



INVESTOR UPDATE

FOR

QUARTER AND YEAR ENDED 31st March, 2008

KEY HIGHLIGHTS

- Revenues for FY08 were \$145.24Mn, a growth of 41.67% over the previous year. In INR terms, FY08 Revenues grew by 29.51% to reach Rs.6005.46Mn.
- EBITDA for FY08 grew by 30.39% over FY07, resulting in EBITDA margin of 15.37%.
- Revenue for the quarter Q4 FY08, was \$41.16Mn, a y-o-y growth of 42.87% and q-o-q growth of 10.91%. In INR terms, Revenue for Q4 FY08 was Rs.1648.41Mn, a y-o-y growth of 26.51% and q-o-q growth of 9.04%.
- Net Profit for FY08 was Rs.512.82Mn, while Net Profit for the quarter was Rs.103.94Mn.
- 2 new Star customers added, taking the total to 25 Star customers
- 5 new customers added during the quarter, total 111 active customers
- 23 customers reached revenue run rate of over \$ 1 Million
- The Board has recommended a dividend of 35%.

FINANCIAL HIGHLIGHTS

YEAR ENDED 31st MARCH, 2008 (FY08)

- Total Revenues for FY08, in \$ terms, grew by 41.67% to \$145.24Mn.
- In INR terms, total Revenues were Rs.6005.46Mn, a growth of 29.51% over FY07.
- Average realization during the year was Rs.41.35/\$ as against Rs.45.23/\$ in the previous year, a drop of 8.58%. Even against the drop in realization, Gross profit margin during the fiscal increased marginally by 0.07% to 37.89%.
- Offshore revenue grew by 40.18% over the previous year, even though offshore FTE growth during the year, was only 36.40%.
- SG&A expenses during the year were Rs.1352.32Mn, higher by 29.34% over the previous year. Of this, Sales expenses have grown by 12.64% only, while the growth in G&A expenses have been much higher at 45.39%. Higher G&A has resulted from higher employee costs related to enabling functions.
- EBITDA margin improved slightly to 15.37%. EBITDA grew by 30.39% in FY08.
- Facilities cost, which includes interest, depreciation and amortization, almost doubled during the year to Rs.330.15Mn as against Rs.165.85Mn in the previous year. This has been largely on account of SDB-II which was inaugurated towards the end of FY07, and was 62% utilized on average during FY08. Interest for FY08 therefore was Rs.75.47Mn, higher by 69.06% over the previous year's Rs.44.64Mn on account of commencement of interest payment on IFC loan from Q4FY07 onwards. Similarly, the full effect of the depreciation on SDB-II and the depreciation related to the Incubation Centre in Bangalore, resulted in higher amount towards depreciation and amortization.
- During the year, the Company also amortized an amount of Rs.22.97Mn out of the total payment of \$5Mn made to Cummins for the acquisition of the Cummins Business Services. On account of all the above, Depreciation & Amortization for FY08 was Rs.254.68Mn, 110.12% higher than that in FY07.
- Net profit for the year, after exceptional item and minority interest, was Rs.512.82Mn. Net profit margin was 8.54%, compared to 10.89% during the previous year.

QUARTER ENDED 31ST MARCH, 2008 (Q4 FY08)

- Revenues for Q4 FY08, in US\$ terms, were \$41.16Mn, a y-o-y growth of 42.87% and q-o-q growth of 10.91%. Average realization during the quarter was Rs.40.05/\$, as against Rs.40.74/\$ in the previous quarter.
- Revenues for Q4FY08, in INR terms, were Rs.1648.41Mn, y-o-y growth of 26.51% and q-o-q growth of 9.04%.
- With effect from the beginning of the quarter, MSAs of some of leading customers were renewed with rates higher by 12%-15%. However, a large portion of the incremental revenues went towards payment of performance incentives for the employees.
- Gross profit margin during Q4 FY08 was 37.74%.
- Sales expenses declined by Rs.11.46Mn during the quarter. G&A expenses, however, increased by Rs.46.71Mn, on account of increase in employee costs.
- EBITDA margin for Q4 was 14.29%. EBITDA grew by 14.62% y-o-y in Q4 FY08.
- Interest for Q4 FY08 was lower by Rs.2.76Mn compared to the previous quarter. Decline in the interest amount is in accordance with the decline in debt amount and the interest amount in the preceding quarters.
- Depreciation for Q4 FY08 was Rs.85.14Mn, 44.94% q-o-q growth and 141.16% y-o-y growth. During Q4 FY08, the Company amortized an amount of Rs. 22.97Mn (as mentioned above).
- During the quarter, an amount of Rs.13.72Mn was written off as an exceptional item. As an one-off case, the Company had accepted stock as partial payment towards services provided. The amount written off towards impairment of the value of the stocks.
- Net profit for the quarter was Rs.103.94Mn.
- Balance Sheet Details:

