PROFIT GROWTH OF 63.4% Y-o-Y TO INR 410.70 Mn

KPIT BOARD APPROVES 1 : 1 BONUS ISSUE

UPWARD REVISION IN REVENUE GUIDANCE : FY12 USD REVENUE GROWTH TO BE BETWEEN 43%-44% OVER FY11

INR REVENUE GROWTH IN Q3FY12 16.6% Q-o-Q, USD REVENUE GROWTH OF 4.3% Q-o-Q

Key highlights

- Q3 FY12 USD revenue stood at USD 73.43 Million, growth of 25.7% Y-o-Y and 4.3% Q-o-Q.
- FY12 Organic USD revenue growth guidance upward revised to 37% - 38% on a like-for-like basis.
- PAT for the quarter stood at INR 410.70 Million, a Q-o-Q growth of 12.6% and Y-o-Y growth of 63.4%.
- In INR terms revenue grew by 16.6% Q-o-Q and 43.1% Y-o-Y to INR 3,788.54 Million.
- 2 new customers added during the quarter.
- 1 new patent in the battery management systems space filed during the quarter.

Management comments

Kishor Patil, Managing Director and CEO, said, "This quarter we increased our profits by 63.4% on Y-o-Y basis, we also have a strong order book for the rest of the year and hence we are upward revising the FY12 organic USD revenue growth guidance to 37%-38%. Considering our outlook for the next few quarters we are happy to recommend a 1:1 bonus issue."

Sachin Tikekar, Whole-time director and Chief of People Operations, said, "The investments that we made over the last three quarters on non-linear revenue growth initiatives and in deepening our penetration in focus industries have started delivering results. As we go into the next quarter we have substantial headroom to improve operational efficiencies across all our businesses. We will continue to focus on achieving our targeted efficiency levels through tighter integration across business entities and productivity improvements."

1. CORPORATE UPDATE

1.1 STRATEGY:

Our continued strategy to focus on key industry verticals viz. Automotive, Manufacturing & Transportation and Energy & Utilities with an aim to develop & strengthen our key practices for these verticals viz. Automotive Embedded Electronics, SAP & Oracle has helped us in streamlining our customer acquisition strategy, gaining long term strategic customers and further established us as a niche player in the industry domains where we are operating. We are recognized for the industry specific, domain oriented and technology driven solutions delivered to our customers across the globe. We continue to leverage on our industry expertise, program management, practice maturity, sales presence, and marketing efforts across the organization. This should help us significantly to not only better our services and offerings to the current customers, but also position us strongly for larger deals in new target customers.

1.1.1 INDUSTRY UPDATE

Automotive, Transportation and Manufacturing (ATM)

- **Advanced Technologies & Emerging Trends**

The major transformation happening in the automotive & transportation industry includes – Electrification & hybridization, connected cars, active & passive vehicle safety systems, emergence of mid-size car segment. Alternative fuel technologies like Hybrids and electric vehicles will be dominating the automotive industry over next few years. The Indian government has plans to put as many as 7 Million EVs on Indian roads by 2020 as per a recent report by the Society of Indian Automobile Manufacturers (SIAM). This also includes government incentives & support to OEMs in developing the infrastructure to create demand for such vehicles.

Vehicle Connectivity will be the next big thing and factors driving this need would be- Market trends, consumer demands and expectations and legislative requirements. As per Gartner, by 2016, majority of average car buyers in mature markets will expect at least basic Web-based information availability in a standard brand vehicle. This period would be shorter, around 2013 or 2014, for premium brand vehicles. Another major area of investment by the car makers is to develop more safe and secured vehicles which is also driven by the stricter government regulations in the global markets to curb the rate of car accidents. Thus areas like driver assistance systems, night vision are being introduced in the new car models. Lot of work is happening to make the cars smaller but smarter with emphasis on developing electronics for the small & mid-size car market. This trend is catching up pace not only in emerging markets but also in the developed Automotive markets.

The above mentioned factors translates to higher electronics, shorter product development cycles and more new models being introduced and thus there is a clear advantage for a niche technology company like KPIT to provide value in terms of developing connected & smarter vehicle solutions.

