

KPIT Cummins

First quarter Results FY 2014



KPIT Cummins

Investor Release

BSE: 532400 | NSE: KPIT

KPIT Cummins registers 7.6% Q-o-Q growth in Q1 FY14 INR revenue to reach INR 6,132 million

Q1 FY14 USD revenue grew 3.1% Q-o-Q to reach USD 109 million

Net profit for the quarter up 17.5% Q-o-Q to reach INR 601 million

Pune, July 23, 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 ended June 30, 2013.

Highlights for the quarter ended June 30, 2013

- Q1 FY14 growth momentum in line with annual guidance. INR revenue up 7.6% Q-o-Q and 13.9% Y-o-Y to reach INR 6,132.11 million.
- USD revenue rises 3.1% Q-o-Q and 11% Y-o-Y to reach USD 108.82 million.
- Net profits increased 17.5% Q-o-Q to reach INR 601.38 million.
- PAT margin expanded by 83 bps to 9.81% against 8.98% in the previous quarter.
- EBITDA margin including the impact of full quarter wage hikes stood at 15.86%
- Top 10 accounts including Cummins register impressive 20%+ Y-o-Y growth
- An umbrella patent for the overall REVOLO Solution granted in the US.

Management comments

Commenting on the performance of Q1 FY14, Kishor Patil, Managing Director & CEO, KPIT Cummins said, “Our performance this quarter is in line with the annual guidance, and we foresee the growth to be spread out across the year. We have built a robust deal pipeline in US and APAC, making us confident of stronger growth and profit performance in FY14. We gave annual wage hikes across the board this quarter. However, rupee depreciation during the quarter helped offset increased wage costs and maintain higher profits.”

Sachin Tikekar, Board Member, President - Strategic Relationships and Business Transformation, KPIT Cummins said, “The start of FY14 has been encouraging despite a sluggish business environment. Our top five and top ten accounts showed significant Q-o-Q growth. With several of these customers, we are seeing opportunities for transformational deals, where we are helping them devise strategies to enhance performance and remain competitive by selecting, deploying and maximizing right operational & business technologies.”

Corporate Update

We have started the year in the right direction towards achieving the annual guidance number for FY14. Our pipeline is building up across businesses and geographies with at least half a dozen large sized deals. The objective going ahead is to concentrate on deal closures and convert the pipeline into revenues. We have been witnessing strong traction in our growth markets of USA & Asia while we also see some improvement in Europe. We have brought in greater focus in mining our strategic customer accounts and collaborating to maximize cross-sell revenues across the business units.

INDUSTRY UPDATE

The first half of 2013 has been strong for the US automotive industry led by improvement in US housing, employment rates and revival in consumer confidence. New vehicle sales are picking up pace close to pre-recession levels. On the technology front there is a huge growth potential in the car infotainment segment and revenues of automotive applications are expected to reach USD 1.7 Billion globally by 2018. The total number of applications downloaded in cars is expected to jump from 12 Million at end of 2012 to 4.3 Billion at end of 2018 with both automotive companies and technology vendors strengthening their strategy in this segment. The R&D initiatives in areas like fuel efficiency improvement, alternate fuel technologies, electrification and hybridization, safety and emission reductions continue to be at the forefront of the technology spend for all the OEMs, across the globe.

The overall tech spending during the year would be largely inclined towards software which is expected to grow at the rate of 5.7% in local currency terms. The fastest growth of any IT spending category would be witnessed in Analytics and applications in general and SaaS applications in particular. IT consulting and implementation services will also rise in line with higher software spending. The manufacturing and the natural resources sector will lead the vertical markets with total IT spending expected to reach USD 478 Billion, globally, in 2013. Manufacturers across the globe have been reducing their IT spend as a % of revenues since 2008 and the same is expected to be bottomed out in 2013 and be buoyant through 2016, as the business confidence is reinstated and new technology areas come to the forefront.

