KPIT Cummins
Third quarter Results FY 2013

KPIT Cummins

Investor Release **BSE: 532400 | NSE: KPIT**

KPIT Cummins upward revises FY13 profit guidance to INR 1,960-2,000 million, a Y-o-Y growth of 35% to 38%
Maintains revenue guidance of 32%+ Y-o-Y growth
Registers 53%* Y-o-Y growth in Q3 FY13 revenue to reach INR 5,633 million, revenue in USD at 103 million - up 45% Y-o-Y
Profit for the quarter rises 23% Y-o-Y

Pune, January 28, 2013: KPIT Cummins (BSE: 532400; NSE: KPIT), a leading product engineering and IT consulting partner to automotive & transportation, manufacturing and energy & utilities companies, today reported its consolidated financial results for the quarter and nine months ending December 31, 2012.

Highlights for the quarter & nine months ended December 31, 2012

Q3 FY2013:

- PAT before one-time exceptional item stood at INR 598.83 million for the quarter
- Net profits, after one-time exceptional hit stood at INR 504.35 million, a Q-o-Q growth of 9.35% and Y-o-Y growth of 22.8%.
- USD Revenue for Q3 FY13 stood at USD 103.46 million, a Y-o-Y growth of 45%*.
- INR revenue increased by 53%* Y-o-Y to INR 5,632.97 million.
- Top 5 and 10 accounts including Cummins register 40%+ Y-o-Y growth.

Nine months ended December 2012:

- USD Revenue for the period ended December 2012 increased by 43% Y-o-Y to USD 305 million.
- In INR terms, revenue increased by 64% Y-o-Y to INR 16,688 million.
- Net profits for the period increased to INR 1,478 million, a Y-o-Y growth of 45%.

* *adjusting for SSG & DFS revenue in Q3FY12*

Management comments

Commenting on the Q3 performance, Chief Executive Officer and Managing Director, Kishor Patil said: “we are happy to upward revise our guidance for FY13 profits and maintain the annual revenue guidance in a difficult macro-economic environment. Despite the loss of revenues on account of lower number of working days during Q3 we were in a position maintain revenues. The profitability improvement during the year is a reflection of both strong operational improvements as well as higher currency realization.”

Sachin Tikekar, Whole-time Director and President - Strategic Relationships and Business Transformation said: “we are seeing growth opportunities in majority of our key customers though there remain few accounts where there has been a pressure on the IT budgets. I believe the markets will continue to provide us opportunities to succeed as we build and offer more focused and differentiated propositions. The smart consulting layer that we built above our services portfolio is helping us participate as well as win large business transformational deals, and we will continue to make investments in further strengthening our smart consulting capabilities.”

Corporate Update

As we move into CY 2013, we are witnessing mixed trends in the market. Overall, though there is still a cautious approach to spending, we see pockets of growth in the industry verticals that we focus upon. Most of our customers are investing for future growth, while some are facing certain near term constraints. Our efforts are focused on working with customers who have a fairly long term approach for their technology roadmap. Our increased focus on Enterprise Customers, Annuity revenues and identifying the new areas of growth in line with customer's business priorities, is the key for scaling up to next level. As an organization we have been able to define a niche for our offerings and aim to continue to create leadership in the areas that we operate in.

MARKET UPDATE

The global spending on IT is expected to grow at 4.2% in 2013 to USD 3.7 trillion while world-wide enterprise software spending may increase by 6.4% to USD 296 billion in 2013. The SaaS market will increase 25% in 2013 to USD 59 billion, while the smart-computing software market, data analytics and business intelligence apps will generate USD 41 billion in spending this year. As per IDC estimates, the world-wide market for Mobile Enterprise Management software market is expected to grow from USD 444.6 million in 2011 to USD 1.8 billion in 2016 at a CAGR of 31.8%. The Consumer Electronics Association has predicted that automotive electronics spending will climb over USD 1 billion (£622 million) in 2013.

In the Automotive Vertical, more traction is expected in the alternative fuel vehicle market mainly hybrids as consumers show more inclination towards fuel-efficient vehicles while carmakers gear up to adhere to the government's Corporate Average Fuel Economy (CAFE) standards. Besides Hybrids, existing powertrain technologies will see big investments in electronics in the quest to up the efficiency of the IC engines. Enhanced safety standards and safety legislations, coupled with increased consumer expectations from infotainment devices within the cars will call for more and more specialized electronics in cars.