Energy & Utilities (E&U)

- **IT requirements:**

The current focus of E&U industry is to go green, bring in smart grid technologies and address security concerns. 2012 is seen as a year when smart meters and Advanced Metering Infrastructure (AMI) would gain more penetration globally, as many utilities get ready to start with their energy efficiency programs this year. In utilities industry, scope of work for IT service providers includes - *Bringing in data management systems to manage large amount of data gathered through introduction of smart grids; Developing cost effective solutions for better operations planning, efficient management of billing and payment process which in turn enables consumers to manage their energy usage; Investing in application and services like Supervisory Control & Data Acquisition (SCADA) which manages and optimizes power generation, distribution & transmission network; Developing Agile Technologies which can easily adapt to changing global energy related regulations*; *facilitating seamless integration of these advanced technologies with the operations of energy generating companies and grid operators*.

- **Expected Growth**

GTM Research predicts U.S. utilities will spend $8.5 Billion from 2011 to 2015 on smart grid enterprise IT. Several key smart grid areas will experience growth in 2012 which includes - smart meters, distribution automation (DA), plug-in electric vehicles (PEVs) and lithium-ion batteries (IDC Energy Insights). Due to large amount of data involved, utilities would be investing heavily in analytics within the next 2-3 years. IT spending is expected to increase by 4.5% over the next four years, driven by privacy and security concerns and availability of stimulus funds.

Defense & Government (D&G)

- The key focus areas for Indian defense are indigenization and automation. Our expertise in the Automotive industry and the offerings thereon viz. Hybrid Technologies, Vision Systems and Controls have direct relevance for the Defense sector. Defense expenditure is expected to record a CAGR of 6.59% during 2010-15, to reach an annual spend of US$ 42.6 Billion by 2015. In defense, IT related spending is expected to increase for enterprise applications, systems integration and real time mobile communications.

1.1.2 GEOGRAPHY UPDATE

As part of strengthening our operations in Brazil and other Latin American nations, we have set up a subsidiary in Brazil and currently are making investments for developing the front end & delivery capabilities for this market. We have recently moved a senior resource as General Manager, for heading operations in Brazil. The initial focus is to stabilize operations, build local sourcing and development capabilities and continue to grow in JDE business in this region.

We have been experiencing good traction in China, mainly driven by the Automotive vertical. We have also witnessed some footing in SAP during the quarter.

1.1.3 R&D AND INNOVATION

We have filed a new patent in Battery Management System related to Automotive domain, which takes the total number of patents filed till date to 39.

1.2 REVENUES:

- USD revenue growth for the quarter was 4.3% QoQ and 25.7% YoY. The constant currency growth number was around 6%. On a like-for-like basis, USD revenue grew by 4.7% QoQ to USD 73.43 Million. Due to more number of holidays during this quarter, there was a loss of around 2 billing days on an average across the organization. This resulted in a revenue loss of approximately 2% of the Q3FY12 revenue. Even after this, we have been able to register strong dollar revenue growth in excess of 4%, this quarter
- In INR terms, revenue has increased by 16.6% QoQ and 43.1% YoY to INR 3,788.54 Mn, while on a like-for-like basis, the growth was 47% YoY.

	Q3 FY12	Q2FY12	QoQ Growth	Q3 FY11	YoY Growth
Revenue (USD Mn)	73.43	70.38	4.34%	58.40	25.74%
Adjustment for DFS (USD Mn)	-	0.22	-	1.54	-
Adjusted Revenue (USD Mn)	73.43	70.16	4.67%	56.86	29.15%

	Q3 FY12	Q2FY12	QoQ Growth	Q3 FY11	YoY Growth
Revenue (INR Mn)	3,788.54	3,250.19	16.56%	2,647.02	43.12%
Adjustment for DFS (INR Mn)	-	10.16	-	69.88	-
Adjusted Revenue (INR Mn)	3,788.54	3,240.03	16.93%	2,577.14	47.01%

- Geography-wise, US grew by 20.64% QoQ, Europe growth was 10.22% QoQ while APAC grew by 3.81% QoQ.
- Among the SBUs, SAP lead with 27% QoQ growth followed by A&E 16.5%. IES increased by 10.7% QoQ while SSG declined by 10.5%.
- We see good traction in US market for SAP business (E&U and Manufacturing verticals) as well as Oracle and JDE Business (Manufacturing Vertical). Going forward, from geography perspective, absolute growth would be led by US followed by APAC & Europe
- During this quarter, we have added 2 new customers, taking the total number of active customers to 165.
- Cummins has grown significantly i.e. 23.4% QoQ and 38.3% YoY with revenue share at 23.92% for the quarter. They are bullish about their business and expect to grow in spite of the economic uncertainty in different parts of the world. They will continue to invest in R&D and core engineering, especially in the emerging markets and we will see uptake in our business on that front. We also expect to see gradual increase in the IT business as Cummins continues to align IT investments to the business demands, in various parts of the world.
- The ramp-ups for PACCAR project and the other two large SAP deals won during Q2FY12 would happen from next quarter i.e. Q4FY12 onwards.

