KPIT Cummins

INVESTOR UPDATE

FOR

QUARTER ENDED 31st DECEMBER 2010

(NSE: KPIT, BSE: 532400) **(Oct-Dec 2010)**

KEY HIGHLIGHTS

- **Revenue Growth of 52.91% Y-o-Y in USD terms.**
- **Upward Revision in Guidance : USD Revenue Growth of 38% to 40% (25% earlier)**
- **Upward Revision in Guidance : INR PAT Growth of 8% to 10% (5% earlier)**
- **In INR terms revenue grew by 16.51% Q-o-Q and 48.17% Y-o-Y to Rs.2,737.45 Mn**
- **PAT for the quarter stood at Rs.251.38 Mn, a Q-o-Q growth of 5.85%**
- **PAT increased by 17.62% on a Y-o-Y basis.**
- **5 New customers were added during the quarter.**
- **Stronger growth traction across all geographies & offerings.**
- **Total headcount was 6,229 as of Q3FY11 end as against 5,953 as at Q2FY11 end**

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED 31ST DECEMBER 2010

- ***Revenues:***
    - Revenues for the quarter stood at USD 60.37 Mn registering a 52.91 % Y-o-Y growth and 18.98% Q-o-Q growth. In Rupee terms, revenues were Rs. 2,737.45 Mn, a Q-o-Q growth of 16.51% and a Y-o-Y growth of 48.17%.
    - Cummins' revenue share for the quarter increased to 24.07% with 21.93% growth QoQ. The growth in this account has been higher than the company's growth rate and this is an indication of Cummins' positive outlook for the coming year. Cummins is making investments in future technologies & emerging markets and this trend is expected to continue in the coming year. We thus foresee increase in both IT and engineering spend for our relevant work in the Cummins account.
    - During this quarter, CPG Solutions & In2Soft Gmbh got consolidated for the full quarter and they together contributed around USD 4.62Mn to the total revenues.
    - During the quarter, our IES SBU has grown by 34.82%, while Auto SBU grew by 17.68%. In SAP, we have registered 8.19% QoQ growth, while SSG SBU de-grew by 22.02%.
    - In Automotive & SAP business, order pipeline is very strong, while it is also fast improving for IES & SSG SBU. We are directing our efforts to further accelerate the flow of orders, especially in IES and SSG business units.
    - Geography-wise, US & Europe have grown by 21% respectively, while APAC has shown a de-growth of 10%.
    - In the IES SBU, Our focus on Supply Chain Management (SCM) & Logistics through Value Chain Planning and Oracle Transportation Management (OTM) has helped us gain traction with new customers and has strengthened our positioning for large deals. We foresee strong business growth for our Oracle practice across geographies. We had good customer wins in consulting practice in areas like Oracle Transportation Management (OTM), Business Process Management (BPM) & Oracle Business Accelerators (OBA). During the quarter, we have been able to initiate cross sell to existing customers in other SBUs. Geography-wise, besides US & UK, we are exploring growth opportunities in geographies like Scandinavia & in India for the government sector.
    - In Automotive and Allied Engineering SBU, the demand is spread across all the geographies and practices like Infotainment, Mechanical Engineering & Design services (MEDS) and powertrain, among others. In SSG SBU, Europe & India are faster growing geographies, where we had customer additions during the quarter. We are now focusing on improving the volume of business for SSG customers, by strengthening our front end team & account management process and also emphasizing on new delivery models.

- For SAP SBU, the outlook is positive for the year and the deal pipeline is also very strong. In line with the organization's initiative, we are focusing on innovation across all the SBUs including SAP. As a result, five of our SAP SME Solutions have been qualified by SAP for India. As an SAP partner, we have developed a SAP ERP & BI integrated solution for Indian markets, which is again unique and first of its kind in India.