The global market for smart grid technologies including smart meters, appliances and smart infrastructure technologies is expected to grow significantly over the next 7 years. The market was worth more than USD 33 Billion globally in 2012 and it is expected to reach USD 73 Billion in annual revenues by 2020 totaling USD 461 Billion in cumulative revenues between 2013 and 2020. The US smart grid market is expected to continue its double digit growth momentum of the last 5 years to reach approximately USD 26.7 Billion by 2017 with a CAGR of 13% over the next five years driven by growing use of renewable energy sources and their integration into the grid. Some other factors driving this growth include technological advancement, development of smart meters, increasing energy prices, growth in demand conditions, government incentives and infrastructure development for energy transmission. Even emerging markets like China are also undergoing the smart energy phase with wide scale adoption of smart grid technologies.

Source: Industry Reports

REVENUE UPDATE

Our USD Revenue grew by 3.1% Q-o-Q and 11% Y-o-Y to USD 108.82 Million. During the quarter we added Functional Safety practice by acquiring a small business named IKV with annual revenues of Euro 1.2 Mn. The quarterly revenues for Q1 from IKV were USD 0.5 Mn. In INR terms revenue stood at INR 6,132.11 Million, a Q-o-Q growth of 7.6% and Y-o-Y growth of 13.9%.

Amongst the top customer accounts, Cummins grew by 8.7% on a Q-o-Q basis with revenue share at 16.75% during the quarter. As stated in our earlier communication, we do not expect any further decline in the account during the remaining part of the year and overall for the fiscal year we expect Cummins' revenues to be at similar level like last year. Our Top 5 and Top 10 customers registered strong Q-o-Q growth of 17.9% and 15.7% respectively.

During the quarter there has been some re-classification in our SBUs with BTU being included as a separate business unit. In terms of realignment, IES SBU will focus on Oracle related technologies, products and ERPs while SAP SBU will align the existing portfolio of SAP services and consolidate our positioning in the market space. In BTU along with the existing

consulting services we will consolidate the bespoke technology offerings to drive growth by leveraging IBM & Microsoft alliances.

On a Q-o-Q basis IES SBU led the growth with 16% followed by BTU with 5% growth while A&E and SAP SBU grew by 1.6% and 2.8% respectively.

Amongst the markets, Europe grew by 10.7% on a Q-o-Q basis while US & APAC geography grew by 7.4% and 5.8% respectively.

PROFITABILITY

The realized rate for the quarter was INR 56.35/USD against INR 54/USD in Q4FY13, a growth of 4.35%.

The EBITDA margin for the quarter came down to 15.86% as compared to 17.83% in previous quarter. The positive impact on margins due to currency depreciation added around 150 bps to the margins for this quarter. We have given wage hikes to our employees effective April 1, 2013. The average salary hike for offshore employees was ~ 8% and for onsite employees was ~3%. The wage hikes along with visa costs, resulted in a negative impact of around 270 bps on the margins. During the quarter, we provided for some milestone based discounts to couple of our customers which had an overall impact of around 100 bps on the margins. The overall Q-o-Q decline was 197 bps in the EBITDA margin.

Other income included forex loss of INR 122 Million against a loss of INR 156.93 Million in Q4FY13. The closing rate for this quarter stood at INR 59.15/USD. We have all loans denominated in USD and hence they prove to be a natural hedge against our USD inflows. However, they also balance the foreign currency denominated assets and liabilities and hence the impact of translations at the quarter end rate are also balanced. Thus we do not see a huge swing in forex, even with the rupee at around INR 59/USD at the end of the quarter.

We acquired the remaining 24% stake in KPIT Global Solutions Ltd. (erstwhile SYSTIME Global Solutions Ltd.) and thus there was no minority interest during this quarter.

Our net profit increased by 17.5% Q-o-Q and 17.3% Y-o-Y to INR 601.38 Million and PAT margin expanded by 83 bps to 9.81% against 8.98% in the previous quarter.

CASH FLOW

We have been focusing on increasing the cash flow from operations for the company. We closely monitor the DSO days and also the commitments on fixed assets additions. A cash flow synopsis of the Q1FY14 Cash Flow is as under:

Details	INR Million
Cash Profit for Q1FY14	723
Working Capital Adjustments	(338)
Cash Generated from Operations	385
Fixed Assets + Dividend + ESOPs	(146)
Balance Cash Flow	239
M&A Investments	(1,331)
Financing - Debt	1,399
Total Surplus for the Quarter	307

We leveraged our balance sheet to help us on the existing M&A deal payments (SYSTIME) which we did during the quarter. With the current level of operations and the expected growth, we believe that the cash outflow for the M&A investments will come back to us in the form of cash in under 2.5 years.