1.3 PROFITABILITY:

- For the quarter, our Net Profit has grown by 12.6% QoQ & 63.4% YoY to INR 410.70 Million. EBITDA for the quarter stood at INR 579.86 Million, a QoQ growth of 30.72%, while on a YoY basis it has improved by 50.43%. EBITDA margin expanded by 166 bps to 15.3%.
- The net increase in EBITDA margin was contributed by a couple of factors. On the positive side, due to the rupee depreciation, the EBITDA margin expanded by around 3%. On the other side due to the loss of billing the EBITDA margin contracted by around a similar number viz. 2%. Operational Efficiencies especially in the SAP SBU contributed to the balance increase in the EBITDA Margins. Even with the improvement in SAP SBU, the SAP SBU EBITDA continues to be lower than the company level EBITDA. SAP SBU share in the overall business went up during the quarter which also negatively affected the overall EBITDA.
- In terms of SBU profitability, we have been able to achieve an increase in profitability for our SAP SBU as current EBITDA margin stood at 8% against 5% in Q2FY12. Over last few quarters, we have made certain investments for developing SME practice for SAP and we have registered few client wins in this space. The revenue flow from these new deals and our endeavor to increase the offshore revenue component by getting more Application, Maintenance & Support (AMS) business would further help in growing the operating margins in SAP. Our margins in the other 2 SBUs continue to be stable.
- The realized rate for the quarter was INR 51.59/$ against INR46.18/$ in Q2FY12, a growth of 11.72%.
- Other Income stood at INR 108.39 Million during the quarter as compared to INR 110.03 Million in Q2 FY12. In Q2FY12, there was a one-time income component of INR 23 Million on account of DFS business transfer. On Forex, we had a gain of INR 97.62 Million this quarter against INR 77.43 Million gain in the last quarter. The increase in forex gain in other income was due to closing rate being around INR 53/$. The net impact of translation of foreign currency denominated assets and liabilities resulted in the increased gain on forex, this quarter.
- As we move into the next quarter we have already witnessed around 7% - 8% appreciation in the rupee as compared with the closing rate for this quarter. If the rupee stays at this appreciated level or appreciates further then there will be a net loss on the conversion of foreign currency denominated assets and liabilities in the next quarter, which will have a negative impact on the overall profits for Q4 FY12.
- The effective Tax Rate during the Quarter has been higher at around 24 % as against 20.63% in Q2FY12. For the whole year we believe the effective tax rate would be in the range of 22% - 23%.
- We have added INR 5 Million as share in SYSTIME Profit to the Profit & Loss Account during the qtr. This was lower compared to the profit share of Q2 FY12 particularly due to the loss of billing days in this quarter and certain onetime expenses relating to integration and marketing. We expect the profitability in SYSTIME to improve in Q4FY12 when we will consolidate the numbers.

2. BONUS ISSUE

We are happy to announce a 1:1 Bonus Issue, subject to approval by the shareholders. We have been growing at a fast pace and are confident of the growth momentum continuing further. We also believe that we are poised well to improve our operating profitability in the next couple of years. In the past, we have been consistently paying

dividends in the 30% to 35% range with a dividend payout ratio of 6% - 7%. We believe that we should increase the dividend payout ratio.

The last Bonus issue we did was 5 years back and our shareholders have been demanding for a fresh bonus issue. We also believe that this bonus can provide certain additional liquidity to our current shareholders.

3. SBU UPDATE

2.1 INTEGRATED ENTERPRISE SOLUTION (IES) SBU:

We offer end-to-end solutions and services in Oracle practice combined with the expertise of CPG Solutions and SYSTIME. To address the rising demand for ERP upgrades, we have developed swift upgrade framework for Oracle EBS & JDE. We have got advanced specialization by Oracle in Supply Chain Management (SCM) on EBS & JDE offerings. We are getting good traction for support & maintenance projects, implementations of EDGE applications, integration services and master data management. Mobility practice team along with all enterprise solutions teams (SAP, Oracle, JDE) are focusing on ERP surround strategy for helping our customers to extend their reach to their end customers and improve serviceability and productivity. We are also exploring opportunities with A&E SBU to develop embedded software combined IT solutions in the mobility area. Our team is building Productized solutions for chosen Industry Segments.

