KPIT Cummins

Fourth quarter and Annual Results FY 2012

Investor Release, Pune, India, April 30th, 2012 **BSE: 532400 | NSE: KPIT**

KPIT Cummins reports 52% growth in FY12revenue, crosses INR 1,500 Crore
Q4 FY12 INR Revenue grew by 26.7% Q-o-Q to INR 4,800.09 Million
Net profits for FY12 up 54% Y-o-Y
Registers FY12 EPS growth of 47% Y-o-Y

Key highlights

Highlights for the quarter ended March 31, 2012

- USD Revenue grew by 29.9% Q-o-Q and 45.61% Y-o-Y to USD 95.38 Million.
- In organic terms, USD revenue growth of 11.95% Q-o-Q.
- INR Revenue stood at INR 4,800 Million, a Q-o-Q growth of 26. 7% and Y-o-Y growth of 61.5%.
- Q4 FY2012 PAT grew by 6.44% Y-o-Y to INR 437.15 Million.
- Signed a large enterprise consulting deal worth more than USD 20 Million.

Fiscal year ended March 31, 2012

- Outperforms top end of upward revised revenue guidance.
- USD revenue for FY2012 increased 43.06% Y-o-Y to reach USD 309.29 Million.
- Organically USD Revenue grew by 36.97% Y-o-Y.
- In Re terms, revenue for the year stood at INR 15,000.12 Million, a Y-o-Y growth of 51.97%.
- PAT for the year exceeded guidance with 53.68% Y-o-Y growth to INR 1,453.54 Million.

Management comments

Commenting on the performance of fourth quarter and fiscal FY2012, Ravi Pandit, Chairman & Group CEO, KPIT Cummins said, "Our industry topping growth performance validates our strategy to be a strong vertical focused innovation partner to our customers. This is also reflected in the continuous improvement in our profitability towards the goal we had laid out in the beginning of the year. Our offerings and technology developments are closely aligned to the global needs of the automotive, manufacturing and utility sectors. Our performance in the last two years positions us well to achieve a run rate of USD 500 Million by the last quarter of FY13 and strengthens our vision to be USD 1 billion company by the year 2017".

Commenting on the performance, Kishor Patil, MD & CEO said, "This eighth consecutive quarter of best-in-the-industry growth rate has enabled us to double our revenues in the last two years. We have also achieved profitability improvement registering 16% EBITDA at the end of Q4 FY12. Despite a volatile macro-economic environment, we are seeing robust demand in our focus verticals and have closed three significant large deals over last six months, each in excess of USD 20 million. In order to leverage the growing opportunities in our key verticals and geographies we are investing in people development to scale up rapidly. We are also building a Business Transformation Unit (BTU) to partner with our customers to improve their competitiveness and deliver business benefits, measured as tangible outcomes. Considering our pipeline and order book status we are confident of maintaining our growth momentum in FY13 with a 32%+ growth.

Corporate Update

STRATEGY

During the year, we have been primarily focusing on three priorities- People Development, Innovation and Profitable Growth. In the next few paragraphs, we have tried to cover the key steps taken in each of these respective areas:

PEOPLE

We have been growing at a fast pace and will continue to do so in the coming years. In our continuous efforts of being ahead of time in terms of readiness for growth, People is one of the key pillars on which the growth can be sustained.

Some of the key people initiatives we launched during the year are:

PACE – an Academic Connect Program aimed towards getting fresh graduates ready for recruitment during the course of their graduation. This involves working closely with colleges for curriculum design and execution of live problem solving projects throughout the year.

SHINE – an Employee Engagement Initiative propelled through participation and communication, involving formal connect of Executive Management, Functional Heads and Practice/Delivery Heads with one and all through the year

ELEVATE – a Leadership Development Program comprising of rigorous training, mentorship and rational development for top 100 employees in the organization, to make them ready for higher roles

Attrition came down significantly during the year to 20.7% as compared to 30%+ in FY11. The Q4 annualized attrition stood at 17.2%. In FY12, 200 people were transferred as a part of the BFSI deal. Including them net addition stood at 1,405 (includes 980 from SYSTIME).

INNOVATION

In our viewpoint, strong customer value propositions and nonlinear revenue streams can be established and sustained only with innovation. Innovation at KPIT is comprised of R&D for the customer specific issues, R&D for New Technology Solutions & attempts to foster a culture of innovation across every member of KPIT family

We filed for 7 patents during the year, taking the total number of patents filed to 38. We are the first ISV globally to develop a GENIVI compliant infotainment platform. We have a handful of vertical focused industry specific templatized solutions certified by SAP/Oracle.

Our R&D efforts have been globally recognized. The NASSCOM Innovation of the Year Award, The Wall Street Journal Award, The Knowledge at Wharton Award are few recent appreciations, testimony to our Innovation efforts.

PROFITABLE GROWTH

As we initiate our march towards the vision of becoming a $ 1 Bn company, we emphasize not only growth but profitable growth. We have always been growing at a pretty fast rate. Our industry focus strategy coupled with practice based approach and investments in front end & R&D, has helped us deliver industry leading growth numbers.

We have **doubled our revenues in 2 years,** moving from $ 154 Mn in FY10 to $ 309 Mn in FY12. The growth was contributed evenly across the SBUs with SAP and Automotive leading the growth followed by IES. Our organic growth during the last couple of years is close to 40% and we believe we can sustain industry leading growth in the coming years.