- ***Profitability:***

  - Our Net profit for the quarter increased by 5.85% Q-o-Q to Rs. 251.38 Mn PAT Margin for the quarter stood at 9.18% against 10.11% in the last quarter.
  - EBITDA for the quarter was Rs. 385.48 Mn a Q-o-Q growth of 5.84%, while EBITDA margin declined by 142 bps to 14.08%.
  - Software development expenses increased by 18.88% Q-o-Q, while SG&A have increased by 17.19%. Both the above include additions on account of consolidation of CPG and In2soft.
  - During this quarter, we added 172 freshers and the net hiring during the quarter was 276. We had recruited 550+ freshers in Q1 & Q2 of this year
  - During the quarter though there was a good growth in revenue, the profitability did not improve accordingly. The realized exchange rate (INR/USD) during the quarter was Rs. 45.34 as compared to Rs. 46.30 during the last quarter. Thus with a 2% fall in the realized rate the net negative impact on EBITDA was around Rs. 62 Mn on a total EBITDA of Rs. 385 Mn for the Qtr. There were some gains due to hedging and hence the impact of a lower realized exchange rate was limited to around Rs. 42 Mn at the PAT level.
  - Attrition continued to be on the higher side (30%+) during the quarter. This meant that focus was more on the customer and ensuring the impact on the customer is minimal. Hence effective utilization of the fresh people taken on board and trained during the last quarter, did not materialize. The overall utilization stayed almost similar to Q2 levels (Onsite utilization @ 89.1% and offshore utilization @ 67.5%). The second impact was on hiring. Since the freshers were not effectively utilized, laterals were added and there was also an overlap cost of around Rs. 5 Mn
  - Around $ 1Mn incremental revenue during the quarter was of lower gross margins comprising of license sales, reimbursement revenues and onsite revenues. Most of these revenues were form new projects started during the quarter and these projects thus reported lower margins during the quarter. Going ahead these projects will deliver improved margins since these were one time revenues during the quarter.
  - As discussed earlier, both CPG and In2soft numbers were consolidated for the full quarter. The revenues from these were $ 4.62 Mn during the quarter and the operating margins on a

standalone basis were 14%+. Having said that, there were some one time deal and integration expenses like professional fees, legal fees, travel and other related costs both which effectively reduced the operating margins to around 5%. We will continue to incur integration expenses in the next quarter as well.

- Going forward in Q4 our focus will be on improving utilization and we also expect attrition to ease out during Q4. We are focusing on areas like Improvement in Operational and Engineering productivity, induction of greater number of engineers from campus, rework reduction, improvement in estimation to make fixed price projects profitable, work flow automation and the likes which would help in ensuring profitable growth. We believe that we should end the year at marginally better profitability than Q3.
- Other Income for the quarter stood at Rs. 8.20 Mn as compared to a loss of Rs. 5.90 Mn last quarter. The reduction was due to rupee appreciation as compared to last quarter.
- The realized Rate for the Quarter was Rs.45.34 to a dollar as against Rs.46.30 /$ in Q2 FY2011.

- ***Balance Sheet details:***

  - The Cash Balance as at Dec 31, 2010 stood at Rs. 1,546.24 Mn as compared to Rs. 1,550.90 Mn as on September 30, 2010. Capital expenditure for the qtr stood at Rs. 48 Mn including CWIP. During the quarter, there was a loan given to KPIT Employee Welfare Trust (which holds shares for ESOP) of Rs. 246 Mn. for purchasing of KPIT shares.
  - As on Dec 31, 2010 our total debt was Rs.1,228.79 Mn (Rs. 1,128.45 Mn as of Sep 30, 2010) comprising of Rs. 381.74 Mn of Term Loan and Rs. 847.05 Mn 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 Dec 31, 2010 these Hedging Reserves were Rs. 155.11 Mn as compared to Rs. 216.77 Mn as of Q2FY11 end. As a result of rupee appreciation during the quarter and also reduction in total outstanding hedges as of quarter end as compared to last quarter, there was this reduction in Hedging Reserve

Balance Sheet Summary: As at (Rs. Mn)	Dec 31, 2010	Sep 30, 2010
Shareholders' Equity	4,680.46	4,350.43
Total Debt	1,228.79	1,128.45
Minority Interest & Deferred Tax Liability	69.75	60.81
Total	**5,979.00**	**5,539.69**
Fixed Assets	1,428.48	1,465.12
Investments	468.43	714.47*
Goodwill on Consolidation	1,291.50	955.57
Total Current Assets	4,321.11	3,765.16
Cash Balance	1,077.81	836.43
Receivables	2,051.27	1,710.71
Loans & Advances	1,192.03	1,218.02
Current Liabilities	1,530.53	1,360.64
Total Net Assets	**5,979.00**	**5,539.69**