2.2 AUTOMOTIVE & ALLIED ENGINEERING (A&E) SBU:

The key practices in A&E SBU where we have been noticing traction and have started customer engagements include Infotainment, Powertrain and AUTOSAR. There is a lot of work happening for In-Vehicle Network Architecture and Software Platform Standardization within the Automotive Industry. This is one key area where we are working with the OEMs. We have achieved an important milestone by developing an In-Vehicle Infotainment (IVI) Platform which is compliant with GENIVI. We are the first Indian company and the first Independent Software Vendor (ISV) globally to have a GENIVI compliant Infotainment Platform. Infotainment is one of the focus practice areas for KPIT and from the OEMs' perspective there is a growing requirement for GENIVI compliant IVI Systems. We have leveraged our expertise in Infotainment area and In-Vehicle network connectivity to develop this platform and it reinstates our leadership position in the automotive domain and our strategy to encourage and develop more non-linear initiatives within the organization.

The cloud technology is adding new dimensions to the use of internet in automotive systems, enabling extended storage, connection to home computer/smartphone among others. Due to increased data complexity, high end features and consumer electronics, more car makers are using the same architecture across different vehicle applications. There is more emphasis on adoption of fuel saving and eco-friendly technologies by the car makers and the end consumers. Truck makers around the world are coming up with new models in India as companies like Volvo, Daimler Trucks, AMW and Ashok Leyland made their presence felt in the commercial car segment at the Delhi Auto Expo.

Thought Leadership

- KPIT Cummins, participated at the 15th International Congress on "Electronic Systems in Motor Vehicles" at Baden-Baden in Germany. This Congress is among the most renowned congresses for the automotive supply industry globally. We showcased latest technologies & innovations across Powertrain, Infotainment, AUTOSAR, Diagnostics and Functional Safety.
- Our leaders continue to get invited as key speakers at multiple events.
- VP & Head - CREST from A&E SBU, chaired a session at the annual NASSCOM Engineering Summit 2011.
- The Business Leader of Advance Driver Assistance Systems from A&E SBU delivered a key note speech at the ISoL-2011 (International Symposium on Lighting).
- Practice Director from A&E SBU was invited as a speaker at the National Seminar on 'Challenges & Recent Trends in Automotive Electronics Industry'.

2.3 SAP SBU:

There is significant activity happening in the mid-market utility industry with focus on smart grid adoption and taking customer interaction process to the next level. SME market space is growing and large ERP players are making IP and people investment to capture this growth opportunity. There is an increasing business scope in emerging markets as large manufacturers are rolling out SAP for their plants based in these markets.

We have made significant investments in building IP for utilities over the last 1 year and we expect positive returns for these investments to start flowing into the business. We have been working very closely with SAP mainly in North America. We are winning Roll-Out deals with companies in APAC region and we believe this would further provide us entry opportunities at the parent companies of these plants, based in Europe and North America. We have won few large CRM deals which indicate the investments made by companies to improve their customer interaction experience. In line with our focus, we are also pursuing larger AMS projects.

We are significantly ramping up operations across US and APAC to effectively and timely deliver new projects that have been recently kicked off. In line with our strategy to create the niche for ourselves in select verticals and provide significant value to our customers, SAP SBU has earned the AutoEdge certification for SAP Business All in One, which was in addition to the six other non-linear industry solutions that have been certified by SAP this year.

4. MAJOR EVENTS

KPIT Cummins participated in the coveted Auto Expo 2012 at Delhi through an expo space that demonstrated REVOLO, Battery Management System, In-Vehicle Infotainment, Smart Vehicle Platform to name a few. Mr. Ravi Pandit was a Panel Speaker at Technology Day where KPIT presented and demonstrated REVOLO.





At the KPIT Booth at Auto Expo, Delhi



Ravi Pandit's Presentation on the Technology Day at the Auto Expo, Delhi

We recently organized a focused ideation event called 'iD8' which included a series of focused group discussions on technologies including Navigation, Telematics, Automatic Transmission, Body Electronics, Vehicle Security and In-Vehicle Entertainment. A car show was also organized that showcased latest features in popular cars.



Car features on the display



Going for the car tour



Getting briefed about the car features



Inside the discussion room

5. DEAL WINS

With economic uncertainty prevailing, corporations are redefining the way they design, manufacture and deliver their products and services to end consumers. In doing this they are partnering with KPIT Cummins to leverage its understanding of end consumers' preferences & priorities and its ability to innovate faster. The demand for rapid innovation is leading to the growing enthusiasm for software standardization, development of software platforms and templatized solutions, and KPIT Cummins is experiencing significant traction for its industry leading capabilities in these areas.