In terms of profitability, we started the year at an EBITDA of 12.5% in Q1 and the **exit rate for Q4FY12 was 16%**. This included SYSTIME numbers, where the EBITDA was 10%. **Excluding SYSTIME we had a close to 17% EBITDA for Q4FY12.** We were able to achieve better profitability through leveraging of front end investments, operational efficiency and better exchange rates.

SBU Profitability

A quick look at the SBU level EBITDA numbers shows we had improvement in EBITDA across the Board.

Integrated Enterprise Solutions (IES) SBU moved from 13% EBITDA in Q1 to 17% - 18% EBITDA in Q4. Including SYSTIME, Q4 EBITDA for IES stood at 15%. IES SBU improved on EBITDA more with operational efficiencies, since the Q-o-Q growth was average in IES.

Automotive and Engineering (A&E) SBU started the year with EBITDA of 13% in Q1 and had an exit rate EBITDA of 20%+. A&E depicted steady growth Q-o-Q, recoding $ 18.5 Mn in Q1 and Q4 ended with revenues of $ 22 Mn

SAP SBU had the maximum investments in terms of front end and solutioning for Industry Specific Solutions. With majority of these investments written off, SAP started the year with almost break-even EBITDA. SAP growth was the fastest with revenues of $ 20 Mn+ in Q1 and revenues touching $ 30 Mn+ in Q4. Thus with leveraging of the investments, **SAP EBITDA grew to 5% in Q2, to 8% in Q3 and 10%+ in Q4**

INDUSTRY UPDATE

While the world is going through uncertain times due to multiple financial leverages and negative macro indicators, corporations across the globe are aiming for products which are more energy efficient, cleaner for the environment, safe to use and at the same time comfortable and affordable. These very objectives have driven growth in our focus verticals and promise even greater growth in the years to come.

With an end to end spectrum of technology solutions starting right from product engineering going all the way to cash realization, we are ideally positioned to render comprehensive and effective solutions to our focus industry verticals.

Opportunities - Manufacturing

- Major Manufacturing Corporations look more at long term growth than short term economic turbulence
- Getting a competitive edge is the prime driver for innovation
- In driving cost control, manufacturing facilities are being set up in low cost countries like India and China
- Agility in operations, seamless integration of business processes, efficient design and development of new products coupled with reduction in time to market
- Positive indicators on the US economy like lower unemployment and higher consumer spend

Opportunities – Automotive

- Product Innovation no longer a competitive edge strategy only, but also a survival necessity
- More than 90% of the product innovations driven through electronics.
- Fast acceptance of new technology - autonomous car no longer a fantasy, Road Trials have begun.
- Increased Government regulations with regards to emissions, safety and fuel efficiency, small cars with enhanced features targeted at markets like India and China, stress on alternate fuel technologies mainly electric/hybrid is pushing the electronic content upwards.

Opportunities – Energy & Utilities

- Investments in IT Infrastructure have not been made till the recent past
- Ability of the Utilities companies to spend on IT infrastructure compared to their size is very high
- Growing importance of Enterprise Asset Management, consumer energy management systems like Advanced Metering Infrastructure (AMI), regulatory requirements & environmental concerns, efficient infrastructure to manage energy usage, SCADA, Security & data protection systems and Smart Grid Management.

Thus there are tremendous opportunities in the industries which we focus upon and our idea is to become the number one technology partner for the customers in these industry verticals. KPIT response and readiness to these opportunities can be summarized as below:

KPIT Cummins' readiness	
ENGINEERING	**BUSINESS IT**
1. Working with leaders in the industry - OEMs and Tier Is. 2. Global Consortiums - AUTOSAR and JASPAR - premium member, GENIVI – member. 3. Strong Process Orientation - Autospice 5 certified. 4. Technology Solutions - AUTOSAR, Infotainment, Vision Systems, Diagnostics. 5. Strong Systems Capability - Hybrid, Powertrain, Chasis. 6. Established Credibility - 300+ Production Programs.	1. Industry Specific Templatized Solutions for Manufacturing, Automotive and Energy & Utilities verticals. 2. SAP/Oracle Go to Market Partners for these verticals. 3. Oracle Platinum Partner. 4. SAP Gold Partner. 5. Oracle/SAP Partner Certifications. 6. High visibility within SAP/Oracle due to Vertical focus and Industry Specific certified Solutions.

SIGNIFICANT DEVELOPMENTS:

SSG Hardware Business	☐ The Semiconductor Solutions Group work comprised of Hardware Solutions and Software Solutions. ☐ The Hardware Solutions business was hived of into a new company in partnership with Sankalp Semiconductors Private Ltd. ☐ KPIT initially owns 15% in the entity. Around Rs. 70 Mn are accounted for as income in Other Income as a part of this deal.
	☐ Sankalp is a key player for Analog Mixed Signal specializing in end-to-end solutions for IOs, analog and mixed signal chip design/layout. ☐ This association will make it one of the largest practices in hardware design with best competence in Analog & Mixed Signal design (AMS) area. ☐ Sankalp will provide the business leadership and it will leverage our stronger market presence.
	☐ The hived off business contributed $ 5.5 Mn to the revenues in FY12 with mid-single digit EBITDA. ☐ Sankalp is doing around $ 6 Mn in annual revenues with healthy EBITDA.