* *Investments include investment of surplus cash in Liquid Funds.*

STRATEGIC DEVELOPMENT

SAP SME Partnership

We have been awarded the highest status as a SME partner within the SAP ecosystem in the US. Sparta is now an SAP gold channel partner authorized to resell SAP® Business All-in-One and SAP BusinessObjects™ solutions to midsize and high-growth businesses in North America. This partnership complements Sparta's existing relationship with SAP as a services partner, expanding on Sparta's overall presence and investment in support of the SAP portfolio across the United States. Through this extended strategic partnership with SAP, Sparta will now provide a full range of software solutions and services, including SAP software licensing, implementation services, training and documentation, staffing and optimization, and support to successfully implement SAP solutions in midsize corporations.

SAP Business All-in-One is a comprehensive, proven solution with preconfigured, industry-specific business processes to enable predictable and affordable implementations. Optimized for midsize companies, SAP Business All-in-One has the flexibility to adapt and extend as the business evolves and grows. The SAP BusinessObjects™ portfolio includes solutions designed to meet the unique needs of small businesses and midsize companies. These powerful solutions offer intuitive, versatile and proven business intelligence, providing insight into business information and performance. They provide comprehensive features that support everything from flexible ad-hoc reporting and dashboards to data integration and performance management – packaged and priced specifically for small businesses and midsize companies.

As an existing SAP services partner, Sparta Consulting is already providing services in support of SAP solutions to a large number of midsize companies across North America. With this new partnership, we will help our customers further maximize the value from their investments in SAP solutions with industry-specific customizations. Sparta intends to broaden its offerings by providing the SAP Business All-in-One and SAP BusinessObjects™ solutions – customized with Sparta's proprietary methodware, templates and accelerators – to midsize companies in the utilities, wholesale distribution, high-tech and manufacturing verticals.

With more and more of the larger enterprises already on one ERP or another, the battle for market share between the various competing ERP's is focused on the SME segment. This SME partnership will allow us to leverage SAP America to assist us significantly as we ramp up our team to sell to companies having less than $500 million in revenue. Success in the US on this will quickly allow to us convert our reseller agreements across the world (India, Europe) into the same status allowing better margins.

We will do significant investment in the coming quarters for the SME partnership and hence we expect lower operating margins from this business initially. In calendar year 2011, we expect this business to be in the range of $ 6 Mn - $ 8 Mn, which can scale to about $ 25 Mn - $ 35 Mn by 2013 with comparable EBITDA.

BUSINESS UPDATE

During last quarter, we had announced the acquisition of **CPG Solutions**, a US based provider of premium Oracle Consulting services to manufacturing & supply chain companies & **In2Soft Gmbh,** a Germany based specialist in vehicle diagnostics and telematics.

The CPG Solutions integration process has been moving very well with the employee integration almost complete. On the customer front, we have been able to jointly close few customer deals, while work has also started on the offshore development for one of CPG's customers. We expect the entire integration process to be complete by the next quarter.

For In2Soft, most of the customers have shown a very positive sentiment upon this merger and we have almost completed the sales integration. Now we are working towards integration of their diagnostics practice with the Auto SBU and developing the offshore team.

REVOLO UPDATE

- We have finalized the assembly & manufacturing location for the JV, which is rented and would be ready by Q1 of FY12.
- We have received interim regulatory approvals for retro fitment of this solution from Ministry of Road Transport, Government of India and we have also kicked off road tests on vehicles.
- Trials of pilot vehicles as well as consumer trials are being conducted on an ongoing basis
- In discussion with multiple OEMs for factory fitted REVOLO solutions.
- We would be ready for the commercial launch of REVOLO by Q1 of next fiscal year.