SBU Update

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

During the quarter we have won multi-million dollar deals in US market related to JDE upgrades and Oracle E-Business Suite. In India we have been able to win an ERP Roll out for a global auto company which is also one of our GAM customers. Oracle EBS and JDE were the primary growth drivers for us during Q1. US and Asia are looking up and we have a healthy pipeline in both the geographies. There is a growing interest towards Oracle Value Chain Execution (VCE) Solutions. Middleware as a strategy is gaining industry acceptance, while we see increased opportunities for transformational deals.

In IES SBU, we have started developing solutions to cater to the changing customer demands. We are launching our Centre of Excellence (CoE) on Fusion cloud platform while we are also building solutions for Supply Chain Management offerings specific to our focused industry verticals.

CUSTOMER HIGHLIGHTS

- A large Asian manufacturer selected KPIT Cummins as consulting and system integration partner for a multi-million dollar deal in the JDE space.
- Traction as the preferred Oracle partner for manufacturing companies in North America continued, with KPIT Cummins being selected for two multi-million dollar engagements, one with a large steel manufacturer and the second for a large medical devices manufacturer.
- One of the largest South East Asian Oil and Gas manufactures selected KPIT Cummins and its 'Oracle Edge' solution approach, for a large multi-country Warehouse Management engagement.

AUTOMOTIVE & ALLIED ENGINEERING (A&E) SBU

During the quarter, AUTOSAR continued showing good traction and was the leading practice for the SBU. The growth in Powertrain and Diagnostics was a little slower than expected for the quarter; we expect the same to catch up in the coming quarters. The fixed price milestones during the quarter were lesser as compared to the last quarter and hence the proportionate revenues were also lower. We expect these to be billed for, in the ensuing quarter. Overall there is good traction in the deal space. We have won multi-million dollar deals from an American and a European OEM.

Diagnostics is one of the key focus areas for us. We recently announced the release of new generation diagnostics products - "In2Soft Diagnostic Tools". The enhanced version comes with features that ensure smoother and more seamless diagnostics for the OEMs. The new products significantly reduce the time needed for typical diagnostic use-cases like creation of diagnostic data, commissioning and validation of ECU, provide flexibility across every kind of ECU project and are highly user friendly.

As part of our productivity improvement measures we have been able to achieve 50% reduction in code rework through fully integrating QA-C into the development process and using it 'early and often' throughout the coding phase. There was the need for a static code analysis solution to meet the requirements of our automotive customers who mandated that their software must adhere to the Motor Industry Software Reliability Association (MISRA) coding standard. QA-C from PRQA, which is a global leader in static analysis, was the best product to meet this need.

CUSTOMER HIGHLIGHTS

- A North American commercial vehicle manufacturer chose KPIT Cummins as a consulting partner to drive and commission a broad based diagnostic program.
- Recognition as the best-in-class provider of engineering solutions across automotive subsystems further strengthened, with a North American OEM and European car maker partnering with KPIT Cummins for solutions in the areas of AUTOSAR, Diagnostics, Infotainment, Instrument Clusters, Powertrain and Body Electronics.

REVOLO update

- The homologation rule definition body (Central Motor Vehicle Rules -Technical Standing Committee) met on the 16th of May 2013 and approved hybrid conversion rules. This is a significant and positive move in the government approval process. While we await the formal notification of these rules, we are pleased that the government has approved them.
- We are continuing with the volunteer vehicle trials and the results continue to be satisfactory. We also received the permission for mass trials around 2-3 weeks ago.
- Recognizing the delay on the regulations front in the Indian Market, we are looking out for markets outside India for REVOLLO. We have started the process of scanning the possible geographies for a quicker REVOLLO launch.

