



INVESTOR UPDATE
FOR
QUARTER ENDED 30TH SEPTEMBER 2007

HIGHLIGHTS

- Revenue in US\$ terms grew by 41.13% y-o-y and 13.35% q-o-q to US\$35.58Mn.
- In Rupee terms, Revenue grew by 30.88% y-o-y and 10.31% q-o-q to Rs. 1,492.42 Mn
- Net Profits for the quarter grew by 13.97% y-o-y and 10.94% q-o-q to Rs. 140.73 Mn.
- 3 new Star customers added - total of 21 Star customers
- Total number of active customer crosses the 100 mark for the first time. 5 new customers added during the quarter, total 102 active customers
- 21 customers reach revenue run rate of over \$ 1 Million
- KPIT Cummins became the first and only company from India to become a member of JasPar

QUARTER ENDED SEPTEMBER 30, 2007 (Q2FY08)

FINANCIALS

- Revenues in US\$ terms grew sequentially by 13.35% and 41.13% y-o-y.
- Average realization during the quarter was Rs. 41.95 per US\$ as against Rs. 43.64 per US\$ during the previous quarter.
- Revenues in Rupee terms grew sequentially by 10.31% and by 30.88% y-o-y.
- Offshore revenue growth was 40.73% y-o-y and 11.24% q-o-q.
- Sequential growth in Onsite revenue was 9.34%.
- Gross profit margin for the quarter was 37.05%. During the quarter, the Company sold a Business Intelligence software product to one of its customers. The Product sale, although low-margin, generated significant higher-margin services business for the Company. Excluding the one-time product sale, gross profit margin would be 37.94%, higher by 89 basis points.
- As at the end of September 2007, total hedged position stood at approximately \$36.38Mn at an average of Rs. 42.63 / US\$.
- Balance Sheet details:

| Rs. Million | Q2 FY08 | Q1 FY08 |
|-----------------------|---------|---------|
| Shareholders Equity | 2467.71 | 2325.78 |
| Total Debt | 1224.29 | 1134.91 |
| Total current assets | 2659.54 | 2326.21 |
| Cash balance | 673.95 | 749.85 |
| Receivables | 1320.39 | 1203.23 |
| - No of days of sales | 81 | 81 |
| Fixed Assets | 1751.87 | 1769.38 |
| Total Assets | 3724.92 | 3445.26 |

EMPLOYEES

- Offshore FTEs have grown by 43.57% y-o-y.
- Overall utilization improved to 74% from 71% the previous quarter
- Total employee strength for the Company was 3939, of which employees in the KPIT Cummins Global Business Solutions (GBS) accounted for 477 as on 30th September, 2007. During the quarter, of the total net addition of 338 employees, 50 employees were added in GBS.
- Out of the 338 employees added during the quarter 167 were freshers.

CUSTOMERS

- KPIT Cummins became the first and only Indian company to be invited to JasPar (Japan Automotive Software Platform & Architecture) consortium. JasPar is a consortium formed by leading Japanese Automotive corporations to define the standards for next generation in-vehicle electronic systems architecture.
- Share of revenue from Cummins was 39.05% as compared 42.02% in the corresponding quarter of the previous year. The revenue from Cummins grew by 10.57% sequentially and by 21.64% y-o-y.
- 5 new customers were added during the quarter taking the total number of active customers to 102. Our engagements with the new customer additions are with the following LoBs, with one customer each - BI, DFS, Manufacturing, Auto Electronics and Semiconductor Solutions group.
- During the quarter 3 customers were reclassified as Star customers, taking the total number of Star customers to 21. Two of the new Star customers are major Global OEMs with whom we have engagements in Europe and Asia Pacific geographies. The third new Star customer is a leading Semiconductor manufacturer with whom we have engagement in Asia Pacific geography.
- Revenues from Star customers have increased by 5.31% sequentially and by 35.69% 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 4.62% over the previous quarter.
- KPIT Cummins was chosen as a strategic partner by a top 10 Asian Tier-1 supplier in a global selection process to co-build its advanced electronic systems for global vehicle platforms thus enabling faster time to market. This is a multi-year deal with annual revenue potential of US\$10Mn+ in the next 24-30 months.
- KPIT Cummins partnered with a leading Automotive software company to co-provide high-end Hardware-in-Loop solution for one of world's top 5 car maker.
- KPIT Cummins was selected to do a end to end FPGA (Field Programmable Gate Arrays) design solution for an Automotive Tier-1 supplier in Germany.
- World's leading middleware software company has engaged KPIT Cummins as a partner to provide multi-lingual Enterprise Software Support services from its centres in Poland and India. This is a multi-year deal with an annual revenue potential of US\$ 5 Mn+ in the next 24 months.
- In the Business Intelligence practice, the Company signed a new contract with a leading French Corporation for building a financial reporting system. The Company also partnered with a leading Business Intelligence Software vendor for a multi-million dollar engagement to provide consulting and solutions for a North-American customer. The Company also bagged a multi-year, multi-million dollar assignment from a Top 5 customer for providing Business Intelligence services and solutions.