Strategic stake	☐ KPIT has acquired a 20% Strategic Stake in a Japan based Embedded Software specialist company - GAIA Systems Solutions Inc. ☐ GAIA has around 45 employees with revenues of approx. USD 12 Million.
	☐ This strategic stake allows KPIT direct access to Japanese OEMs and Tier Is and also provides a Japanese front end. ☐ KPIT has paid USD 2 Million for this 20% stake and has the right but not the obligation to go to 90%+ stake in the next 3 years.

OTHER UPDATES:

We continue to see good traction in APAC across markets like China, Korea, India & Japan. In SAP, we have won deals from customers based in Japan and Australia. Recently we have set up a subsidiary in Netherlands to explore the growth opportunities for IT & Engineering Services across the Scandinavian regions thus expanding our presence in Europe. Brazil is another geography where we are investing and we expect good business growth in this market over the next few years. US geography continues to deliver strong growth for us which includes growth from Cummins and other existing accounts as well as new deals, especially in the Automotive and Energy & Utilities verticals.

During this quarter, we have added 4 new customers, taking the total number of active customers to 169. For the year, the total customer addition was 14.

Cummins account has been consistently growing over the last few quarters. Revenue share for the year was 21.51% against 23.53% in FY2011 and it has registered a growth of 38.87% Y-o-Y. For the quarter, revenue grew 3.24% Q-o-Q and 49.45% Y-o-Y with revenue share at 19.49% for the quarter. We will continue to see growth in this account as on the IT business as they will roll out global programs to meet their global business needs and also on the engineering side as they continue to invest in their products to stay ahead of the competition.

LEADERSHIP TEAM UPDATE:

Mr. G. B. Prabhat has recently joined the KPIT Cummins leadership team as Principal-Business Transformation Unit. He would be responsible for overall corporate strategy and innovative business models and service frameworks. He brings 25 years of experience in Consulting and IT industry as he is widely considered the pioneer of offshore Consulting model. He has led successful ground-breaking IT consulting assignments using the onsite-offshore model for several Fortune 500 companies. Prior to joining KPIT Cummins, he was the founder of Anantara Solutions, a Second Generation Outsourcing company.

BOARD UPDATE:

We are proud to announce the joining of Prof. Sangiovanni Vincentelli to our Board as Independent Director. He is a professor with the University of California, Berkeley, Department of Electrical Engineering and Computer Sciences. He was a co-founder of Cadence and Synopsys, the two leading companies in the area of Electronic Design Automation. He is the Chief Technology Adviser of Cadence. He is a member of the Board of Directors of Cadence and Chair of its Technology Committee. He was a member of the HP Strategic Technology Advisory Board. He is currently a member of the Science and Technology Advisory Board of General Motors, as well as a member of the Technology Advisory Council of United Technologies Corporation.

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

Significant Oracle Partner Network Milestone – 5 advanced specializations

New deals worth cumulative $ 60 Mn+ won during the year

SYSTIME Integration on track – cross selling effected

Overall there is a growing interest for Edge Applications, ERP Surround solutions and connectors. In IES we are mainly focusing on upgrades for Oracle & JDE, mobility solutions and fusion. We have achieved a very significant Oracle PartnerNetwork (OPN) milestone by successfully completing Oracle's five advanced specializations and 20 specializations. The advanced specializations attained are:

- Oracle E-Business suite Supply Chain Management.
- Oracle's JD Edwards EnterpriseOne Financial Management.
- Oracle's JD Edwards EnterpriseOne Distribution
- Oracle's JD Edwards EnterpriseOne Configurable Network Computing
- Oracle Database 11g

For completion of each of the 20 specializations, our sales, pre-sales, support & implementation specialists were required to pass different certifications and testing processes while for each of the 5 advanced specializations, there was a requirement of minimum 50 certified implementation specialists. These achievements help us to change our positioning in front of the customers as they look to us more as a strategic partner with domain knowledge and expertise in their related products and industries.

There is good traction in the mobility space with new deal wins. We have been working with SAP SBU in mobility area as our E&U industry focused mobile solutions iSunas CE and iSunas WM are certified and now available in Apple store. The inter-practice cross-selling has started gaining momentum as we have won deals along with CPG and SYSTIME teams. There is tremendous business opportunity with JDE customers and we are putting together a detailed plan to maximize and capture these opportunities

SYSTIME CONSOLIDATION:

We have consolidated the SYSTIME numbers for Q4. SYSTIME revenues were $ 13 Mn in Q4 with EBITDA of 10%. We had targeted the EBITDA in SYSTIME to be in double digits as we consolidate the numbers and were able to achieve the same

on the basis of operational efficiencies like recruitment efficiency, bench control and utilization, especially at offshore and planned SGA reductions by closure of offices globally.
We have progressed as per plan on the Integration front. KPIT and SYSTIME sales teams have merged. The sales teams now have a bouquet of offerings to take to the customers, typically offerings related to middleware like BI, SCM, MES & PLM. The focus is now on medium size deals (medium size deals definition here is $ 3 - $ 5 Mn+).We have won one such deal post integration, & there are currently 4 such deals in the pipeline. From the delivery view point, the middleware delivery capabilities have been strengthened with the integration due to cross pollination. On the HR side, we have completed the grade mapping of employees and KPIT internal systems are being used for increments and appraisals. SAP implementation at SYSTIME for FICO, MM, SD and HR is done and currently is in the user testing phase. The same should be all done by the end of May 2012. Thus on the integration front we are all set for FY13.