During the year, North American utilities are expected to make investments in managing outage response, ensuring security, driving in business efficiency and customer engagement. In 2013 utility incentives will drive USD 160 million in Smart Building Technologies underlining the significance of energy efficiency.

During the current year, cloud computing, social media, Big Data and mobility would continue playing a vital role in the Enterprise IT domain. In order to stay competent, organizations are adapting technologies that enable speed, flexibility, security and closer connectivity to business. With increasing shift towards cloud based software and applications, larger technology players are working on a range of solutions leveraging the cloud medium and integrating it with other areas to enable better collaboration and information sharing between employees, partners and customers.

Source: Gartner, Forrester, IDC, Edmunds research

Geography wise, APAC presents the highest growth opportunity in the coming years. In the US, we are observing a mixed scenario in terms of customer spends, while Europe continues to move slowly. There is good momentum in Latin America, primarily for JDE business and we are witnessing growth in new projects from China, both for SAP as well as A&E SBU.

REVENUE UPDATE

USD Revenue (in million)	Q3 FY13	Q2 FY13	Q-o-Q Growth	Q3 FY12	Y-o-Y Growth
Reported Revenue	103.46	103.43	0.03%	73.43	40.89%
Adjustment for SSG	-	-	-	1.88	-
Adjustment for DFS	-	-	-	-	-
Comparable Revenue	**103.46**	**103.43**	**0.03%**	**71.55**	**44.59%**

As typically is the case with Q3 of any financial year, due to comparatively more holidays and leaves, both at offshore and onsite, there was a loss of 2-3 billing days on an average, across the organization. This resulted in a revenue loss of approximately 3% of Q3 FY13 revenue. Thus, theoretically, without this loss of billing days the Q3 FY13 revenues would have been more by around USD 3 million, resulting in a sequential growth of 3%. On a Y-o-Y basis, revenue grew by 40.89%. In INR terms, revenue grew by 48.68% on a Y-o-Y basis while there was a decline of 0.69% on Q-o-Q basis.

IES SBU grew by 5.3% Q-o-Q, however there was a decline of 4.9% and 6.5% in A&E & SAP SBU respectively. The impact of loss of billing days was the maximum on SAP SBU due to a relatively higher proportion of onsite revenues.

Cummins account grew by 18.8% Y-o-Y as their revenue share stood at 19.1% in Q3 FY13. In view of the current macro-economic scenario, Cummins as an organization expects CY 2013 to be a similar year like CY 2012 and while they see some growth challenges in the first half they remain cautiously optimistic for the second half of the year. In view of the same we are also expecting a slide in Cummins account during the first half of CY 2013. However with the focus to achieve more value out of IT investments they will continue to invest in transformational projects and other strategic initiatives, thus providing us with relevant opportunities for long-term engagements.

While there are concerns in some of the customer accounts, we are witnessing increase in growth opportunities for majority of our key customers. There was good growth in the top customers as our top 5 and top 10 customer accounts grew by 46.4% and 43.1% respectively on a Y-o-Y basis. Sequentially this growth rate stood at 3.9% and 2.8% respectively.

PROFITABILITY

The realized rate for the quarter was INR 54.45/USD against INR 54.84/ USD in Q2 FY13.

Our EBITDA margins for the quarter stood at 15.66% as against 16.66% in Q2 FY13, a decrease of 100 bps. The loss of billing days during the quarter, coupled with decline in average realization rate, led to dip in the margins. Even though the loss of billing was almost 3%, we were able to restrict the margin decline due to anticipatory cost control in G&A expenses and curtailing the increase in direct costs. Last quarter we had mentioned about the excess bench in SAP SBU due to certain structural business changes within SAP domain. This, coupled with higher impact of loss in onsite billing days, has impacted our margins during this quarter also. We expect to see an improvement in utilization levels by the end of next quarter which will help in driving up our SAP SBU margins. In SYSTIME we have been able to maintain the EBITDA margin during this quarter.