As on 31 st March, 2008	FY08	FY07
Shareholders Equity	2637.97	1990.36
Total Debt	864.86	1222.96
Total current assets	2701.55	2072.20
Cash balance	739.79	625.35
Receivables	1432.20	1101.72
Fixed Assets	1680.45	1772.05
Total Assets	3550.07	3228.05

GUIDANCE FOR FY09

- Revenues for FY09 are expected to be in the range of Rs.7400Mn to Rs.7600Mn. In US\$ terms, Revenues are expected to be in the range of \$185Mn to \$190Mn.
 - Growth in revenues is therefore expected to be in the range of 23% to 26% in INR terms and 27% to 31% in US\$ terms over FY08 revenues.
- Net profits for FY09 are expected to be in the range of Rs.650Mn to Rs.670Mn.
 - Growth in net profits is therefore expected to be in the range of 27% to 31% over FY08 net profits.

FOREX CONTRACTS

- Apart from the 5 year term structured contract as mentioned below, the Company has entered into forward contracts with its bankers to the extent of ~ 85% of its net foreign currency inflows during FY09 at an average rate of Rs.40.25/\$.
- The Company has entered into three structured contracts with two of its bankers, for an amount of \$42.6Mn. These contracts, which have a duration of 5 years, are expected to benefit the Company by providing higher Rs./\$ (between Rs. 43 - 44/\$). On the other hand, the Company is obligated to pay any differential to the \$/€ rate over 1.45 to the bankers on a certain Euro amount which is less than the projected Euro exports of the Company. The Company believes that over the duration of these structured instruments, the Company may have only opportunity loss on account of passing on the differential, as mentioned above, to the bankers.

EMPLOYEES

- The total employee strength for the Company at the end of March 2008 was 4481.
- During FY08, Onsite FTEs have grown by 14.85% over FY07, while offshore FTEs have grown by 36.40%. Overall growth in FTEs has been 31.56%.
- During the quarter Q4 FY08, y-o-y growth in onsite FTEs was 18.92% while q-o-q growth in onsite FTEs was 12.40%. During the quarter, y-o-y growth in offshore FTEs was 35.75% and q-o-q growth was 11.09%.
- The net additions for the quarter and year were 329 and 1225 employees respectively.

CUSTOMERS

- 5 new customers were added during the quarter.
- During the quarter 2 customers were reclassified as Star customers, taking the total number of Star customers to 25. The new Star customers added are leading Tier I vendors in the automobile industry and will add to the customer base of the Automotive Line of Business.
- Total Revenues from the Star customers constituted 84.13% as compared to 82.57% in the previous quarter - largely from the growth in Cummins. Revenues from Star customers have grown by 11.11% q-o-q and by 32.15% y-o-y.
- During the quarter, customers from US showed the highest q-o-q growth at 10.62% as compared to 6.67% in Europe and 8.42% in ROW. Y-o-y growth was more for Europe and ROW at 38.14% and 34.49% respectively, than for US (19.04% y-o-y).
- During the year, Customers from Rest of the world grew by 71.67% as compared to European and US region customers which grew by 42.76% and 17.15% respectively.
- During the quarter, Manufacturing and Automotive Lines of Business recorded significant growth of Rs.123.69Mn and Rs.68.85Mn respectively, or 20.23% and 18.73% respectively. Global Business Solutions also recorded a 8.60% growth over the previous quarter. The other Lines of Business, namely Semiconductor Solutions Group (SSG), Business Intelligence (BI) and Diversified Financial Services (DFS) showed a decline in revenues compared to the previous quarter. SSG declined by 28.42% or Rs.39.14Mn. DFS declined by 12.55%. However, DFS business is only 5.55% of the total business. BI showed a decline of 7.28% because of completion of some projects in the previous quarter and non recurrence of product sale revenues in this quarter.
- Share of revenue from Cummins was 39.38% in FY08 as compared 40.75% in FY07.
- During the quarter, the Company partnered as embedded database partner with Oracle to explore new offerings in embedded as well as manufacturing space.
- During the quarter, the Company commenced an engagement in the Hybrid Engineering space with one of the largest US based OEM customers
- During the quarter, the Company won a pilot project in Analog & Mixed Signals space with a leading supplier of IC and sensor system solutions for consumer and automotive electronics.

- During the quarter, the Company won a project from a leading UK based supplier of mobile electronics and transportation systems, including Powertrain, safety, steering, etc for a systems level work for HDD. This relationship is expected to evolve into a long term relationship and into multiple projects
- During the quarter, the Company won a Project from a leading provider of multi-channel payment solutions for the global travel industry
- During the quarter, the Company won a multi-year project for providing Oracle Applications support.

