. R. A. Mashelkar and Mr. K. V. Krishnamurthy have been appointed as 'Independent Director' on the Board of the Company w.e.f. May 30, 2008.
- 12 Mr. Ajay Bhagwat and Mr. Shrikrishna Patwardhan have resigned from the Directorship of the Company w.e.f. May 30, 2008 and have been appointed as Directors w.e.f. June 11, 2008 on the Board of KPIT Infosystems Inc., USA and KPIT Infosystems Global Business Solutions Limited respectively.

Matters relating to Subsidiaries

- 13 The Company granted an additional loan of PLN 750,000/- (Rs.134.55 lacs) to KPIT Poland during the quarter to meet its working capital requirements. This loan is repayable by September 30, 2009
- 14 During the year KPIT Infosystems Global Business Solutions Limited has paid USD 5.00 Mn to get the right to render the business process outsourcing services. The same is being amortized from the date of payment over the remaining period of the contract.

Others

- 15 During the quarter ended March 31, 2008 the Company has allotted 54,960 equity shares pursuant to the exercise of stock options by certain employees of the Company under ESOP 2004 scheme.

- 16 Details of expenses exceeding 10% of the total expenditure:

Particulars	Consolidated				KPIT Cummins Infosystems Limited			
	Quarter ended		Year ended		Quarter ended		Year ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
1] Employee Costs	9,830.12	7,006.75	34,397.98	25,749.22	8,087.55	5,395.62	28,196.17	19,399.93

Note:

- 1 The Company's operations predominantly relate to providing technology services globally. The revenues shown above have been classified into geographies to comprise the primary basis of the segment information. In representing segment results as required under circular dated September 14, 2001 from the Stock Exchange, Mumbai, the expenses on common facilities in India inclusive of expenses of common staff used interchangeably for all geographies is shown as unallocable expenditure and the same has not been apportioned across the geographies.

- 2 Segmental Capital Employed:-The fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable geographies as the fixed assets and support services are common for all reportable segments. Accordingly, no disclosure relating to total segment assets and liabilities has been made. Further, the consolidated segment information given above includes the company's sales and marketing costs incurred in the reportable geographies.

On behalf of the Board of Directors
For KPIT Cummins Infosystems Limited

On behalf of the Board of Directors
For KPIT Cummins Infosystems Limited

Place : Pune
Date : June 11, 2008

Kishor Patil
CEO & Managing Director

S.B. (Ravi) Pandit
Chairman & Group CEO

Place : Pune
Date : June 11, 2008

Kishor Patil
CEO & Managing Director

S.B. (Ravi) Pandit
Chairman & Group CEO