At the beginning of the financial year we had a target of increasing the EBITDA margins by 50 bps – 100 bps. As we move into Q4 we are confident of beating that target and actually registering an increase of 100 bps to 150 bps in the EBITDA margins for FY13 as compared with FY12.

The other income includes forex gain of INR 56.88 million against forex loss of INR 213.45 million in Q2 FY13. The closing rate was INR 54.78/ USD as compared to INR 52.70/ USD in Q2 FY13. The net impact of translation of foreign currency denominated assets and liabilities resulted in forex gain during the quarter. This resulted in improving our net profit to INR 504.35 million, a Q-o-Q growth of 9.35% and Y-o-Y growth of 22.8%. Our net profit margin improved to 8.95%.

During this quarter there was an exceptional item of INR 94.48 million on the Profit & Loss Account. As a prudent accounting policy, we have recognized 100% impairment of a minority stake made in a foreign company. We had acquired the minority stake with the objective to gain access to key automotive customers. We have been able to achieve the same with market penetration in automotive OEMS and Tier Is and will continue doing so in the future. However at the same time we feel that there wouldn't be much significant improvement in the financial operations of the company and hence we thought it fit to consider impairment.

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

During the quarter there was a re-alignment between practice and sales within North America for IES SBU. The sales team will now be aligned by industry and strategic accounts in this region with the objective to establish a common Go-to-Market strategy for all practices within the IES SBU. These changes will allow us to be uniform in our approach and position our organization as a stronger brand, especially for Enterprise customers.

During the quarter, we witnessed good traction for large size upgrade opportunities in the US market and won a large JDE upgrade deal. We are building a strong foundation through upgrade assessments, using our proprietary solutions, which will help us win more deals in this space. There are growth opportunities in APAC and Latin America across all our focus verticals. In India, there is momentum for Business Intelligence (BI) and Enterprise Performance Management (EPM) solutions. Europe is yet to fully recover, though we see modest traction around EDGE applications in this region. Our efforts in converting cross-selling opportunities by leveraging capabilities across SBUs has helped us close another consulting & system integration deal in the automotive sector for the SAP SBU.

We have been making efforts to tap the growth areas of Big Data, Analytics, mobility, cloud and social media and we have registered a number of deal wins in the mobility space over last few months. We are developing Oracle based mobility solutions and Oracle Application Test Suite (OATS) based testing framework for Business process testing across ERPs. Also, we have become Microsoft approved Azure Deployment Planning Services (AZDPS) provider.

We continue to reap the synergy benefits in SYSTIME. The quarter registered a healthy revenue growth of 7.15% Q-o-Q to reach USD 18.2 million in quarterly revenues. Post consolidation, this was the third consistent quarter of strong revenue growth in SYSTIME and we expect the growth rate to continue going forward.

CUSTOMER HIGHLIGHTS

- A leading North American energy corporation selected KPIT Cummins for a large enterprise consulting and system integration project spanning over 10,000 global users across 125 countries
- KPIT Cummins emerged partner of choice for expertise in Mobile Supply Chain Applications and Value Chain Planning & Execution for two large North American industrial manufacturers

AUTOMOTIVE & ENGINEERING (A&E) SBU

One of the key competition areas among automakers is infotainment and auto companies are making all the possible efforts to outpace each other in this area, which also includes collaboration with external partners. Big auto players are opening up their vehicle infotainment technology to external software developers to develop customized application for their vehicles. Many carmakers are also investing in safety technologies and working on the concept of connected vehicles to build intelligent transportation systems which will lead to reduction in road accident cases, while ensuring consumer's connectivity with their personal and professional world during the hours spent inside the vehicles.

In A&E SBU, there is higher momentum in areas of Autosar, In-Vehicle Networks, Infotainment and powertrain. We have won some large deals from customers in APAC region besides a multi-million dollar deal in Autosar and Vehicle networking space from an Asian electronics major. These wins reinforce our focus in achieving technology leadership and growing business in this geography. We also see some great opportunities for our non-linear initiatives particularly in areas of safety technologies, infotainment, powertrain and Autosar.