AUTOMOTIVE & ENGINEERING (A&E) SBU:

KPIT Infotainment Platform is now GENIVI Compliant

New deals worth cumulative $ 50 Mn+ won during the year

Strong traction across geographies including Europe

We continue to see strong traction for our services and offerings mainly in Powertrain, MEDS, Infotainment, AUTOSAR and Diagnostics. We got customer projects in AUTOSAR practice from a European client & Asian client while we have also won multiple projects in Powertrain and Mechanical practice. We are putting in efforts to increase the non-linear revenue share in this SBU and these efforts are getting recognized in the automotive industry. We have been officially listed as a compliant product supplier in GENIVI's website for our In-Vehicle Infotainment platform. The GENIVI Compliance program requires the member companies to measure their products and services based on certain specifications and companies meeting these specifications are listed as compliant partners.

THOUGHT LEADERSHIP:

- Successfully achieved re-certification to Automotive SPICE Organizational Maturity Level 5. This is testimony of our stringent quality systems in automotive applications.
- KPIT Cummins participated and co-sponsored the 4th Edition of Conference on Automotive R & D Trends 2015 held in Chennai recently. Mr. Ravi Pandit, Chairman & Group CEO, delivered a presentation on the topic "Staying Connected - From Driver Assistance to Customer Assistance Systems" which was highly appreciated.
- Participation in the 11th International Exhibition for Electronic Components, in Shanghai, China (Electronica China 2012) where we showcased our offerings in the areas of Infotainment, In-Vehicle Networks, Diagnostics & Functional Safety.

SAP SBU:

Recognized by SAP as the fastest growing System Integrator in North America

New deals worth cumulative $ 100 Mn+ won during the year

6 SAP certified solutions in the US, 5 in India

During this quarter, SAP SBU won the **2012 SAP® North American Partner Impact Award for Momentum** and it was recognized by SAP as fastest growing System Integrator in North America – **moved up from rank #49 in 2010 to #8 in 2011.** Through our unique proposition we continue to deliver higher Value for our customers' investments and SAP recognizes our efforts. Another key development was the certification of 'HiTechEDGE' as a SAP Business All in One Certified solution and now all our focused verticals have one or more SAP certified solutions. Currently the total number of SAP certified solutions increased to 6 in US and 5 in India. We have started to see business traction for these non-linear offerings as we got two new key projects from utility clients for SUNAS, an IP solution focusing on Utilities.

FY2012 has been a significant growth year for our SAP SBU spread across our focus industries i.e. Automotive and Energy & Utilities. During this quarter, we have won the largest single purchase order in excess of USD 20 Million for an automotive customer and this win establishes our capabilities to acquire large size deals. We have won more than 6 deals

in this year with individual deal size of more than USD 5 Million. There is strong business traction in APAC region with a good deal pipeline and new growth opportunities.

Major events

Our annual technology event "TecXpedition 2012" was conducted in February 2012. This is a platform for all employees to exhibit the technical competencies and exchange of functional know-how. The theme for this year was "Explore the Unexplored". To encourage more participation and involvement of all the employees, we organized various online contests and live webcasts of the speaker sessions.





Deal wins

AUTOMOTIVE & ALLIED ENGINEERING:

KPIT Cummins debuted its ingenious GENIVI 1.0 compliant platform KIVI and its rich feature set like HTML 5, Telematics, On board - Off board software including connectivity, and how other relevant automotive sub-systems like ADAS, Vision systems, Cluster, Diagnostics and other In-Vehicle Networking systems can be integrated with the IVI system efficiently.

- KPIT Cummins continued to dominate as the most preferred AUTOSAR service provider globally, with an European automotive tier 1 and an Asian automaker engaging KPIT Cummins for the development of MCAL and R4.0 AUTOSAR BSW Stack.
- KPIT Cummins has been selected by a large European automaker having global design and manufacturing operations, to provide expertise in the areas of engine change control and engine management systems.

INTEGRATED ENTERPRISE SOLUTIONS:

- A fortune 200 company, which is a large North American manufacturer has selected KPIT Cummins as its business transformation partner and will be leveraging its partner's capabilities and expertise in value chain Master Data Management, enterprise intelligence and extensive legacy Integration.
- North American medical equipment industry is now leveraging KPIT Cummins' competencies in transformational consulting. KPIT Cummins is starting a key engagement with a very large North American medical equipment manufacturer, which involves global model design and deployments across multiple continents.
- KPIT Cummins has been selected by a large North American manufacturer of defense electronics and equipment to modernize its enterprise technology applications across its global operations.

SAP:

- Strong traction of the previous four quarters continued this quarter as well. KPIT Cummins was selected by leading manufacturing and utilities corporations do design and deploy integrated business enablement solutions leveraging KPIT Cummins' highly recognized domain expertise and delivery methodologies on SAP solutions.
- Multiple strategic engagements started where customers are leveraging KPIT Cummins' solutions and industry expertise, these include a multi-million dollar engagement with large North American automotive supplier, global high tech manufacturer, two large water utilities, one gas utility and three specialized North American electric utilities.