SAP SBU

In SAP SBU, we are working with our customers and SAP to create and provide offerings for cloud and analytics through HANA and SuccessFactors. We have already delivered successful HANA projects and sold licenses in US region but during this quarter we won our first project to implement SAP Business Suite on HANA platform in India, making us one of the first SAP Partners in India to implement SAP ECC 6.0, CRM 7.0, and BO on HANA platform. We are also developing On Demand solutions for cloud in the areas of CRM, Travel and others.

APAC has been the leading growth geography for us during the quarter and we won a few Application Maintenance & support (AMS) deals in the region. In US geography we have won several AMS contracts from some of our key and large customers in the industrials, manufacturing and Energy & utilities vertical.

We have been awarded the Best Delivery Performance Award from SAP India for 2012. We received the award for delivering 20+ engagements in 5 quarters all “on time and on budget”. This recognition has given us an excellent visibility within the SAP ecosystem and a very satisfied and pleased customer base. The award is in recognition of more than 20 successful projects executed by the company using IP based solutions in the domains of Manufacturing, Automotive, Industrial Machinery & Components (IMC) and High Tech, in SAP India.

We have become the first Value Added Reseller in North America to sell HANA Enterprise Edition. We also earned recognition as SAP Services Partner for Middle East and North Africa (MENA) region.

The SAP SBU pipeline looks healthy with a couple of large deals in the US and APAC regions each. We expect to close some of these deals in the next quarter.

CUSTOMER HIGHLIGHTS

- Valerus, the worldwide leader in Oil & Gas Processing is leveraged the consulting & system integration expertise of Sparta, a KPIT Cummins company, to successfully complete the Go-Live Implementation of SAP® ERP thereby building a robust IT platform to improve internal efficiency and enhance the quality of service to the consumers.
- Consul Consolidated, a leading power equipment manufacturer, selected KPIT Cummins for the deployment of the SAP Business Suite powered by HANA, this makes KPIT Cummins one of the early implementers of SAP ERP, CRM and Analytics using HANA.
- The Middle Tennessee Electric Membership Corporation (MTEMC), in partnership with Sparta, a KPIT Cummins company announced the successful completion of its ‘Cornerstone project’ to modernize the Customer Billing system in preparation for the roll out of MTEMC’s Automated Meter Infrastructure solution.

BUSINESS TRANSFORMATION UNIT (BTU) SBU

BTU is primarily focused at helping customers realize the value of investments already made in the IT landscape and how they can leverage the investments made earlier to maximize their topline and reduce inefficiency. Some of the key initiatives include Sales & after Market Services (SAMS), Industry specific Dashboards for Corporate Performance Management programs, In-house developed solution for shop floor automation, Process Life Cycle & Governance.

Our technology focus has greatly increased over the last few years and all our efforts in the area of promoting innovation and developing IP has started generating results as we have been granted three more patents during this period. All these patents were filed in hybrid technology domain. The total number of patents filed till quarter end stood at 46.

- A paper titled “Ant-Pheromones Based Traffic Congestion Avoidance Strategy” has been accepted for publication in the 20th Intelligent Transportation Systems World Congress 2013.
- A paper titled “Relative Depth Estimation Using a Rotating Camera System” has been accepted in the 17th International Conference on Image Processing, Computer Vision and Pattern Recognition.
- Two Technical Papers titled “GMM Based Approach for Human Face Verification using Relative Depth Features” and “Mathematical Modelling of Automotive Electric Power Assist Steering System” have been accepted for publication in the International Conference on Advances in Computing, Communications and Informatics (ICACCI-2013).