We recently announced a strategic partnership with Livio to enable seamless connectivity between multiple consumer devices, mobile applications and the infotainment head unit. Livio is a leading provider of in-vehicle mobile applications to cars and this association will enable consumers to integrate Livio Connect API with KPIT's production ready infotainment software framework "KIVI" (KPIT In-Vehicle Infotainment) allowing cars to seamlessly and securely communicate with mobile devices. We also launched our unique app deployment framework, Apps-to-go which has been designed for In-vehicle infotainment systems and smart phones to allow OEMs and Tier Is to bring apps to cars and keep the Infotainment system up to date over the life of the vehicle.

THOUGHT LEADERSHIP

KPIT Cummins participated at Intel Intelligent Systems Summit (IISS), Taiwan. The theme for the event was 'Seize the future' and KPIT displayed the latest solutions on ADAS (Advanced Driver Assistance System) on Intel's platform.

KPIT Cummins participated at the SAE Convergence 2012 in Detroit. Our team made presentation on automotive electronics in the Blue Ribbon panel exclusively sponsored by KPIT Cummins.

CUSTOMER HIGHLIGHTS

We won the prestigious ***Mahesh Modi Environmental Excellence award*** *for Revolo. This award given by the Automotive Research Association of India (ARAI) recognizes our commitment towards building sustainable automotive solutions of tomorrow.*

- KPIT Cummins' leadership as an AUTOSAR specialist was further reinforced as a large Asian electronics manufacturer selected it as a strategic partner for an engagement in the Autosar & Vehicle networking space.

SAP SBU

In SAP SBU we see traction in automotive and utilities vertical as we won new projects in these industry segments. There is good momentum across practices like Mobility, Analytics, Customer Relationship Management (CRM) and SuccesFactors (SF). We signed a deal with one of the largest hi-tech companies in the world surpassing many other software service providers to emerge as their largest Indian vendor. While the European geography continues to be weak we are building a robust pipeline in APAC and we have delivered a few key deals from China & India for implementation and support services. As auto industry continues to perform strongly in US market, we see growth opportunity for integrated application development and we are jointly working with SAP on a prototype Auto solution which is being developed by leveraging our existing strengths in automotive domain.

Last quarter we mentioned about the technology reset happening within SAP ecosystem as SAP HCM is being replaced by SAP SuccessFactors while there is also a big push from SAP towards analytics and fast in-memory computing technologies such as HANA. However we are moving ahead swiftly and making the required investments to cater to the changing market demands. As SuccessFactors (SF) Consulting partner we are reaching out to all SAP HCM customers to help them determine their roadmap for cloud based SF solutions and it has helped us in winning our first SF project. Our HANA solution is certified by SAP as Rapid Deployment Solution (RDS) and we have also established a HANA center of excellence. All these factors have helped us to build a strong pipeline and win a key deal in this space. We are also creating high speed, cloud-based HANA analytics solutions for Utilities & Auto vertical.

CUSTOMER HIGHLIGHTS

Successfully completed SAP certifications for rapid deployment solutions for CRM-on-Mobile, rapid data migration of NetWeaver BW to HANA, SAP CRM & SAP BusinessObjects for Discrete Industries.

- Started seeing strong traction in the areas of SuccessFactors and HANA, with key wins from two large North American Manufacturing corporations.

A large European automotive manufacturer selected KPIT Cummins as SAP consulting & system integration partner for its Indian operations.

CASH FLOW

Our cash profit during the quarter was INR 622 million. The cash flow from operations (before FA investments) was INR 452 million and the operational surplus after addition to fixed assets stood at INR 323 million. We made payouts for the remaining consideration in Sparta Consulting and CPG solutions to the extent of INR 824 million.
During the quarter we completed the allotment of 7,776,000 shares to Van Dyck (affiliate of Chrys Cap) and 5,184,000 shares to CX partners Fund 1 limited and AAJV Investment Trust on a preferential basis at an issue price of Rs.125 per equity share which amounted to an aggregated cash inflow of INR 1,620 million.
We raised an ECB loan of INR 1,096 million during this quarter.

R&D

Innovation is one of our core values and a significant factor driving our business strategy. To strengthen our efforts for IP development and resultant non-linear revenues, we launched “Innovation council” at the board level under the Chairmanship of Padmabhushan Dr Raghunath Mashelkar. The objective of this step is to ensure proper focus, guidance and right Investments in the right areas in order to remain at the edge of Innovation and deliver differentiated value propositions to our customers.