AWARDS AND RECOGNITIONS

- KPIT Cummins has been ranked 6th amongst the top 10 IT Services Providers in the prestigious Global Services 100 rankings conducted by CyberMedia and Global Services Magazine on global companies that demonstrate leadership, innovation and outstanding performance in ITO and BPO.
- KPIT Cummins was awarded the Fast Track 100 Award for 2008 by ChannelWorld magazine for having demonstrated extraordinary growth in business.
- KPIT Cummins was ranked among leaders(#42) in 'The 2008 Global Outsourcing 100' & among the top 20 Companies by Service Offered: Product Research, Development, and Manufacture by International Association of Outsourcing Professionals (IAOP)
- The Company has been selected as part of the S&P ESG India Index of 50 companies launched for the first time by Standard & Poor's, CRISIL and KLD Research & Analytics firm and sponsored by the International Finance Corporation. KPIT Cummins was among 8 IT Companies who have demonstrated a high level of commitment to meeting environmental, social and governance [ESG] standards.
- The Company also won the "Best Entity Award" among 13 Cummins entities in India in the Chairman & Managing Director (CMD) award for India Area Business Operations (ABO). Among various criteria, sales and profitability growth, diversity, global nature of business, innovation, employee satisfaction and customer satisfaction were considered for this award.
- KPIT Cummins was selected among the top 5 Asia Pacific Partners of SAP. SAP also presented KPIT Cummins with the Special Contribution Award 2007 for over achieving the License business in mid market.

INCOME STATEMENT FOR THE QUARTER ENDED 31st March 2008

Rs. Million	Q4FY08	Q3FY08	Q-o-Q Growth	Q4FY07	Y-o-Y Growth
Sales	1648.41	1511.72	9.04%	1303.03	26.51%
Software Development Expenses	1026.32	922.59	11.24%	793.80	29.29%
Gross Profit	622.10	589.13	5.60%	509.24	22.16%
Selling and Marketing Expenses	144.06	155.52	-7.37%	153.28	-6.02%
General and Admin Expenses	242.46	195.76	23.86%	150.43	61.18%
EBITDA	235.58	237.86	-0.96%	205.53	14.62%
Interest	16.98	19.74	-13.97%	16.98	0.03%
Depreciation	85.14	58.74	44.94%	35.30	141.16%
Profit After Depn. & Int.	133.45	159.38	-16.27%	153.25	-12.91%
Other Income	3.97	4.06	-2.25%	3.81	4.08%
Profit Before Tax	137.42	163.44	-15.92%	157.02	-12.50%
Provision for Taxation	20.22	22.31	-9.35%	16.55	22.19%
Profit After Tax	117.20	141.13	-16.96%	140.50	-16.59%
Minority Interest	0.47	0.18		-0.07	
Profit After Minority Interest	117.67	141.31	-16.73%	140.57	-16.30%
Exceptional Item	13.72				
PAT after exceptional item	103.94	141.31	-26.44%	140.57	-26.06%
Paid up Capital	155.77	155.66		149.55	
Free Reserves	2569.34	2667.01		1756.84	
EPS (Rs. 2/-Face Value each)					
- Basic	1.33	1.83		1.89	
- Fully Diluted	1.31	1.78		1.51	
Common Size Analysis:					
Gross Profit Margin	37.74%	38.97%		39.08%	
Sales & Marketing Exp / Revenue	8.74%	10.29%		11.76%	
General & Admin Exp / Revenue	14.71%	12.95%		11.54%	
EBITDA Margin	14.29%	15.73%		15.77%	
Net Profit Margin	6.31%	9.35%		10.79%	

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

INCOME STATEMENT FOR THE YEAR ENDED 31st March 2008

Rs. Million	FY 2008	FY 2007	% Chg
Sales	6005.46	4637.02	29.51%
Software Development Expenses	3730.26	2883.68	29.36%
Gross Profit	2275.21	1753.34	29.76%
Selling and Marketing Expenses	577.14	512.37	12.64%
General and Administration Expenses	775.18	533.17	45.39%
EBITDA	922.89	707.80	30.39%
Interest	75.47	44.64	69.06%
Depreciation	254.68	121.21	110.12%
Profit After Depreciation & Interest	592.73	541.95	9.37%
Other Income	8.90	12.90	-30.99%
Profit Before Tax	601.64	554.85	8.43%
Provision for Taxation	76.05	51.76	46.93%
Profit After Tax	525.58	503.09	4.47%
Minority Interest	0.95	1.66	-42.71%
Exceptional Item	13.72		
Profit after Minority interest and exceptional item	512.82	504.75	1.60%
Paid up Capital	155.77	149.55	
Free Reserves	2569.35	1756.84	
EPS (Rs. 2/-Face Value each)			
- Basic	6.67	6.83	
- Fully Diluted	6.55	5.47	
Common Size Analysis:			
Gross Profit Margin	37.89%	37.81%	
Sales & Marketing Exp / Revenue	9.61%	11.05%	
General & Admin Exp / Revenue	12.91%	11.50%	
EBITDA Margin	15.37%	15.26%	
Net Profit Margin	8.54%	10.89%	