AWARDS & RECOGNITIONS

- The Company won the Golden Peacock Award for Excellence in Corporate governance, awarded by the World Council for Corporate Governance & Institute of Directors (UK & Delhi).
- The Company was recognized as one of “India’s most Investor Friendly Companies”. KPIT Cummins ranked in the Top 10 amongst 20 companies across sectors and at the top amongst technology companies. (Business Today, Aug’07)
- EFY (Electronics For You) TOP 100 survey ranked KPIT Cummins amongst Top 100 focused providers of Electronics Systems & Solutions.
- An independent industry analyst ranked KPIT Cummins among the select Business Process Outsourcing services provider in the F&A (Finance & Accounting) domain for Investment Service Firms
- KPIT Cummins was a winner in Support category at the National level Lean and Six Sigma Excellence Awards 2007 jointly organized by Sakal group of publication and Symbiosis Center of Management and HRD (SCMHRD). KPIT Cummins was the only company among the 14 IT/ITeS contestants selected for this award. 81 companies across various industry verticals participated in this competition.
- Mr. Ravi Pandit, Chairman & Group CEO, KPIT Cummins, was conferred the Rotary Excellence Award by Rotary Club of Pune, Kothrud.

EQUITY ISSUE TO CUMMINS

- The Company will be issuing equity to Cummins on a preferential allotment basis. The amount of funds being raised would be approximately US\$ 5.5 Mn and would in effect increase the stake of Cummins in the Company from the present level of 13.1% to 14.9%. Pricing of the equity issue will be in accordance with the SEBI formula.

INCOME STATEMENT

For the Quarter ended 30th September 2007

| Rs. Million | Q2FY08 | Q1FY08 | Q-o-Q % | Q2FY07 | Y-o-Y % |
|---|---------------|---------------|---------------|---------------|---------------|
| Sales | 1,492.42 | 1352.92 | 10.31% | 1140.26 | 30.88% |
| Software Development Expenses | 939.55 | 841.81 | 11.61% | 714.77 | 31.45% |
| Gross Profit | 552.87 | 511.11 | 8.17% | 425.49 | 29.94% |
| Selling and Marketing Expenses | 142.57 | 134.99 | 5.62% | 122.44 | 16.44% |
| General & Admin Expenses | 175.44 | 161.52 | 8.62% | 126.62 | 38.56% |
| EBITDA | 234.86 | 214.60 | 9.44% | 176.43 | 33.11% |
| Interest & Finance Expense, net | 18.82 | 19.94 | -5.62% | 7.34 | 156.51% |
| Depreciation | 57.17 | 53.63 | 6.61% | 30.41 | 88.00% |
| Profit After Deprn. & Interest | 158.87 | 141.04 | 12.64% | 138.69 | 14.55% |
| Other Income | 0.43 | 0.45 | -5.52% | 2.65 | -83.85% |
| Profit Before Tax | 159.29 | 141.49 | 12.58% | 141.34 | 12.71% |
| Provision for Taxation | 18.46 | 15.06 | 22.61% | 17.65 | 4.58% |
| Minority Interest | (0.11) | 0.41 | -125.60% | -0.21 | -48.70% |
| Profit After Tax | 140.73 | 126.85 | 10.94% | 123.48 | 13.97% |
| | | | | | |
| Paid up Capital | 152.55 | 152.50 | | 74.36 | |
| Free Reserves | 2,300.17 | 2,100.99 | | 1,547.04 | |
| | | | | | |
| Earning per Share (of Rs. 2/-) | | | | | |
| Basic (Rs.) | 1.84 | 1.66 | | 1.66 | |
| Diluted (Rs.) | 1.79 | 1.61 | | 1.35 | |
| | | | | | |
| Margin Analysis: | | | | | |
| Gross Profit Margin | 37.05% | 37.78% | | 37.32% | |
| EBITDA Margin | 15.74% | 15.86% | | 15.47% | |
| Net Profit Margin | 9.43% | 9.38% | | 10.83% | |