RECENT DEVELOPMENTS

- The Oracle Specialty Partner FY 10 Award for excellence in 'Edge Applications' was awarded to the erstwhile Oracle Transportation Management (OTM) team of 7 Hills which is now an integral part of KPIT Cummins.
- KPIT Cummins sponsored the Blue Ribbon panel and participated at SAE Convergence 2010, one of the most coveted events in the global Automotive Electronics industry. The focus for this year was on "Partnerships Driving Smart Mobility" and our demos in Infotainment, Powertrain, AUTOSAR and Hybrid domains were highly appreciated by industry experts.
- KPIT Cummins participated as a speaker at the European Indian Forum on Energy 'EICOON', on the topic "Nanomaterials for Sustainable Energy".
- KPIT Cummins participated as a speaker at the CII Automotive R&D 2050 this year, where we spoke about hybrid technology trends and presented Revolo as an innovation case study.
- Mr. Ravi Pandit, Chairman and Group CEO, participated as a panelist on a discussion on India's investment outlook at the World Economic Forum's India Economic Summit, 2010 in New Delhi. The topic for panel discussion was "opportunities and challenges to India Growth Story".
- A paper titled "Multi-factorial Approach for Robust Real Time Object Tracking" has been accepted in the International Journal of Power, Control, Signal And Computation / International Journal of Computer Network And Security.
- A paper titled "Paradyn - A dynamic parallel programming tool" has been accepted at the Ph.D. Forum of International Conference on Distributed Computing and Networking. A paper titled "Methods for Increasing Software Portability with Increased Parallelization and Performance in Distributed and Multicore Systems" has been accepted at the Ph.D. Forum of International Conference on Distributed Computing and Networking.
- Following three papers were presented at the "6th National Conference on Automotive Infotronics" in Chennai, India

1. Vision-Based Driver Status Monitoring System
2. Strategic Analysis on In-vehicle Networking Technologies and Protocols

3. Increasing HEV Regeneration Efficiency Using Microcontroller Based Control Algorithm

R&D INITIATIVES

We have filed for three patents during this quarter, which are in the automotive space related to hybrid technology & engine control system. This takes the total number of patent filed till date to 31.

CUSTOMERS AND MARKETS

- 5 New customers were added during the quarter with 3 from US and 2 from Europe. Total number of active customers is 152 .

Automotive, Transportation and Manufacturing

Automotive and Transportation

- A leading Asian Battery manufacturer for Hybrid Electric Vehicle (HEV) and Electric Vehicle (EV) segment has selected KPIT Cummins for a strategic R & D engagement on Battery Management systems.
- Reinforced positioning as a preferred partner in the mechanical engineering space by winning a strategic engagement with a German automotive customer.
- A leading Japanese Automotive OEM has partnered with KPIT Cummins for multiple long-term projects in the Body Electronics space.

Industrials

- A leading European discrete manufacturer of large office products has selected KPIT Cummins for strategic Oracle based consulting, deployment and support services in the ERP space.

Hi-Tech & Semiconductor Solutions

- KPIT Cummins successfully completed the tape-out of the first device of new microcontroller platform by a leading European semiconductor company.

Energy & Utilities

- Two of the largest North American cooperative utilities have selected KPIT Cummins for strategic SAP solution and services projects.

Defense

- Won a contract from one of the defense labs in semiconductor design. We are also exploring opportunities in the areas of Vision systems for combat vehicles, high-performance computing and IT strategy consulting.

BUSINESS OUTLOOK

The year 2010 ended with debt worries and questions about the future of the euro in Europe, doubts about the strength of the US recovery, and worries about overheated economies and higher inflation in China and Latin America. Despite these uncertainties, the global economy should continue to grow in 2011 and 2012.

The global IT growth outlook for 2011, measured in US dollars, is 7.1%, similar to the 7.2% growth in 2010. The outlook for the global IT market in 2012 is brighter at 8.7% growth, as stronger economic growth in the US and Western Europe complements continued economic growth in APAC, Latin America and Eastern Europe, the Middle East, and Africa. For 2011, the growth will reflect new demand for IT goods & services and not the pent up demand from previous years. IT spending in 2010 was focused more on computer hardware, while 2011 will see an increase in companies buying software, IT consulting and system integration services.