Recognition and thought leadership

- Mr Anil Patwardhan was awarded with "Recognition of Excellence" at CFO India's 2nd Annual CFO 100 Roll of Honour. He has received the award for "Winning edge – in Mergers & Acquisitions.

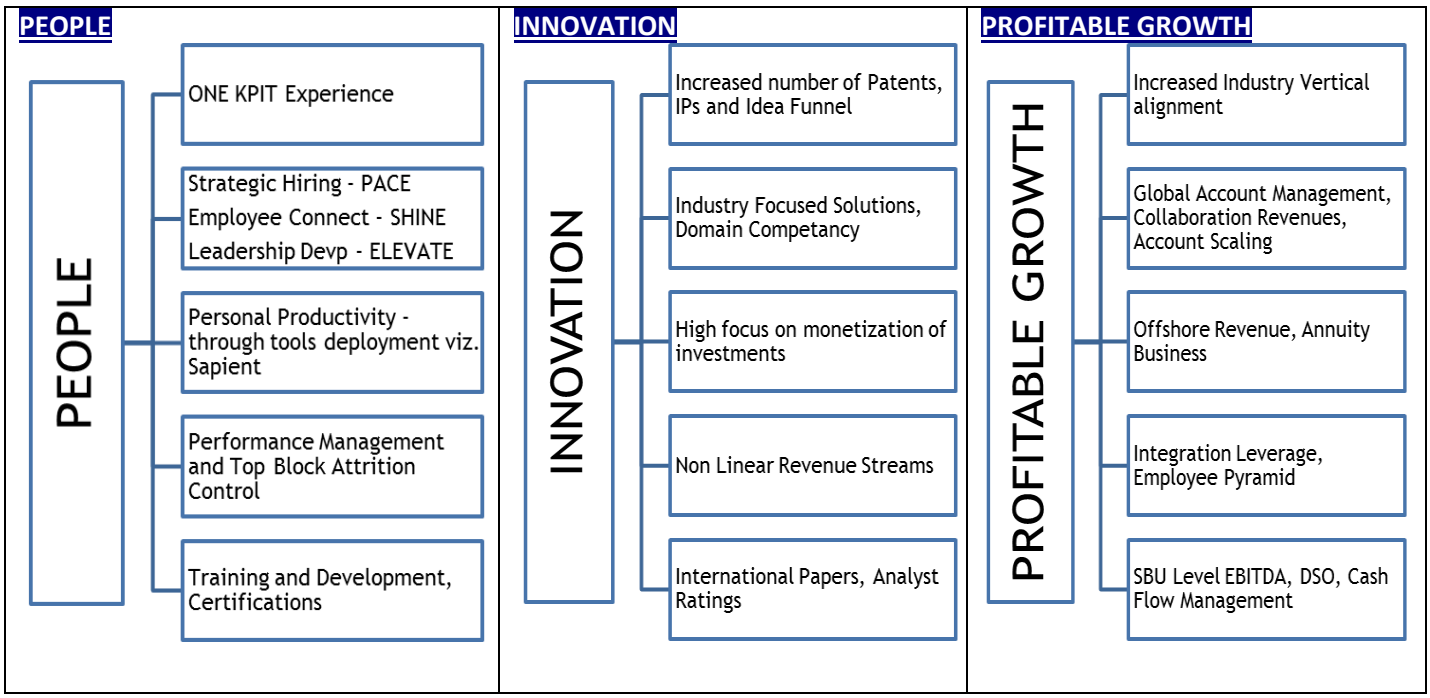
- A paper titled "GPU Accelerated Real Time Rotation, Scale and Translation Invariant Image Registration Method" has been accepted for publication in the "International Conference on Image Analysis and Recognition (ICIAR 2012)".
- A Technical Paper titled "Role of Hardware Accelerators in AUTOSAR" was published in EETimes.

REVOLO update

- **New site:** The REVOLO team is in process of moving to a new site which has been custom built for REVOLO activities, development as well as kit installation.
- **Large scale trial:** We have initiated the 200 vehicle conversion project earlier this month. As part of this program we will be converting vehicles of up to 4 different fleets and these trials would run for a period of up to 6 months.
- **OEM Discussions:** The recent Auto Expo gave us a good platform to demonstrate REVOLO to the major global auto companies, other players in the automotive eco-system, government officials and individuals. Post this event, there has been a significant increase in the OEM interest including initiation of new discussions while our current OEM work continues at a steady pace.
- **Battery testing:** We have done lot of work with the battery companies to test the batteries and address the battery life cycle issue. As a result of our focused efforts over the last 4-6 months, we have had positive outcomes. We are happy to announce that the battery life has passed the 2.5 years mark for the useful life and performance has been in line with our expectations.
- **Government:** 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 for Hybrid Vehicles, is progressing as per plan.