We achieved a significant milestone in the R&D work that we have been doing over the years as we have been granted 2 US patents under USPTO which were filed in hybrid technology and VLSI domain.

During this period we filed 2 more patents in automotive technology space, taking the total patents count to 43.

Recognition and thought leadership

- KPIT Cummins was awarded **EMC Transformers Award 2012** at the EMC Annual event for successful implementation of innovative solutions which helped in transforming internal IT functions.
- KPIT Cummins received **EDGE 2012 award** (Enterprise Driving Growth and Excellent through IT) in the category of “Data Centre and Networking” at ITEROP 2012, Mumbai for effective implementation of Unified computing infrastructure.
- KPIT Cummins presented at the **Fuel Retailing 2012 in Delhi** on “Hybrids: a practical bridge between today’s world of IC engines and tomorrow’s world of Electric Vehicles”.
- International Journal of Computer Application (IJCA) featured two technical papers titled “**Stereo matching using multi-resolution images on CUDA**” and “**A review of parallelization tools and introduction to EASYPAR**” in their October 2012 publication.
- KPIT Cummins was present at **SAPPHIRE Europe in Spain, the UK and I SAP user group conference in UK and SAP for Utilities conference in Singapore**.
- KPIT Cummins participated in first **JD Edwards QUEST INFOCUS** deep dive event in Denver, Colorado and also in **UKOUG JD Edwards Conference**.

REVOLO update

- We are working on our mass trials for REVOLO and currently have 40+ vehicles are running on the roads with REVOLO fitted in. The results have been encouraging, both on the fuel efficiency as well as the emissions fronts. In the mass trials, we intend to introduce couple of more models.
- The progress on the homologation rules for Hybrids is satisfactory.

Upward Revision in Profit Guidance

Typically, at the end of the 3rd quarter of the financial year we revisit our guidance for the year. At the beginning of the year, we were one of the very few companies who gave an annual guidance, both on the top line as well as bottom line. As we move into the last quarter of the financial year, we are one of the even fewer companies who have not only stayed with the guidance given at the beginning of the year, but also have increased the same.

We re-iterate our revenue guidance given at the beginning of the year and are happy to increase our Profit guidance as below:

- Initial PAT guidance for FY13 – INR 1,670 million – INR 1,740 million (Y-o-Y growth of 15% - 20%)
- Revised PAT Guidance for FY13 – INR 1,960 million – INR. 2,000 million (Y-o-Y growth of 35% - 38%)

Income statement for quarter ended December 31st, 2012 (Revised Format)

INR million	Q3 FY 13	Q2 FY13	Q-o-Q Growth	Q3 FY12	Y-o-Y Growth
Adjusted Sales*	**5,632.97**	**5,672.05**	**(0.69%)**	**3,691.53**	**52.59%**
Sales	**5,632.97**	**5,672.05**	**(0.69%)**	**3,788.54**	**48.68%**
Employee Benefit Expenses	2,911.84	2,902.60	0.32%	1,915.45	52.02%
Depreciation & Amortization Expenses	117.67	114.38	2.88%	133.25	(11.69%)
Other Expenses	1,841.87	1,826.64	0.83%	1,295.10	42.22%
Total Expenses	**4,871.38**	**4,843.62**	**0.57%**	**3,343.80**	**45.68%**
Profit before Other Income, Finance costs & Exceptional Item	**761.59**	**828.43**	**(8.07%)**	**444.74**	**71.24%**
Other Income	76.72	(190.98)	(140.17%)	108.39	(29.21%)
Profit before Finance costs & exceptional Items	**838.31**	**637.45**	**31.51%**	**553.13**	**51.56%**
Finance costs	38.65	32.21	19.99%	14.05	175.06%
Profit after Finance costs & exceptional Items	**799.66**	**605.24**	**32.12%**	**539.08**	**48.34%**
Exceptional Items	(94.48)	54.70	-	-	-
Profit Before Tax	**705.18**	**659.94**	**6.86%**	**539.08**	**30.81%**
Tax Expenses	182.59	191.48	(4.64%)	128.22	42.41%
Net Profit from ordinary activities after Tax	**522.59**	**468.46**	**11.56%**	**410.86**	**27.20%**
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	**522.59**	**468.46**	**11.56%**	**410.86**	**27.20%**
Share of profit from associate	-	5.00	-	5.14	-
Minority Interest	18.25	12.23	49.14%	5.30	244.36%
PAT	**504.35**	**461.23**	**9.35%**	**410.70**	**22.80%**
Paid up Capital	384.47	356.80	-	177.05	
EPS (INR 2/-Face Value each)					
- Basic	2.75	2.59	6.35%	2.31	19.03%
- Fully Diluted	2.66	2.50	6.27%	2.28	16.75%
Common Size Analysis:					
EBITDA Margin	15.66%	16.66%	(1.00%)	15.31%	0.35%
Net Profit Margin	8.95%	8.13%	0.82%	10.84%	(1.89%)