The Automobile industry has started to improve from 2010 onwards with focus shift towards emerging markets, small & fuel efficient cars and various government incentives for the sector. For 2011, the trend is expected to continue with introduction of more hybrid models than ever before & few of the first purely electric vehicles expected to hit the roads. This trend is expected to escalate in the coming years driven by rising energy costs & increasing emission restrictions. And while the world awaits affordable electric vehicles for which R&D programs are in progress, it is expected that mobility services solutions (Mobility Service Solutions is a term used in the automotive industry to describe emerging business models in which single or multiple providers offer (s) consumers a comprehensive transportation solution that may employ the short-term rental of a car or various modes of transport, getting the consumer from “A to B” as efficiently and cost-effectively as possible.) may be the next big thing for this market.

With the emergence of such solutions and fuel-efficiency still undoubtedly the biggest consideration when purchasing a car, it would not be wrong to say that hybrid and electric vehicles will enjoy the maximum share of growth of any vehicle category over the next five years. And government’s intervention would be a very major factor to support this trend.

With such new emerging factors, technology would play a crucial rule where focus would be on alternative fuels, powertrain technologies & safety. In order to lead in technology innovation in alternative fuels and powertrain technologies, auto players are opting to enter into strategic alliances or joint ventures with suppliers rather than seek capital and go it alone. All these trends could impact the way the automotive value chain could evolve in the coming years.

Sources:

http://www.informationweek.com/cloud-computing/article/showArticle.jhtml?articleID=229000344

Automotive survey by KPMG

We have seen increased customer visits during the quarter, which was quite an unusual trend for December quarter, however these visits were to enable their budget planning exercise for CY 2011. US customers have begun their planning for 2011 and we see an improvement in the IT and engineering budgets. Engineering programs for next year are being planned and we will notice release of funds in Jan-Mar quarter. USA and Europe are showing good signs of revival especially on IT and engineering spend. India geography continues to be one amongst the key growth driver and we expect it to grow by a factor of 1.75 to 2.00 for us. The growth visibility in the Defense & PSU vertical further boosts up our confidence.

In SAP, we continue to further increase our investments in the SME business segment where we would like to increase the sales force in view of the underlying growth potential. There would also be an increase in the salary costs for consultants and all these factors would impact the SBU's profitability. However our measures for ensuring profitability growth and higher productivity continues where we are working towards developing various productized solutions & services for CRM applications and SME segment, by ensuring re-use across multiple engagements.

GUIDANCE

With strong performance in the first nine months of the financial year, we are pleased to upward revise our Guidance for FY11.

- ✓ **USD Revenue growth of 38% - 40% in FY11 over FY10 (from 25% earlier)**
- ✓ **PAT Growth of 8% - 10% in FY11 over FY10 (from 5% earlier)**

The INR/USD rate is assumed to be Rs. 45 to a dollar for the remainder of the year.

FOREX INSTRUMENTS

Total Outstanding Hedges:

- Total amount of USD hedges as on 31st Dec 2010 : $ 73.10 Mn
- Maturing in next 3 months : $ 13.10 Mn
- Maturing beyond FY2011 : $ 60.00 Mn

The average hedge rate for remainder of FY2011 is Rs. 44.40 / USD.

The average hedge rate for the hedges beyond FY11 is Rs. 45.00 / USD

We have also started hedging in Euro and GBP on a rolling 2 Qtr basis. As of Q2 end we are hedged for 75% of the net exposure in Euro in GBP for the next 2 qtrs.