Strategic goals for FY13

The $ 500 Mn revenue milestone is now well in sight and we are now on the verge of embarking on the journey for the next milestone which is $ 1 Bn revenues. While we want to maintain a faster pace of growth as compared with industry, we also want to focus on profitability. With these objectives, we will continue to focus on our 3 key priority areas:



Guidance for FY13

With strong industry leading growth in FY12, irrespective of the soft macro-economic environment, we are fairly confident of our growth in the coming years.
We are pleased to release the guidance for FY13:

	FY12	Absolute Numbers		Growth	
		FY13 Low	FY13 High	FY13 Low	FY13 High
Revenue USD	309	408	418	32%	35%
Revenue INR	15,000	20,400	20,900	36%	39%
PAT INR (before SYSTIME Minority Int.)	1,452*	1,730	1,800	19%	24%
PAT INR	1,454	1,670	1,740	15%	20%

**excludes the minority interest as well as profit share from associate for SYSTIME*

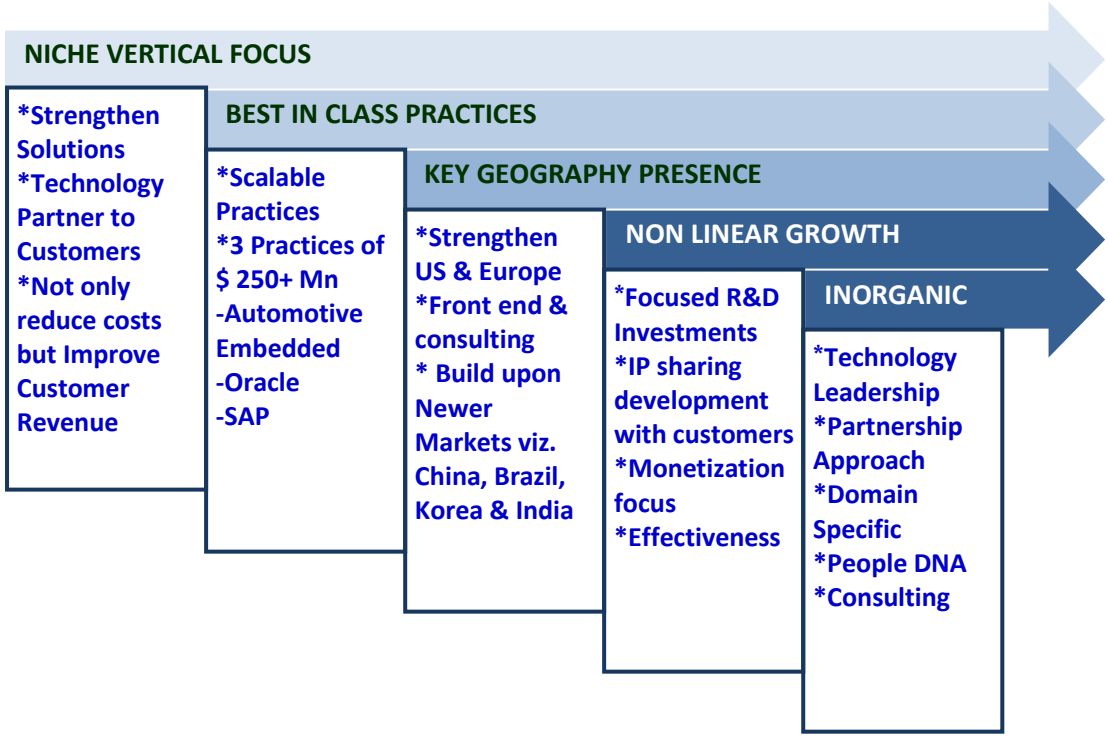
The above guidance is based on the following:

- INR/USD Rate assumed for the full year is INR 50 / USD
- Normal Wage hikes and Visa Costs are factored in Q1

Vision FY2017

Our Vision is to become a USD 1 Bn Revenue Company by 2017 with 18% EBITDA Margins. Our endeavor is to achieve a revenue run rate of USD 500 Mn by Q4 of FY13. We believe this is stepping stone for our vision 2017.

We are internally working on the detailed action plan to set the roadmap for achieving this vision; a bird's eye view is presented in the chart below:



Income statement for quarter ended March 31st, 2012

INR Million	Q4 FY12	Q3 FY12	Q-o-Q Growth	Q4 FY11	Y-o-Y Growth
Adjusted Sales (DFS Adjustment)	**4,800.09**	**3,788.54**	**26.70%**	**2,898.30**	**65.62%**
Sales	**4,800.09**	**3,788.54**	**26.70%**	**2,972.02**	**61.51%**
Software Development Expenses	3,185.53	2,492.70	27.79%	1,881.61	69.30%
Gross Profit	**1,614.56**	**1,295.84**	**24.60%**	**1,090.41**	**48.07%**
Selling and Marketing Expenses	304.62	295.37	3.13%	220.92	37.89%
General and Admin Expenses	549.63	420.61	30.67%	436.41	25.94%
EBITDA	**760.31**	**579.86**	**31.12%**	**433.09**	**75.55%**
Interest	39.00	15.92	144.98%	10.44	273.46%
Depreciation	101.70	133.25	(23.67%)	162.10	(37.26%)
Profit After Depn. & Int.	**619.60**	**430.69**	**43.86%**	**260.55**	**137.81%**
Other Income	(112.92)	108.39	(204.18%)	45.33	(349.07%)
Exceptional Item	100.45	-	-	-	-
Profit Before Tax	**607.14**	**539.08**	**12.62%**	**305.88**	**98.49%**
Provision for Taxation	149.79	128.22	16.82%	42.31	254.06%
Profit After Tax	**457.35**	**410.86**	**11.31%**	**263.58**	**73.52%**
Minority Interest	21.96	5.30	314.40%	0.27	-
Profit after Minority Interest	**435.39**	**405.56**	**7.35%**	**263.31**	**65.35%**
Share of profit from associate	1.76	5.14	(65.79%)	-	-
Net Profit for the period	**437.15**	**410.70**	**6.44%**	**263.31**	**66.02%**
Paid up Capital	355.89	177.04	-	175.73	-
EPS (INR 2/-Face Value each)					
- Basic	2.46	2.31	6.49%	1.51	62.91%
- Fully Diluted	2.42	2.28	6.14%	1.49	62.42%
Common Size Analysis:					
Gross Profit Margin	33.64%	34.20%	(0.57%)	36.69%	(3.05%)
Sales & Marketing Exp / Revenue	6.35%	7.80%	(1.45%)	7.43%	(1.09%)
General & Admin Exp / Revenue	11.45%	11.10%	0.35%	14.68%	(3.23%)
EBITDA Margin	15.84%	15.31%	0.53%	14.57%	1.27%
Net Profit Margin	9.11%	10.84%	(1.73%)	8.86%	0.25%