Automotive and Allied Engineering

- One of the largest North American automotive OEMs has selected KPIT Cummins as a partner for a key mechanical design engagement.
- KPIT Cummins has been engaged to develop an in-Vehicle infotainment platform for a large North American semiconductor manufacturer.
- Demand for AUTOSAR based development continued, with a leading European automotive supplier engaging KPIT Cummins to develop in-vehicle Network Operating System for a European vehicle program. Another European automotive supplier has selected KPIT Cummins as a partner to develop a R4.0 AUTOSAR BSW Stack.

Integrated Enterprise Solutions

Oracle Accelerate solution for rapid implementation of Oracle's Agile Product Lifecycle Management launched.

- ERP surround strategy has started showing traction, with KPIT Cummins being selected by a North American Fortune 500 corporation for key consulting engagement comprising identification of integration requirements, defining architecture and developing user scenarios for a comprehensive enterprise mobile application.
- A large North American manufacturer of signal-processing technology solutions has selected KPIT Cummins as a partner for a strategic Product Lifecycle Management (PLM) reconfiguration and process re-engineering project.

SAP

KPIT Cummins' capabilities and delivery methodologies on SAP solutions continue to remain most preferred by customers in the two key focus areas namely utilities and small & medium size enterprises (SMEs).

- KPIT Cummins' non-linear offerings in utilities are bringing significant traction, multiple new engagements have been entered into during the quarter where customers are deriving benefits of industry focused templatized solutions like SUNAS.
- KPIT Cummins was also selected by a leading North American industrial manufacturer for a strategic engagement to build end-to-end enterprise applications' framework and architecture.

6. RECOGNITION AND THOUGHT LEADERSHIP

- KPIT Cummins was awarded with the 2011 Wall Street Journal Innovation Award in the 'Transport' category. The award recognizes KPIT Cummins' commitment to advancing green and sustainable technology for automobiles.
- SAP honored KPIT Cummins with SAP ACE Awards 2011 'BEST – RUN End to End Business Process'. The award reflects KPIT Cummins' commitment to run business on smart and efficient systems that help deliver higher value to customers and employees.
- KPIT Cummins was awarded the EMC Cloud Pioneer Award 2011, for early adoption, coverage, size and maturity of cloud deployment at KPIT Cummins.

- In Automotive SBU, KPIT received the **'Best Paper'** award for **'Fast and Accurate GHT (Generalized Hough Transform)'** in **ICoMec 2011 conference**.
- Shortlisted amongst the three finalists at the Bloomberg UTV CXO Awards 2011 in the "**Best Innovative Use of Information Technology - Large Enterprise**" category.
- Mr. Shrikant Kulkarni, Chief Information Officer was nominated amongst the **Top Fifty CIOs** in the country. This was announced by CIO association of India in January 2012.
- Five papers from KPIT Cummins were accepted for publication in the Second International Conference on MetaComputing, ICoMec 2011 and the prestigious "Global Science and Technology Forum: Journal on Computing".
- KPIT Cummins is the only Indian Organization on the design review panel of Square Kilometer Array (SKA), the world's largest telescope. Dr. Vinay Vaidya, VP & Head – R&D, at KPIT Cummins has been selected among the six experts on the panel for design review committee of this future radio telescope with a signal collection area of one square kilometer. It is a global collaboration of 20 countries with a budget of $2.5 Billion. This has further strengthened KPIT Cummins' positioning as a company focused on innovation and innovative thinking. The 3rd edition of NASSCOM Engineering Summit in Pune was recently held under the Chairmanship of Mr. Ravi Pandit, Chairman & Group CEO. Mr. Pandit hosted the opening session at the summit and was the chairperson for one session.

7. REVOLO UPDATE

- We will be initiating a major trial effective April 1, 2012 by converting 200 vehicles of different fleet owners/ individuals into plug-in hybrid vehicles by installing REVOLO kits. These trials would be focusing primarily on the end consumers and they would be running for a period of up to 6 months. Of these 200 kits, almost 10%-15% would be fitted in with lithium ion batteries.
- In the recently held Delhi Auto Expo 2012, there was larger focus on introduction and promotion of fuel efficient and environment friendly vehicles and we believe such initiatives will help us in our on-going discussions with the government agencies.
- We presented REVOLO in the Delhi Auto Expo, 2012 and there was an overwhelming response for the solution. We have received positive feedback from all the industry stakeholders.
- We continue to test the battery life and results have been positive and in line with the expectations.
- Our conversation with the Government in relation to permission for putting larger number of REVOLO fitted vehicles on road, formation of rules and appropriate vehicle regulations is progressing as per plan.