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

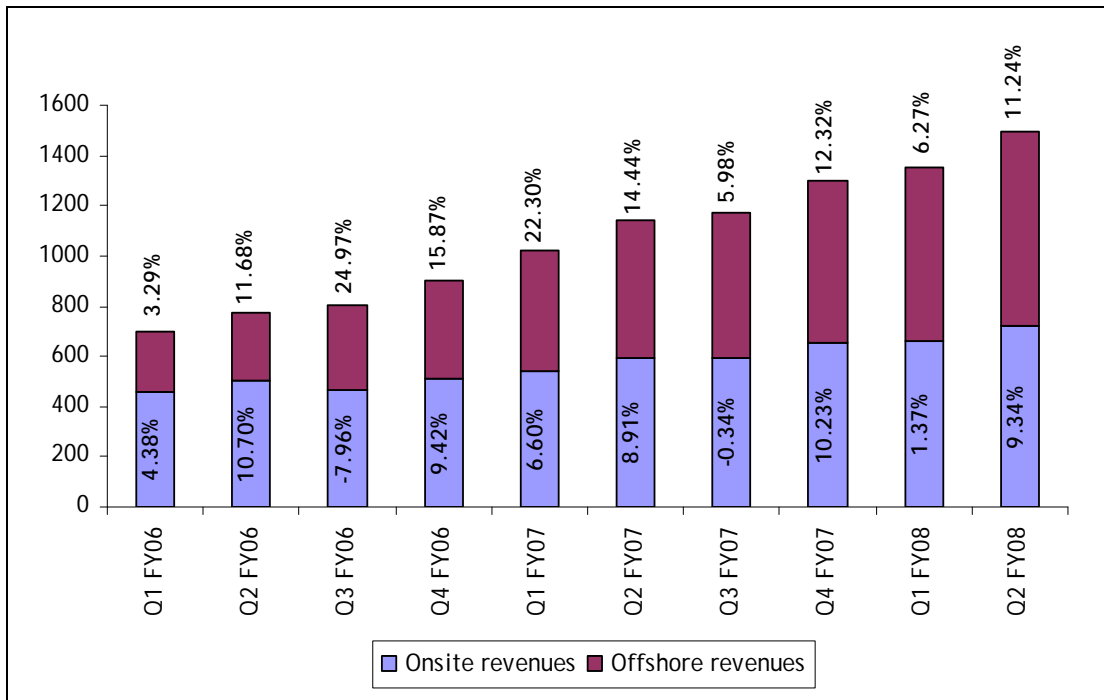
FACT SHEET - Q2 FY08

| | Q2FY08 | Q1FY08 | Q-o-Q % | Q2FY07 | Y-o-Y % |
|---|--------|--------|---------|--------|---------|
| Revenue Spread - by Geography | | | | | |
| USA | 56.60% | 57.67% | 8.26% | 62.40% | 18.72% |
| Europe | 32.47% | 30.55% | 17.24% | 28.68% | 48.17% |
| Rest of World | 10.93% | 11.79% | 2.26% | 8.92% | 60.43% |
| Revenue Spread - by Verticals | | | | | |
| Manufacturing | 82.45% | 78.35% | 16.08% | 76.34% | 41.35% |
| BFSI | 8.39% | 9.68% | -4.39% | 10.77% | 1.99% |
| Others | 9.17% | 11.97% | -15.49% | 12.89% | -6.89% |
| Revenue Spread - by LOB | | | | | |
| Manufacturing | 42.94% | 44.11% | 7.39% | NA | NA |
| Auto Electronics | 21.37% | 20.21% | 16.64% | | |
| Semiconductor Solutions Group | 8.73% | 8.43% | 14.24% | | |
| Business Intelligence | 14.30% | 13.86% | 13.81% | | |
| Diversified Financial Services | 7.02% | 8.26% | -6.25% | | |
| Global Business Solutions | 5.63% | 5.12% | 21.30% | | |
| Customer details | | | | | |
| No. of Customer Added | 5 | 7 | | 5 | |
| No. of STAR Customers | 21 | 18 | | 13 | |
| No. of Active Customers | 102 | 97 | | 82 | |
| Customers with run rate of >\$1Mn | 21 | 18 | | 16 | |
| Top Customer - Cummins | 39.05% | 38.97% | 10.53% | 42.02% | 21.63% |
| Star Customers - Non Cummins | 41.51% | 45.44% | 0.83% | 35.69% | 52.25% |
| Top 10 Customer Billing | 72.29% | 74.75% | 6.68% | 76.29% | 24.02% |
| Repeat Business | 90% | 90% | | 90% | |
| Onsite / Offshore Split ¹ | | | | | |
| Onsite Revenues | 48.31% | 48.74% | 9.34% | 51.93% | 21.77% |
| Offshore Revenue | 51.69% | 51.26% | 11.24% | 48.07% | 40.73% |
| Revenue by Contract Type | | | | | |
| Time and Material Basis | 88% | 90% | | 90% | |
| Fixed Price / Time Basis | 12% | 10% | | 10% | |