- *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 fiscal year ended March 31st, 2012

INR Million	MAR- 2012	MAR- 2011	Y-o-Y Growth
Adjusted Sales (DFS Adjustment)	**14,854.20**	**9,568.23**	55.25%
Sales	**1,5000.12**	**9,870.48**	51.97%
Software Development Expenses	9,934.43	6,248.14	59.00%
Gross Profit	**5,065.69**	**3,622.34**	39.85%
Selling and Marketing Expenses	1,115.03	762.47	46.24%
General and Admin Expenses	1,769.73	1,337.80	32.29%
EBITDA	**2,180.93**	**1,522.08**	43.29%
Interest	78.12	44.70	74.78%
Depreciation	444.86	411.25	8.17%
Profit After Depn. & Int.	**1,657.95**	**1,066.13**	55.51%
Other Income	127.95	36.45	251.05%
Exceptional Item	100.45	-	-
Profit Before Tax	**1,886.35**	**1,102.58**	71.08%
Provision for Taxation	436.68	154.86	181.99%
Profit After Tax	**1,449.67**	**947.72**	52.96%
Minority Interest	31.46	1.91	-
Profit after Minority Interest	**1,418.20**	**945.82**	49.94%
Share of profit from associate	35.34	-	-
Net Profit for the period	**1,453.54**	**945.82**	53.68%
Paid up Capital	355.89	175.73	-
EPS (Rs. 2/-Face Value each)			
- Basic	8.19	5.58	46.77%
- Fully Diluted	8.08	5.49	47.18%
Common Size Analysis:			
Gross Profit Margin	33.77%	36.70%	(2.93%)
Sales & Marketing Exp / Revenue	7.43%	7.72%	(0.29%)
General & Admin Exp / Revenue	11.80%	13.55%	(1.76%)
EBITDA Margin	14.54%	15.42%	(0.88%)
Net Profit Margin	9.69%	9.58%	0.11%

Performance Metrics for quarter ended March 31st, 2012

	Q4 FY12	Q3 FY12	Q-o-Q Growth	Q4 FY11	Y-o-Y Growth
Revenue Spread – Geography					
USA	73.33%	70.52%	31.76%	68.28%	73.47%
Europe	14.38%	19.02%	(4.25%)	19.00%	22.20%
Rest of World	12.29%	10.46%	48.88%	12.72%	56.01%
Revenue Spread – Verticals					
Automotive, Transportation, Manufacturing	72.06%	70.93%	28.72%	62.05%	87.56%
Energy & Utilities	11.55%	10.96%	33.47%	11.12%	67.61%
Defense & Government	1.01%	1.18%	8.90%	0.31%	421.51%
Others	15.38%	16.93%	15.11%	26.51%	(6.29%)
Revenue Spread – by SBU					
Integrated Enterprise Solutions	42.56%	36.54%	47.55%	39.08%	75.89%
Auto & Engineering	22.93%	27.54%	5.50%	26.46%	39.99%
SAP	32.37%	33.35%	22.96%	30.52%	71.28%
Semiconductor Solutions Group	2.14%	2.56%	5.93%	3.94%	(12.25%)
Customer details					
No. of Customers Added	4	2	-	3	-
No. of Active Customers	169	165	-	155	-
Customers with run rate of >$1Mn	59	54	-	40	-
Top Client – Cummins	19.49%	23.92%	3.24%	21.06%	49.45%
Top 5 Clients	33.01%	37.39%	11.88%	40.65%	31.16%
Top 10 Clients	42.22%	46.98%	13.87%	50.77%	34.31%
Onsite / Offshore Split					
Onsite Revenues	51.54%	47.79%	36.64%	42.96%	93.75%
Offshore Revenue	48.46%	52.21%	17.60%	57.04%	37.22%
Revenue by Contract Type					
Time and Material Basis	73.55%	74.20%	25.59%	68.03%	74.61%
Fixed Price / Time Basis	26.45%	25.80%	29.88%	31.97%	33.62%
Debtors (days)	76	68	-	65	-

