Press Release
For Immediate Release

KPIT Cummins expects Fiscal 2011 revenues to grow by 25% in USD terms

Closes FY 2010 with 30% Y-o-Y growth in net profits

Pune, May 7, 2010: KPIT Cummins (BSE: 532400; NSE: KPIT), a leading product engineering and IT consulting partner to manufacturing companies, today announced it has met its INR net profit guidance for the year, as it released financial results for the quarter and the year ending 31st March, 2010.

Highlights for the quarter and year ended March 31, 2010

- FY 2011 USD revenues to achieve 25% growth over FY 2010 with a PAT growth of minimum 5%.
- Revenue in USD terms, for the quarter increased by 8% Q-o-Q to USD 42.67 Million. In INR terms, revenue for the quarter stood at INR 1970.93 Million, Q-o-Q growth of 6.7%.
- PAT for the quarter stood at INR 207.86 Million, a Y-o-Y growth of 7.6%.
- 2 new customers were added during the quarter.
- Revenues for the year stood at INR 7,316.41 Million, a Y-o-Y decline of 7.76%. In USD terms the revenues were USD 153.76 Million, a Y-o-Y decline of 11.68%.
- The Company met its upward revised PAT guidance for the year. Net Profit for the year grew by 30% Y-o-Y to INR 857.31 Million.
- PAT Margin for the year expanded by 3.42% Y-o-Y to 11.72% against 8.30% in FY2009.
- EPS for the year FY2010 increased to INR 10.97 from INR 8.44 in FY2009.
- Gross Profit Margins improved by 0.41% to 44.09% for FY2010.
- For the year the Company added 13 new customers taking the total customer base to 141.

Key operational highlights

Despite the challenging business environment of the last financial year the Company has been able to deliver on its promise of maintaining profitability.

The focus on non-linear growth and investments in technologies and people continued to deliver results. The total Research & Development (R&D) related spend was about 1.5% of our revenue. During the fiscal year 2010, six patents were filed in the automotive and semiconductor space. Another 10 patents were filed in April 2010, which further demonstrate the Company's domain expertise in the automotive work area. These new patents are in the areas of automotive hybrid and vehicle safety features like night vision and pedestrian detection system. With the new filings, the total number of patents filed till date increased to 24.

During the year the Company added Government and Defense sectors to its focus industries' portfolio and has also started working on some critical projects in the Government sector. In the defense sector the Company plans to make significant investments to emerge as a preferred partner for strategic technology work in the areas of product design, engineering and IT solutions, to build and implement hi-tech mission critical systems and operational support systems.

Performance in focus geographies

Emerging markets continue to be the key growth driver. India business grew by almost 50% during the year over FY2009. This growth rate is expected to continue in this and next year also. Besides India, strong growth traction is also seen across emerging markets like China, Korea, South Africa and Australia. Overall the APAC and Emerging markets together grew by 6.23% during the quarter. US markets too have improved since last quarter with a 17.45% growth in the business. However, European market remained sluggish and is expected to return to the growth trajectory toward the later half of this year.

Key customer highlights

A total of **13** customers were added in the year taking the total number of active customers to **141**.

During the year, demand for solutions in the cutting-edge automotive technologies grew significantly. The Company emerged as a preferred product engineering partner to global automotive companies for technologies in the area of Battery Management Systems, in-vehicle infotainment & telematics and Power Management solutions. Positive traction was also seen in the area of SAP and Supply Chain consulting in India and US, and Sparta's merger with KPIT Cummins has started delivering good results.

Automotive

- Started a **strategic Research and Development project in Telematics for a** leading **American Automotive Tier 1.** This is to **develop a critical civilian application based on Dedicated Short Range Communications technology.**
- Commenced a critical program in the area of **Lithium based battery chemistry** for an **Asian Automotive Tier 1. Another Asian Automotive Tier 1** has chosen KPIT Cummins for a major project on **Battery Management System.**
- Developed a **value-added services portal CLICKSERVICESMILE.com,** an internet-based information system that helps car owners plan servicing of their vehicles and offers them **vehicle diagnostic & maintenance services**

Industrial Equipments

- Started a **Supply Chain management consulting project in Europe** for a large **Swedish equipment manufacturer.**
- Commenced a multi-country application implementation and lifecycle support program for **SAP and Non- SAP technologies for a European Energy & Utilities customer**.
- Launched **Mobile Windows CE and Blackberry** based **workflow management application** for field force.

Hi-tech (Independent Software Vendors – ISVs) and Semiconductor

- Commenced **power management solutions development project** for a leading **American manufacturer of IC solutions** for analog, Ethernet and high bandwidth markets.
- Started **verification project for a complex Digital Signal Processing (DSP) based IP** for an **American world leader in electronic design automation (EDA),** supplying the global electronics market with software, IP and services used in semiconductor design and manufacturing.
- Started a **multi-year engagement** with a **global leader in enterprise middleware** for providing **high-end 24/7 support to large enterprise customers.**
- Commenced work for a **South African software services provider** on **message aggregation.**

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Commenting on the Company's performance:

Ravi Pandit, Chairman & Group CEO said,

As a result of our focus on productivity we could close the last year with an increase in profits, despite reduction in revenues and increased expenditure on R&D and people upgradation. We believe that we shall see growth in the topline in the forthcoming year and to ensure that, we shall continue our focus on non-linear growth, innovation and people practices. In FY 2011, we expect to grow by around 25%, which is more than the industry projected growth rate of 13-15%.

Kishor Patil, MD & CEO, said,

"We are happy with the overall performance of the company in the last year on financial parameters and strategic priorities. We have substantially improved our propositions through innovation and excellence. On this foundation we will be increasing our investments in strengthening our front-end, to build stronger propositions and to accelerate our growth. In the next year, profitable growth will be our primary objective and we will be tapping both organic and inorganic options for our growth. We will continue to make strategic investments in innovation and core areas to reach our goal of $500 million in revenues by end of FY 2013."

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.

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