8. OTHER DEVELOPMENTS

To improve the operational efficiency and IT process, we moved our critical corporate applications to private cloud bringing change in our infrastructure management. This enables us to make dynamic allocation of resources like memory, compute and storage as per the need. With private cloud we have migrated 800 users on Virtual desktop environment each having thin client. This has brought in centralization of users data and application, flexibility to work from anywhere and necessary controls for compliance management. In order to have seamless working, we

intend to implement Multiprotocol Label Switching (MPLS) connectivity inclusive of selective Tele-presence across our Global offices. This would help us in connecting all our global offices and collaborating more effectively among our employees across the Globe. We can also extend training programs to employees across the Globe in an efficient and cost effective manner. In order to make IT infrastructure more resilient and efficient, we will be implementing technology solutions for ensuring Business Continuity of our private cloud and virtual desktop infrastructure.

9. GUIDANCE FOR FY2012

We have shown good growth in a soft macro-economic environment and we expect the growth momentum to continue in the next quarter also. Thus we would like to upward revise our organic revenue guidance for the year to USD 289 Mn to USD 291 Mn (excluding the revenues from SYSTIME) as compared to the earlier guidance of USD 275 Mn to USD 285 Mn.

After we gave the guidance at the beginning of the year, the following changes have occurred:

1. The revenue recognition policy was changed (reimbursement and pass through revenues not included in the total revenues)
2. DFS Business was diversified.

Thus with the above 2 changes the FY11 revenue gets reinstated at USD 210 Mn (against the reported USD 224 Mn).

Hence the revised revenue guidance for FY12 implies an Organic Revenue Growth between 37% - 38% on a like to like basis.

We will consolidate the SYSTIME numbers in Q4FY12. We expect SYSTIME to contribute around $ 13 Mn to $ 14 Mn to the revenues. Thus with SYSTIME revenues the FY12 USD revenues will be between $ 300 Mn to $ 303 Mn.

Hence the revised revenue guidance for FY12 implies an Overall Revenue Growth between 43% - 44% on a like to like basis.

On the Profit front, we will comfortably beat the higher end of the guidance given at the beginning of the year. We are confident of doing so despite of the uncertainty in the rupee dollar exchange rate (as stated in the Profitability section at the beginning of this update) and the negative impact (on other income) of the appreciating rupee (as compared to the rate at the end of Q3FY12).

INCOME STATEMENT FOR THE QUARTER ENDED 31ST DECEMBER 2011

INR Mn	Q3 FY12	Q2 FY12	Q-o-Q Growth	Q3 FY11	Y-o-Y Growth
Adjusted Sales	**3,788.54**	**3,240.03**	**16.93%**	**2,577.14**	**47.01%**
Sales	**3,788.54**	**3,250.19**	**16.56%**	**2,647.03**	**43.12%**
Software Development Expenses	2,492.70	2,132.22	16.91%	1,706.43	46.08%
Gross Profit	**1,295.84**	**1,117.98**	**15.91%**	**940.60**	**37.77%**
Selling and Marketing Expenses	295.37	255.80	15.47%	190.63	54.94%
General and Admin Expenses	420.61	418.57	0.49%	364.49	15.40%
EBITDA	**579.86**	**443.61**	**30.72%**	**385.48**	**50.43%**
Interest	15.92	12.85	23.90%	11.13	43.07%
Depreciation	133.25	115.54	15.33%	85.02	56.72%
Profit After Depn. & Int.	**430.69**	**315.22**	**36.64%**	**289.33**	**48.46%**
Other Income	108.39	110.03	(1.49%)	13.03	731.97%
Profit Before Tax	**539.08**	**425.25**	**26.77%**	**302.36**	**78.29%**
Provision for Taxation	128.22	87.73	46.15%	49.33	159.90%
Profit After Tax	**410.86**	**337.52**	**21.73%**	**253.02**	**62.38%**
Minority Interest	5.30	1.18	349.02%	1.64	223.03%
Profit after Minority Interest	**405.56**	**336.34**	**20.58%**	**251.38**	**61.33%**
Share of profit from associate	5.14	28.44	(81.93%)	-	-
Net Profit for the period	**410.70**	**364.78**	**12.59%**	**251.38**	**63.38%**
Paid up Capital	177.05	176.93		158.94	
EPS (INR 2/-Face Value each)					
- Basic	4.64	4.14	12.08%	3.17	46.37%
- Fully Diluted	4.52	4.02	12.44%	3.05	48.20%
Common Size Analysis:					
Gross Profit Margin	34.20%	34.40%	(0.20%)	35.53%	(1.33%)
Sales & Marketing Exp / Revenue	7.80%	7.87%	(0.07%)	7.20%	0.60%
General & Admin Exp / Revenue	11.10%	12.88%	(1.78%)	13.77%	(2.67%)
EBITDA Margin	15.31%	13.65%	1.66%	14.56%	0.75%
Net Profit Margin	10.84%	11.22%	(0.38%)	9.50%	1.34%