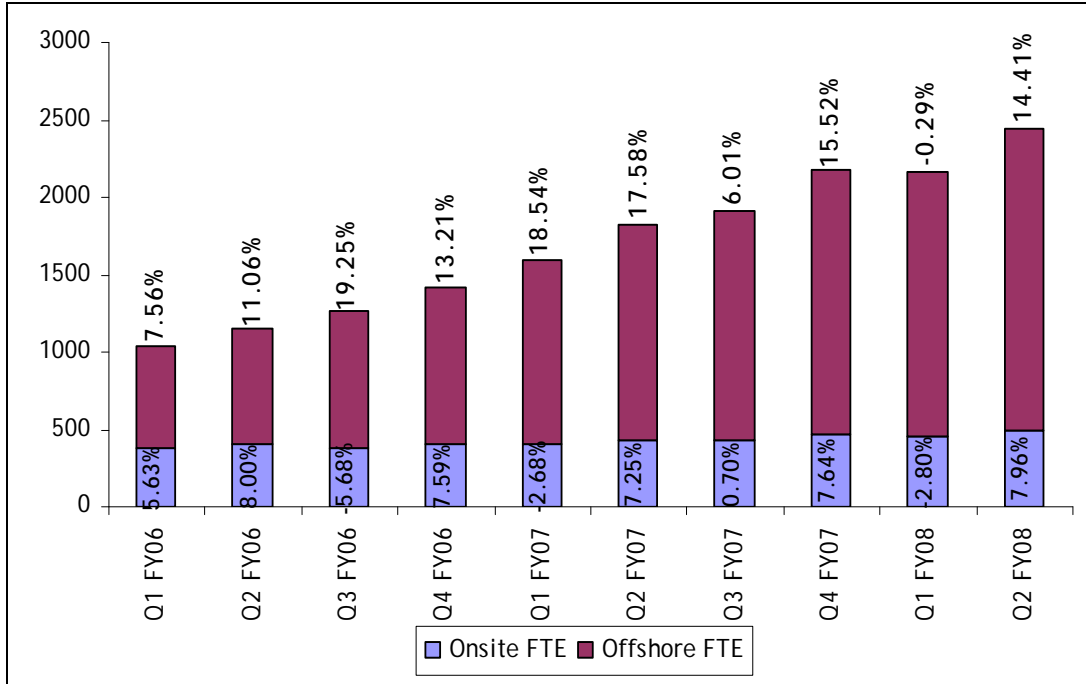
| | Q2FY08 | Q1FY08 | Q-o-Q % | Q2FY07 | Y-o-Y % |
|--|-------------|--------------|---------|-------------|---------|
| Human Resources - Details | | | | | |
| Development Team - Onsite (Avg) | 521 | 508 | | 461 | |
| Development Team - Offshore (Avg) | 2770 | 2,548 | | 1,942 | |
| Onsite FTE ² | 488 | 452 | 7.96% | 429 | 13.75% |
| Offshore FTE ² | 1953 | 1,707 | 14.41% | 1,398 | 39.70% |
| Employees at the end of Quarter | | | | | |
| Development staff | 3561 | 3,256 | | 2529 | |
| Gen Mgmt / Support staff | 334 | 306 | | 249 | |
| Marketing (Subsidiaries) staff | 44 | 39 | | 31 | |
| Total | 3939 | 3,601 | | 2809 | |
| Employee utilization | | | | | |
| Onsite | 93.73% | 89.00% | | 93.00% | |
| Offshore | 70.51% | 67.00% | | 72.00% | |

Notes:

1. Trend in offshore revenues growth over the last ten quarters is as shown in the following chart:



The growth in number of Full Time Equivalent (FTE) employees in offshore have is shown in the following chart.



CONFERENCE CALL DETAILS

The Company will host a post earnings conference call on 18th October, 2007. The details of the conference call are as follows:

- Conference name : KPIT Cummins Q2 FY08 Conference Call
- Date : Thursday, October 18, 2007
- 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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