KPIT Cummins Infosystems Ltd.

INVESTOR UPDATE
FOR THE QUARTER ENDED DECEMBER 2003

KEY BUSINESS HIGHLIGHTS

➢ Addition of a Star customer in the BFSI segment
➢ Two new high potential customers added in Embedded segment
➢ Ground breaking ceremony at software development campus at Hinjawadi for new facility
➢ Q3 Growth exceeds expectations

FINANCIAL HIGHLIGHTS

➢ Q-on-Q corresponding period revenues higher by 82 % to Rs. 33.32 crore as against Rs.18.29 crores compared to same quarter last year.

➢ Nine months FY04 revenues higher by 70 % at Rs 87.10 crore as against Rs.51.12 crores last year. Q3 Profit After Tax at Rs.3.16 crore (corresponding quarter Rs.- 1.77 crore) showing a growth of 79 %. The consolidated profit after tax is Rs 3.81 crore compared with Rs.1.65 crore showing a growth of 130%. 
BUSINESS OVERVIEW

- The top ten clients including Cummins contributed to 93% of the revenues in the Third quarter (84% last year) of the revenues. The Nine Months FY04 it contributed 90% as compared to the same period last year at 84%.
- For the quarter, excluding Cummins, other Star customers contributed 39% of the revenue. None of these customers contributed to more than 11% of the revenue individually.
- Cummins business revenues touched 48% of total revenue for the Third quarter.
- Out of the total revenues of the quarter, exports contributed over 98%, offshore contributed 47% (33% same quarter last year) and onsite contributed 53% (67% same quarter last year). Out of the total revenues of the Nine Months FY04, exports contributed over 98%, offshore contributed 47% (34% Nine Months FY03) and onsite contributed 53% (66% Nine Months FY03).
- Offshoring business has further gained momentum during the Third quarter with increasing acceptance from customers.
OPERATIONAL HIGHLIGHTS

- The Company presently employs a total staff of 846 people which includes 740 software professionals and 106 support staff including staff at foreign subsidiaries. The company has created a capacity of over 700 seats out of four locations in Pune. Human resource strength continues, added more than 75 employees during the Third Quarter and close to 300 during Nine Months FY03.

- The Company focuses mainly on two verticals namely, Manufacturing and Banking/Finance/Insurance. The Manufacturing vertical contributed to 67% of the total revenue during the Third quarter and to 67% of the total revenue during Nine Months FY04. The Banking/Finance/Insurance vertical contributed to 28% of the total revenues during the Third quarter and 26% during Nine Months FY04.

- For KPIT Cummins, the expenditure on administration facilities and HR were to the tune of 13.5% (13.3% same quarter last year). The marketing expense during Third quarter amounted to 12.7% as compared with 11.6% last year same quarter. The operating margin was 13% as compared to 14.9% same quarter last year.

- On a consolidated basis, profit margin before tax was 12% of the total sales compared with 10% same quarter last year. The Net profit margin on rose to 11.25% from 8.77% during the same period.

- The contribution (gross profit after deducting software development expenses) was to the tune of 39% (39% last year) during the third quarter.