- *q-o-q' or 'sequential' growth refers to growth during the qtr compared to the immediately preceding quarter*
- *'y-o-y' growth refers to the growth during the quarter as compared to the corresponding quarter of the previous year*

INCOME STATEMENT FOR NINE MONTHS ENDED 31ST DECEMBER 2011

INR Mn	DEC-11	DEC-10	Y-o-Y Growth
Adjusted Sales	**10,054.11**	**6,669.58**	**50.75%**
Sales	**10,200.03**	**6,898.46**	**47.86%**
Software Development Expenses	6,748.90	4,366.53	54.56%
Gross Profit	**3,451.13**	**2,531.93**	**36.30%**
Selling and Marketing Expenses	810.41	541.55	49.65%
General and Admin Expenses	1,220.10	901.39	35.36%
EBITDA	**1,420.62**	**1,088.99**	**30.45%**
Interest	39.12	34.25	14.20%
Depreciation	343.15	249.15	37.73%
Profit After Depn. & Int.	**1,038.35**	**805.58**	**28.89%**
Other Income	240.87	(8.89)	-
Profit Before Tax	**1,279.21**	**796.70**	**60.56%**
Provision for Taxation	286.89	112.55	154.90%
Profit After Tax	**992.32**	**684.15**	**45.04%**
Minority Interest	9.51	1.64	479.66%
Profit after Minority Interest	**982.81**	**682.51**	**44.00%**
Share of profit from associate	33.58	-	-
Net Profit for the period	**1,016.39**	**682.51**	**48.92%**
Paid up Capital	177.05	158.94	
EPS (Rs. 2/-Face Value each)			
- Basic	11.52	8.64	33.33%
- Fully Diluted	11.19	8.34	34.17%
Common Size Analysis:			
Gross Profit Margin	33.83%	36.70%	(2.87%)
Sales & Marketing Exp / Revenue	7.95%	7.85%	0.10%
General & Admin Exp / Revenue	11.96%	13.07%	(1.11%)
EBITDA Margin	13.93%	15.79%	(1.86%)
Net Profit Margin	9.96%	9.89%	0.07%

PERFORMANCE METRICS (QUARTER ENDED 31ST DECEMBER 2011)

	Q3 FY12	Q2 FY12	Q-o-Q Growth	Q3 FY11	Y-o-Y Growth
Revenue Spread - Geography					
USA	70.52%	68.14%	20.64%	68.34%	47.69%
Europe	19.02%	20.12%	10.22%	21.38%	27.35%
Rest of World	10.46%	11.75%	3.81%	10.28%	45.58%
Revenue Spread - Verticals					
Automotive, Transportation & Manufacturing	70.93%	66.36%	24.59%	62.53%	62.35%
Energy & Utilities	10.96%	9.98%	28.11%	10.83%	44.94%
Defense & Government	1.18%	2.23%	(38.29%)	0.27%	536.76%
Others	16.93%	21.43%	(7.94%)	26.38%	(8.16%)
Revenue Spread - by SBU					
Integrated Enterprise Solutions	36.54%	38.49%	10.67%	40.43%	29.37%
Auto & Engineering	27.54%	27.57%	16.46%	26.30%	49.91%
SAP	33.35%	30.61%	27.00%	29.96%	59.31%
Semiconductor Solutions Group	2.56%	3.33%	(10.46%)	3.31%	10.69%
Customer details					
No. of Customers Added	2	4	-	5	-
No. of Active Customers	165	163	-	152	-
Customers with run rate of >$1Mn	54	51	-	40	-
Top Client - Cummins	23.92%	22.58%	23.44%	24.76%	38.25%
Top 5 Clients	37.39%	38.86%	12.14%	41.68%	28.38%
Top 10 Clients	47.09%	48.39%	13.44%	51.06%	32.00%
Repeat Business	90%+	90%+	-	90%+	-
Onsite / Offshore Split					
Onsite Revenues	47.79%	46.95%	18.65 %	46.12%	48.30 %
Offshore Revenue	52.21%	53.05%	14.71%	53.88%	38.69 %
Revenue by Contract Type					
Time and Material Basis	74.20%	71.72%	20.60%	68.16%	55.82%
Fixed Price / Time Basis	25.80%	28.28%	6.34%	31.84%	15.96%
Debtors (days)	68	66	-	64	-

#There has been a re-classification in the Industry verticals as we have moved Energy Equipment manufacturers from Automotive, Transportation and Manufacturing to Energy & Utilities.