KPIT Cummins

Oct - Dec 2010

INCOME STATEMENT FOR THE QUARTER ENDED 31st DECEMBER 2010

Rs. Mn	Q3 FY11	Q2 FY11	Q-o-Q Growth	Q3 FY10	Y-o-Y Growth
Sales	**2,737.45**	**2,349.47**	**16.51%**	**1,847.54**	**48.17%**
Software Development Expenses	1,794.84	1,509.84	18.88%	1,027.2	74.73%
Gross Profit	**942.61**	**839.63**	**12.27%**	**820.34**	**14.91%**
Selling and Marketing Expenses	190.63	193.11	(1.28%)	181.21	5.20%
General and Admin Expenses	366.50	282.31	29.82%	245.53	49.26%
EBITDA	**385.48**	**364.21**	**5.84%**	**393.60**	**(2.06%)**
Interest	6.30	3.07	105.27%	12.6	(49.98%)
Depreciation	85.02	83.60	1.70%	81.43	4.41%
Profit After Depn. & Int.	**294.16**	**277.54**	**5.99%**	**299.57**	**(1.81%)**
Other Income	8.20	-5.90	(239.10%)	(46.09)	(117.79%)
Profit Before Tax	**302.36**	**271.64**	**11.31%**	**253.48**	**19.29%**
Provision for Taxation	49.33	34.15	44.44%	39.75	24.10%
Profit After Tax	**253.02**	**237.49**	**6.54%**	**213.73**	**18.39%**
Minority Interest	(1.64)	-	-	-	-
Profit after Minority Interest	**251.38**	**237.49**	**5.85%**	**213.73**	**17.62%**
Exceptional Item	-	-	-	-	**-**
Profit after exceptional item	**251.38**	**237.49**	**5.85%**	**213.73**	**17.62%**
Paid up Capital	158.94	158.09	-	156.11	
Free Reserves	4,504.65	4,173.07	-	3,288.54	
EPS (Rs. 2/-Face Value each)					
- Basic	3.17	3.01	5.32%	2.74	15.69%
- Fully Diluted	3.05	2.91	4.81%	2.71	12.55%
Common Size Analysis:					
Gross Profit Margin	34.43%	35.74%	(1.30%)	44.40%	(9.97%)
Sales & Marketing Exp / Revenue	6.96%	8.22%	(1.26%)	9.81%	(2.84%)
General & Admin Exp / Revenue	13.39%	12.02%	1.37%	13.29%	(0.10%)
EBITDA Margin	14.08%	15.50%	(1.42%)	21.30%	(7.22%)
Net Profit Margin	9.18%	10.11%	(0.93%)	11.57%	(2.39%)

1. *q-o-q' or 'sequential' growth refers to growth during the qtr 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*

PERFORMANCE METRICS (QUARTER ENDED 31st DECEMBER 2010)

	Q3 FY11	Q2 FY11	Q-o-Q Growth	Q3 FY10	Y-o-Y Growth
Revenue Spread - Geography					
USA	69.26%	66.90%	20.63%	61.09%	67.99%
Europe	20.55%	19.86%	20.54%	28.53%	6.74%
Rest of World	10.19%	13.24%	(10.33%)	10.39%	45.36%
Revenue Spread - Verticals					
Manufacturing	72.57%	78.32%	7.79%	83.63%	28.58%
BFSI	3.02%	3.64%	(3.40%)	7.14%	(37.33%)
Energy & Utilities	6.64%	6.39%	20.98%	3.94%	149.89%
Others	17.77%	11.65%	77.73%	5.30%	396.71%
Revenue Spread - by SBU					
Integrated Enterprise Solutions	39.60%	34.95%	34.82%	49.32%	22.79%
Auto & Engineering	26.59%	26.88%	17.68%	28.57%	42.31%
SAP	31.48%	34.61%	8.19%	19.08%	152.21%
Semiconductor Solutions Group	2.33%	3.56%	(22.02%)	3.02%	17.91%
Customer details					
No. of Customers Added	5	3	-	2	-
No. of STAR Customers	28	28	-	26	-
No. of Active Customers	152	147	-	139	-
Customers with run rate of >$1Mn	40	39	-	27	-
Top Client - Cummins	24.07%	23.00%	21.93%	30.63%	16.44%
Star Customers - Non Cummins	35.19%	33.76%	21.44%	41.17%	26.65%
Top 10 Client Billing	51.17%	54.95%	8.50%	58.03%	30.65%
Repeat Business	90%+	90%+	-	90%+	-
Onsite / Offshore Split					
Onsite Revenues	46.26%	38.28%	40.80%	37.10%	84.79%
Offshore Revenue	53.74%	61.72%	1.45%	62.90%	26.57%
Revenue by Contract Type					
Time and Material Basis	68.39%	70.54%	12.96%	65.61%	54.45%
Fixed Price / Time Basis	31.61%	29.46%	25.02%	34.39%	36.19%
Debtors (days)	64	68	-	71	-