*Previous quarter's figures have been adjusted for SSG & DFS business transfer.

- *Q-o-Q or 'sequential' growth refers to growth during the quarter 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 December 31st , 2012 (Revised Format)

INR million	DEC-12	DEC-11	Y-o-Y Growth
Adjusted Sales*	**16,687.67**	**9,771.10**	**70.79%**
Sales	**16,687.67**	**10,200.03**	**63.60%**
Employee Benefit Expenses	8,538.87	5,353.95	59.49%
Depreciation & Amortization Expenses	345.51	343.15	0.69%
Other Expenses	5,520.27	3,431.42	60.87%
Total Expenses	**14,404.64**	**9,128.52**	**57.80%**
Profit before Other Income, Finance costs & Exceptional Item	**2,283.03**	**1,071.51**	**113.07%**
Other Income	(83.96)	240.87	(134.86%)
Profit before Finance costs & exceptional Items	**2,199.07**	**1,312.37**	**67.56%**
Finance costs	100.62	33.16	203.41%
Profit after Finance costs & exceptional Items	**2,098.46**	**1,279.21**	**64.04%**
Exceptional Items	(13.05)	-	-
Profit Before Tax	**2,085.41**	**1,279.21**	**63.02%**
Tax Expenses	558.83	286.89	94.79%
Net Profit from ordinary activities after Tax	**1,526.57**	**992.32**	**53.84%**
Extraordinary Items	-	-	-
Net Profit for the Period	**1,526.57**	**992.32**	**53.84%**
Share of profit from associate	(5.43)	33.58	(116.18%)
Minority Interest	42.76	9.51	349.76%
PAT	**1,478.38**	**1,016.39**	**45.45%**
Paid up Capital	384.47	177.05	-
EPS (INR 2/-Face Value each)			
- Basic	8.21	5.74	43.09%
- Fully Diluted	7.98	5.65	41.22%
Common Size Analysis:			
EBITDA Margin	15.82%	13.93%	1.89%
Net Profit Margin	8.86%	9.96%	(1.11%)

*Previous quarter's figures have been adjusted for SSG & DFS business transfer.

Income statement for quarter ended December 31st , 2012 (Old Format)