Human Resources - Details	Q3 FY12	Q2 FY12	Q-o-Q Growth	Q3 FY11	Y-o-Y Growth
Development Team – Onsite (Avg)	792	757	-	696	-
Development Team - Offshore(Avg)	5,328	5,297	-	4,878	-
Onsite FTE	717	691	3.76%	620	15.65%
Offshore FTE	3,829	3,857	(0.73%)	3,296	16.17%
Total FTE	4,546	4,548	(0.04%)	3,916	16.09%
Development (at Qtr end)	6,178	6,018	-	5,743	-
Gen Mgmt / Support (at Qtr end)	421	418	-	407	-
Marketing (Subsidiaries) (at Qtr end)	108	108	-	79	-
Total (at Qtr end)	6,707	6,544	-	6,229	-
Onsite utilization	90.58%	91.26%	-	89.07%	-
Offshore utilization	71.86%	72.81%	-	67.57%	-

FOREX INSTRUMENTS

The currency market has been extremely volatile in the recent period and the company has major exposure in 3 currencies- USD, Euro and GBP. As per our hedging policy, we used to cover 75% of the net exposure through forward contracts for the next two quarters. Considering this recent volatility, we have revised our hedging policy and we have entered into new contracts to hedge 75% of our net exposure over the next 2 years. These hedges have been taken for all the three currencies.

Total Outstanding Hedges:

- Total amount of USD hedges as on 31st December 2011 : $ 115.50 Mn
- Maturing in FY2012 : $ 13.35 Mn
- Maturing in FY2013 : $ 51.15 Mn
- Maturing in FY2014 : $ 51 Mn

The average rate for these hedges are 45.03 (FY12); 47.32 (FY13) and 50.90 (FY14).

- ***Balance Sheet details:***
  - The Cash Balance as at December 31, 2011 stood at INR 1,661.11 Million as compared to INR 1,742.29 Million as on September 30, 2011.
  - Capital expenditure for the quarter stood at INR 73.43 Million including CWIP.
  - As on December 31, 2011 our total debt was INR1,907.32 Million (INR 1,568.22 Million as of June 30, 2011) comprising of INR 852.26 Million of Term Loan, INR 1,055.06 Million 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 December 31, 2011 these Hedging Reserves were INR 819.12 Million as compared to INR 223.11 Million as

of Q2FY12 end. As a result of rupee depreciation there was an increase in the hedging reserve during this quarter.

Balance Sheet Summary: As at (INR Mn)	Dec 31, 2011	Sep 30, 2011
Shareholders' Equity	6,447.57	6,601.40
Total Debt	1,907.32	1,568.22
Minority Interest & Deferred Tax Liability	19.12	41.12
Total	**8,374.00**	**8,210.74**
Fixed Assets	1,663.17	1,645.02
Investments	1,587.10	1,573.48
Goodwill on Consolidation	1,946.21	1,656.69
Total Current Assets	5,894.17	5,355.65
Cash Balance	1,159.47	1,249.13
Receivables	3,387.92	2,854.74
Loans & Advances	1,346.78	1,251.78
Current Liabilities	2,729.10	2,020.10
Total Net Assets	**8,374.00**	**8,210.74**

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

CONFERENCE CALL DETAILS

Conference name : **KPIT Cummins Q3 FY2012 Conference Call**

Date : **Tuesday, 24th January, 2012**

Time : **1600 Hrs (IST)**

Dial-in Numbers

Primary number : +91 22 6629 0308

Secondary number : +91 22 3065 0108

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.

Toll Free Number : USA- 1 866 746 2133

UK- 0 808 101 1573

Singapore- 800 101 2045

HongKong- 800 964 448

The playback of the conference call would be available until January 25, 2012 at:

India : +91 22 3065 1212

Playback ID : 87142

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

For Investor Queries

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)

Tel. (Mobile): +91 98903 80578

For Media Queries

Charuta Patwardhan

Email: Charuta.patwardhan@kpitcummins.com

Tel. (Board): +91 20 6652 5000 (Extn. 5201)

Tel. (Mobile): +91 98909 09577