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	Q4 FY12	Q3 FY12	Q-o-Q Growth	Q4 FY11	Y-o-Y Growth
Development Team – Onsite (Avg)	964	792	-	731	-
Development Team - Offshore(Avg)	5,914	5,328	-	5,253	-
Onsite FTE	911	717	27.04%	660	38.17%
Offshore FTE	4,393	3,829	14.74%	3,671	19.68%
Total FTE	5,304	4,546	16.68%	4,331	22.49%
Development (at Qtr end)	7,071	6,178	-	5,998	-
Gen Mgmt / Support (at Qtr end)	526	421	-	414	-
Marketing (Subsidiaries) (at Qtr end)	122	108	-	102	-
Total (at Qtr end)	7,719	6,707	-	6,514	-
Onsite utilization	94.54%	90.58%	-	90.23%	-
Offshore utilization	74.28%	71.86%	-	69.88%	-

Performance metrics for fiscal year ended March 31st, 2012

	MAR- 2012	MAR- 2011	Y-o-Y Growth
Revenue Spread – Geography			
USA	69.56%	67.27%	57.15%
Europe	18.20%	20.61%	34.16%
Rest of World	12.24%	12.12%	53.49%
Revenue Spread – Verticals			
Automotive, Transportation & Manufacturing	71.38%	64.77%	67.47%
Energy & Utilities	11.22%	10.48%	62.71%
Defense & Government	1.68%	0.38%	574.23%
Others	15.72%	24.37%	(1.95%)
Revenue Spread – by SBU			
Integrated Enterprise Solutions	40.05%	38.79%	56.89%
Auto & Engineering	25.90%	26.31%	49.61%
SAP	31.47%	30.51%	56.75%
Semiconductor Solutions Group	2.58%	4.39%	(10.59%)
Customer details			
No. of Customers Added	14	14	-
No. of Active Customers	169	155	-
Customers with run rate of >$1Mn	59	40	-
Top Client – Cummins	21.51%	23.53%	38.87%
Top 5 Clients	35.02%	42.07%	26.50%
Top 10 Clients	43.61%	51.70%	28.18%
Onsite / Offshore Split			
Onsite Revenues	48.64%	40.64%	81.90%
Offshore Revenue	51.36%	59.36%	31.48%
Revenue by Contract Type			
Time and Material Basis	72.13%	68.69%	59.57%
Fixed Price / Time Basis	27.87%	31.31%	35.30%
Debtors (days)	76	65	-

Human Resources – Details	Mar- 2012	Mar- 2011	Y-o-Y Growth
Development Team – Onsite (Avg)	813	634	-
Development Team - Offshore(Avg)	5,466	4,723	-
Onsite FTE	745	569	30.93%
Offshore FTE	3,968	3,234	22.70%
Total FTE	4,713	3,803	23.93%
Development (at Qtr end)	7,071	5,998	-
Gen Mgmt / Support (at Qtr end)	526	414	-
Marketing (Subsidiaries) (at Qtr end)	122	102	-
Total (at Qtr end)	7,719	6,514	-
Onsite utilization	91.64%	89.80%	-
Offshore utilization	72.59%	68.48%	-

Forex instrument

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 March 2012 : $ 138.57 Mn
- Maturing in FY2013 : $ 68.81 Mn
- Maturing in FY2014 : $ 69.76 Mn

The average rates for these hedges are Rs.49.09 (FY13) and Rs.52.07 (FY14).

Balance sheet details

- The Cash Balance as at March 2012 stood at INR 1,837.68 Million as compared to INR 1,661.11 Million as on December 31, 2011.
- Capital expenditure for the quarter stood at INR 109.96 Million including CWIP.
- As on March 2012, our total debt was INR 2,288 Million (INR 1,907.32 Million as of December 31, 2011) comprising of INR 818.50 Million of Term Loan, INR 1,400.05 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 March 2012 these Hedging Reserves were INR 477.26 Million as compared to INR 819.12 Million as of Q3FY12 end. As a result of rupee appreciation there was a decrease in the hedging reserve during this quarter.

Balance Sheet Summary: As at (INR Million)	Mar 31, 2012	Mar 31, 2011
Equity & Liabilities:		
Shareholders' Funds	7,269.13	6,029.30
Share Application Money pending allotment	1.05	2.61
Minority Interest	326.01	8.73
Non Current Liabilities:	1,197.15	330.10
Long Term Borrowings	822.20	115.07
Deferred Tax Liabilities	7.74	56.81
Other Long Term Liabilities	263.98	106.99
Long Term Provisions	103.23	51.23
Current Liabilities	4,569.37	2,716.46
Total Equity & Liabilities	**13,362.72**	**9,087.21**
Assets:		
Non Current Assets	6,379.27	3,663.22
Current Assets	6,983.45	5,423.98
Total Assets	**13,362.72**	**9,087.21**

Conference Call Details

Conference name	**:**	**KPIT Cummins Q4 FY2012 Conference Call**
Date	**:**	**Wednesday, 2nd May, 2012**
Time	**:**	**1600 Hours (IST)**
Dial-in Numbers		
Primary number	:	+91 22 6629 5850
Secondary number	:	+91 22 3065 2503
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 major 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 May 7, 2012 at:

India	:	+91 22 3065 1212
Playback ID	:	6637342

About KPIT Cummins

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

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