INR million	Q3 FY 13	Q2 FY13	Q-o-Q Growth	Q3 FY12	Y-o-Y Growth
Adjusted Sales*	**5,632.97**	**5,672.05**	**(0.69%)**	**3,691.53**	**52.59%**
Sales	**5,632.97**	**5,672.05**	**(0.69%)**	**3,788.54**	**48.68%**
Software Development Expenses	3,706.30	3,702.52	0.10%	2,492.70	48.69%
Gross Profit	**1,926.67**	**1,969.53**	**(2.18%)**	**1,295.84**	**48.68%**
Selling & Marketing Expenses	419.13	390.75	7.26%	295.37	41.90%
General & Admin Expenses	625.39	633.74	(1.32%)	420.61	48.68%
EBITDA	**882.16**	**945.04**	**(6.65%)**	**579.86**	**52.13%**
Interest	41.54	34.44	20.64%	15.92	160.94%
Depreciation	117.67	114.38	2.88%	133.25	(11.69%)
Profit After Depn. & Interest	**722.95**	**796.22**	**(9.20%)**	**430.69**	**67.86%**
Other Income	76.72	(190.98)	(140.17%)	108.39	(29.22%)
Exceptional Item	(94.48)	54.70	(272.72%)	-	-
Profit Before Tax	**705.19**	**659.94**	**6.86%**	**539.08**	**30.81%**
Provision for Taxation	182.59	191.48	(4.64%)	128.22	42.41%
Profit After Tax	**522.60**	**468.46**	**11.56%**	**410.86**	**27.20%**
Minority Interest	18.25	12.23	49.15%	5.30	244.42%
Share of profit from associate	-	5.00	-	5.14	-
Net Profit for the period	**504.35**	**461.23**	**9.35%**	**410.70**	**22.80%**
Paid up Capital	**384.47**	**356.80**	**-**	**177.05**	**-**
EPS (INR 2/-Face Value each)					
- Basic	2.75	2.59	6.35%	2.31	19.03%
- Fully Diluted	2.66	2.50	6.27%	2.28	16.75%
Common Size Analysis:					
Gross Profit Margin	34.20%	34.72%	(0.52%)	34.20%	-
Sales & Marketing Exp/ Revenue	7.44%	6.89%	0.55%	7.80%	(0.36%)
General & Admin Exp/ Revenue	11.10%	11.18%	(0.07%)	11.10%	-
EBITDA Margin	15.66%	16.66%	(1.00%)	15.31%	0.35%
Net Profit Margin	8.95%	8.13%	0.82%	10.84%	(1.89%)

*Previous quarter's figures have been adjusted for SSG & DFS business transfer.

- *Q-o-Q or 'sequential' growth refers to growth during the quarter 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.*

Performance Metrics for quarter ended December 31st, 2012

	Q3 FY13	Q2 FY13	Q-o-Q Growth	Q3 FY12	Y-o-Y Growth
Revenue Spread - Geography					
USA	74.74%	76.37%	(2.80%)	70.52%	57.59%
Europe	13.91%	12.08%	14.29%	19.02%	8.69%
Rest of World	11.35%	11.55%	(2.39%)	10.46%	61.38%
Revenue Spread - Verticals					
Automotive & Transportation	40.31%	38.80%	3.18%	42.38%	41.43%
Manufacturing	33.98%	32.44%	4.05%	29.92%	68.90%
Energy & Utilities	14.21%	15.31%	(7.81%)	10.91%	93.74%
Others	11.49%	13.45%	(15.16%)	16.79%	1.72%
Revenue Spread - by SBU					
Integrated Enterprise Solutions	48.69%	45.92%	5.30%	36.54%	98.09%
Auto & Engineering	23.38%	24.40%	(4.86%)	27.54%	26.12%
SAP	27.94%	29.68%	(6.53%)	33.35%	24.54%
Semiconductor Solutions Group	-	-		2.56%	-
Customer details					
No. of Customers Added	2	4	-	2	-
No. of Active Customers	178	176	-	165	-
Customers with run rate of >$1Mn	72	69	-	54	-
Top Client - Cummins	19.11%	19.70%	(3.63%)	23.92%	18.82%
Top 5 Clients	36.82%	35.21%	3.86%	37.39%	46.43%
Top 10 Clients	45.21%	43.69%	2.76%	46.98%	43.08%
Onsite / Offshore Split					
Onsite Revenues	54.70%	53.83%	0.92%	47.79%	70.18%
Offshore Revenue	45.30%	46.17%	(2.56%)	52.21%	29.01%
Revenue by Contract Type					
Time and Material Basis	70.10%	72.68%	(4.22%)	74.20%	40.47%
Fixed Price / Time Basis	29.90%	27.32%	8.70%	25.80%	72.30%
Debtors (days)	70	75	-	68	-

Human Resources - Details	Q3 FY 13	Q2 FY13	Q-o-Q Growth	Q3 FY12	Y-o-Y Growth
Development Team - Onsite (Avg)	1,148	1,126	-	792	-
Development Team - Offshore(Avg)	6,364	6,207	-	5,328	-
Onsite FTE	1,066	1,064	0.18%	717	48.55%
Offshore FTE	4,637	4,638	(0.02%)	3,829	21.12%
Total FTE	5,703	5,702	0.02%	4,546	25.45%
Development (at Quarter end)	7,616	7,447	-	6,178	-
Gen Management / Support (at Quarter end)	538	536	-	421	-
Marketing (Subsidiaries) (at Quarter end)	132	128	-	108	-
Total (at Quarter end)	8,286	8,111	-	6,707	-
Onsite utilization	92.83%	94.47%	-	90.58%	-
Offshore utilization	72.87%	74.73%	-	71.86%	-

Hedging details

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 cover 75% of the net exposure through forward contracts for the next two quarters.