	Q3 FY11	Q2 FY11	Q-o-Q Growth	Q3 FY10	Y-o-Y Growth
Human Resources - Details					
Development Team - Onsite (Avg)	696	562	-	515	-
Development Team - Offshore(Avg)	4,878	4,627	-	3,708	-
Onsite FTE	620	501	23.75%	458	35.37%
Offshore FTE	3,296	3,140	4.97%	2,676	23.17%
Total FTE	3,916	3,641	-	3,134	-
Development (at Qtr end)	5,743	5,474	-	4,332	-
Gen Mgmt / Support (at Qtr end)	407	401	-	359	-
Marketing (Subsidiaries) (at Qtr end)	79	78	-	58	-
Total (at Qtr end)	6,229	5,953	-	4,749	-
Onsite utilization	89.07%	89.23%	-	88.88%	-
Offshore utilization	67.57%	67.87%	-	72.17%	-

INCOME STATEMENT FOR NINE MONTHS ENDED 31ST DECEMBER 2010

Rs. Mn	DEC-10	DEC-09	Growth
Sales	**7,148.17**	**5,345.47**	**33.72%**
Software Development Expenses	4,610.03	2,971.11	55.16%
Gross Profit	**2,538.14**	**2,374.36**	**6.90%**
Selling and Marketing Expenses	541.55	496.95	8.97%
General and Admin Expenses	907.60	649.30	39.78%
EBITDA	**1,088.99**	**1,228.11**	**(11.33%)**
Interest	15.43	23.08	(33.16%)
Depreciation	249.15	228.39	9.09%
Profit After Depn. & Int.	**824.41**	**976.64**	**(15.59%)**
Other Income	(27.71)	(195.48)	(85.82%)
Profit Before Tax	**796.70**	**781.15**	**1.99%**
Provision for Taxation	112.55	131.71	(14.54%)
Profit After Tax	**684.15**	**649.44**	**5.34%**
Minority Interest	1.64	-	-
Profit after Minority Interest	**682.51**	**649.44**	**5.09%**
Exceptional Item	-	-	-
Profit after exceptional item	**682.51**	**649.45**	**5.09%**
Paid up Capital	158.94	156.11	
Free Reserves	4,504.65	3,288.54	
EPS (Rs. 2/-Face Value each)			
- Basic	8.62	8.32	3.61%
- Fully Diluted	8.29	8.24	0.61%
Common Size Analysis:			
Gross Profit Margin	35.51%	44.42%	(8.91%)
Sales & Marketing Exp / Revenue	7.58%	9.30%	(1.72%)
General & Admin Exp / Revenue	12.70%	12.15%	0.55%
EBITDA Margin	15.23%	22.97%	(7.74%)
Net Profit Margin	9.55%	12.15%	(2.60%)

CONFERENCE CALL DETAILS

Conference name	:	**KPIT Cummins Q3 FY2011 Conference Call**
Date	:	**Friday, 21st January 2011**
Time	:	**1600 Hrs (IST)**

Dial-in Numbers
Primary number : +91 22 3065 2473
Secondary number : + 91 22 6629 5837

Local access : 6000 1221
Available in - Delhi, Bangalore, Chennai, Hyderabad, Kolkata
Accessible from all major carriers except BSNL/MTNL.

: 3940 3977
Available in - Gurgaon (NCR), Bangalore, Kolkata, Cochin, Pune, Lucknow, Ahmedabad, Chandigarh
Accessible from all carriers.

About KPIT Cummins Infosystems Ltd.

KPIT Cummins Infosystems Limited (BSE: 532400; NSE: KPIT), a trusted global IT Consulting and product engineering partner, is focused on co-innovating domain intensive technology solutions for Manufacturing corporations (with special focus on Automotive, Hi-Tech & Industrials verticals) to help its customers become efficient, integrated and innovative enterprises.

A leader in technology solutions and services, KPIT Cummins currently partners with 100+ global Manufacturing corporations including 50+ Original Equipment Manufacturers (OEMs), semiconductor companies and Tier 1s, helping them globalize efficiently & bring complex technology products/ systems faster to their global markets. Please visit www.kpitcummins.com for more information.

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.*

CONTACT DETAILS

Sunil Phansalkar

Email: sunil.phansalkar@kpitcummins.com

Tel. (Direct): +91 20 6652 5014

Tel. (Board): +91 20 6652 5000

Tel. (Cell): +91 98509 66011

Lipika Bisht

Email: lipika.bisht@kpitcummins.com

Tel. (Board): +91 20 6652 5000 (Extn. 2436)