PERFORMANCE METRICS (Q4 FY08)

	Q4FY08	Q3FY08	Q-o-Q	Q4FY07	Y-o-Y
Revenue Spread - Geography					
USA	55.30%	54.51%	10.62%	58.77%	19.04%
Europe	32.41%	33.13%	6.67%	29.68%	38.14%
Rest of World	12.29%	12.36%	8.42%	11.56%	34.49%
Revenue Spread - Verticals					
Manufacturing	84.14%	82.52%	11.18%	78.03%	36.41%
BFSI	6.48%	8.41%	-15.98%	10.44%	-21.48%
Others	9.38%	9.06%	12.89%	11.53%	2.92%
Revenue Spread - by LOB					
Manufacturing	44.59%	40.44%	20.23%	NA	NA
Auto Electronics	26.48%	24.31%	18.73%		
Semiconductor Solutions Group	5.98%	9.11%	-28.42%		
Business Intelligence	10.11%	11.89%	-7.28%		
Diversified Financial Services	5.55%	6.92%	-12.55%		
Global Business Solutions	7.29%	7.32%	8.60%		
Customer details					
No. of Customer Added	5	4		4	
No. of STAR Customers	25	23		17	
No. of Active Customers	111	106		90	
Customers with run rate of >\$1Mn	23	25		19	
Top Customer - Cummins	41.34%	37.95%	18.78%	37.53%	39.37%
Star Customers - Non Cummins	42.79%	44.62%		43.02%	
Top 10 Customer Billing	72.21%	70.80%	11.21%	74.15%	23.20%
Repeat Business	90.00%	90.00%		90.00%	
Onsite / Offshore Split					
Onsite Revenues	46.70%	45.41%	12.14%	49.92%	18.35%
Offshore Revenue	53.30%	54.59%	6.47%	50.08%	34.64%
Revenue by Contract Type					
Time and Material Basis	87.92%	86.00%		91.00%	
Fixed Price / Time Basis	12.08%	14.00%		9.00%	
Debtors (days)	77	85		74	
Human Resources - Details					
Development Team - Onsite (Avg)	598	545		500	
Development Team - Offshore (Avg)	3185	2985		2302	
Onsite FTE	553	492		465	

Offshore FTE	2324	2092		1712	
Development (at Qtr end)	4062	3764		2900	
Gen Mgmt / Support (at Qtr end)	373	344		318	
Marketing (Subsidiaries) (at Qtr end)	46	44		38	
Total (at Qtr end)	4481	4152		3256	
Onsite utilization	92.55%	90.34%		93.08%	
Offshore utilization	72.97%	70.07%		74.38%	

PERFORMANCE METRICS (FY08)

	FY08	FY07	Y-o-Y Growth
Revenue Spread - Geography			
USA	55.96%	61.86%	17.15%
Europe	32.19%	29.20%	42.76%
Rest of World	11.86%	8.94%	71.67%
Revenue Spread - Verticals			
Manufacturing	82.01%	77.31%	37.38%
BFSI	8.16%	10.21%	3.53%
Others	9.83%	12.48%	2.02%
Customer details			
No. of Customers Added	21	18	
No. of STAR Customers	25	17	
No. of Active Customers	111	90	
Top Client - Cummins	39.38%	40.75%	25.10%
Star Customers - Non Cummins	43.66%	40.53%	39.51%
Top 10 Client Billing	72.45%	75.38%	24.47%
Customers with run rate of >\$1Mn	23	19	
Repeat Business	90%	90%	
Onsite / Offshore Split			
Onsite Revenues	47.23%	51.25%	19.37%
Offshore Revenue	52.77%	48.75%	40.18%
Revenue by Contract Type			
Time and Material Basis	87.81%	91%	
Fixed Price / Time Basis	12.19%	9%	
Debtors (days)	77	74	
Human Resources - Details			
Development Team - Onsite (Avg)	543	472	
Development Team - Offshore (Avg)	2872	2069	
Onsite FTE	495	431	
Offshore FTE	2031	1489	
Development (at Year end)	4062	2900	
Gen Mgmt / Support (at Year end)	373	318	
Marketing (Subsidiaries) (at Year end)	46	38	
Total (at Year end)	4481	3256	
Onsite utilization	91.23%	91.30%	
Offshore utilization	70.73%	71.95%	

CONFERENCE CALL DETAILS

The Company will host a post earnings conference call on 12th June, 2008. The details of the conference call are as follows:

Conference name : KPIT Cummins Q4 FY08 Conference Call
Date : Thursday, June 12, 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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