Total Outstanding Hedges:

- Total amount of USD hedges as on 31st December 2012 : $ 91.36 million
- Maturing in FY2013 : $ 21.60 million
- Maturing in FY2014 : $ 69.76 million

The average rates for these hedges are INR 52.15 (FY13) and INR 52.07 (FY14).

Balance sheet details

- The Cash Balance as at December 31, 2012 stood at INR 4,069.56 million as compared to INR 1,851.02 million as on September 30, 2012.
- Capital expenditure for the quarter stood at INR 128.79 million including CWIP.
- As on December 31, 2012 our total debt was INR 3,614 million (INR 2,385.55 million as of September 30, 2012) comprising of INR 1,889.81 million of Term Loan, INR 1,627.11 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, 2012 these Hedging Reserves were INR 446.38 million as compared to INR 366.36 million as of Q2 FY13 end.

Balance Sheet Summary: As at (INR million)	Dec 31, 2012	Sep 30, 2012
Equity & Liabilities:		
Shareholders' Funds	9,979.89	7,919.74
Share Application Money pending allotment	0.50	2.21
Minority Interest	226.86	208.75
Non-Current Liabilities:	2,002.55	1,067.55
Long Term Borrowings	1,698.37	670.61
Deferred Tax Liabilities	-	-
Other Long Term Liabilities	195.52	288.27
Long Term Provisions	108.67	108.67
Current Liabilities:	4,791.72	5,217.73
Short term borrowings	1,613.87	1,714.93
Trade Payables	1,661.53	2,110.31
Other Current Liabilities	1,516.32	1,392.48
Total Equity & Liabilities	**17,001.53**	**14,415.98**
Assets:		
Non-Current Assets:	7,660.21	6,778.79
Fixed Assets	1,951.35	1,940.23
Goodwill on consolidation	4,603.25	3,686.51
Other Non-Current Assets	1,105.61	1,152.05
Current Assets:	9,341.31	7,637.19
Current Investments	2,005.18	377.91
Trade Receivables	4,013.43	4,748.18
Cash & Cash equivalents	2,022.93	1,473.11
Other Current Assets	1,299.78	1,037.99
Total Assets	**17,001.53**	**14,415.98**

Conference Call Details

Conference name	:	**KPIT Cummins Q3 FY2013 Conference Call**
Date	:	**Tuesday, 29th January, 2013**
Time	:	**1600 Hours (IST)**
Dial-in Numbers		
Primary number	:	+91 22 3065 2503
Secondary number	:	+91 22 6629 5850
Local access	:	6000 1221 Available in - Ahmedabad, Bangalore, Chennai, Cochin, Delhi (NCR), Hyderabad, Kolkata, Lucknow Accessible from all major carriers except BSNL/MTNL. 3940 3977 Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Cochin, Gurgaon (NCR), Hyderabad, Kolkata, Lucknow, Pune 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 February 1, 2013 at:

India	:	+91 22 3065 1212
Playback ID	:	70821

About KPIT Cummins

KPIT Cummins Infosystems Limited (BSE: 532400; NSE: KPIT), a global IT consulting and product engineering partner, is focused on co-innovating domain intensive technology solutions for corporations specializing in automotive & transportation, manufacturing and energy & utilities. A leader in technology solutions and services, KPIT Cummins currently partners with 165+ global corporations including Original Equipment Manufacturers (OEMs), semiconductor companies and automotive Tier 1 companies. For more information, visit www.kpitcummins.com.

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	For Media 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**	**Charuta Patwardhan** **Email: Charuta.patwardhan@kpitcummins.com** **Tel. (Board): +91 20 6652 5000 (Extn. 5201)** **Tel. (Cell): +91 98909 09577**
Lipika Bisht **Email: lipika.bisht@kpitcummins.com** **Tel. (Board): +91 120 307 3555 (Extn. 135)** **Tel. (Cell): +91 98108 80578**	