Recognition and thought leadership

- KPIT Cummins participated at the 8th GENIVI All Member Meeting Conference 2013 held in Barcelona, Spain. The company’s GENIVI focus and thought leadership was well appreciated as it showcased its GENIVI complaint Infotainment Platform.
- KPIT Cummins’ thought leadership in Diagnostics challenges, new trends and solutions was well received at the Diagnostic Conference Wiesbaden scheduled from April 22nd - 24th.
- KPIT Cummins presented on “KPIT’s Modular Diagnostic Tester Framework” at the Diagnostic Conference Dresden on 14th - 15th of May.
- The company participated at ESEC 2013, Japan displaying its Infotainment, Unify, ADAS, and AUTOSAR capabilities. This event helped in strengthening the positioning in APAC market.
- KPIT Cummins participated as a co-sponsor of the Oracle Automotive Forum 2013 and had a demo station with a looping PPT highlighting the company’s automotive industry expertise and focus.
- Mr. Anup Sable, Sr. VP and Head - Automotive & Allied Engineering spoke at the 2nd edition of AUTOCAR Automotive Forum at Mumbai, India on Innovation in the Front End of Business.
- KPIT Cummins had booth participation at the Automotive Testing Expo, Europe which is a leading event, focused on driving solutions in areas of quality, safety, reliability & durability of vehicles in automotive ecosystem. A broad showcase of solutions across AUTOSAR, Functional Safety, Diagnostics, ADAS and Instrument Cluster was very well received.

Income statement for quarter ended June 30th, 2013 (Revised Format)

INR million	Q1 FY14	Q4 FY 13	Q-o-Q Growth	Q1 FY13	Y-o-Y Growth
Sales	6,132.11	5,698.61	7.61%	5,382.65	13.92%
Employee Benefit Expenses	3,285.55	2,869.20	14.51%	2,724.43	20.60%
Depreciation & Amortization Expenses	121.68	126.00	(3.42%)	113.46	7.25%
Other Expenses	1,880.58	1,816.51	3.53%	1,851.75	1.56%
Total Expenses	5,287.81	4,811.71	9.89%	4,689.64	12.76%
Profit before Other Income, Finance costs & Exceptional Item	844.29	886.91	(4.80%)	693.01	21.83%
Other Income	58.84	(93.47)	(162.95%)	30.30	94.17%
Profit before Finance costs & exceptional Items	903.13	793.44	13.83%	723.32	24.86%
Finance costs	56.26	31.61	77.99%	29.76	89.03%
Profit after Finance costs & exceptional Items	846.88	761.83	11.16%	693.55	22.11%
Exceptional Items	-	-	-	26.73	-
Profit Before Tax	846.88	761.83	11.16%	720.28	17.58%
Tax Expenses	245.50	206.77	18.73%	184.77	32.87%
Net Profit from ordinary activities after Tax	601.38	555.06	8.35%	535.51	12.30%
Extraordinary Items	-	-	-	-	-
Net Profit for the Period	601.38	555.06	8.35%	535.51	12.30%
Share of profit from associate	-	-	-	(10.43)	-
Minority Interest	-	43.38	-	12.28	-
PAT	601.38	511.68	17.53%	512.80	17.27%
Paid up Capital	386.17	385.63	-	356.62	-
EPS (INR 2/-Face Value each)					
- Basic	3.11	2.65	17.16%	2.88	8.06%
- Fully Diluted	3.04	2.58	17.67%	2.81	8.05%
Common Size Analysis:					
EBITDA Margin	15.86%	17.83%	(1.97%)	15.09%	0.77%
Net Profit Margin	9.81%	8.98%	0.83%	9.53%	0.28%

- 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 quarter ended June 30th , 2013 (Old Format)

INR million	Q1 FY14	Q4 FY 13	Q-o-Q Growth	Q1 FY13	Y-o-Y Growth
Sales	6,132.11	5,698.61	7.61%	5,382.65	13.92%
Software Development Expenses	4,199.50	3,725.10	12.74%	3,505.90	19.78%
Gross Profit	1,932.61	1,973.51	(2.07%)	1,876.75	2.98%
Selling & Marketing Expenses	387.27	346.26	11.84%	381.89	1.41%
General & Admin Expenses	573.05	611.19	(6.24%)	682.72	(16.06%)
EBITDA	972.29	1,016.06	(4.31%)	812.14	19.72%
Interest	62.57	34.77	79.92%	35.44	76.55%
Depreciation	121.68	126.00	(3.42%)	113.46	7.25%
Profit After Depn. & Interest	788.04	855.29	(7.86%)	663.25	18.81%
Other Income	58.84	(93.47)	(162.95%)	30.30	94.17%
Exceptional Item	-	-	-	26.73	-
Profit Before Tax	846.88	761.82	11.16%	720.28	17.58%
Provision for Taxation	245.50	206.77	18.73%	184.77	32.87%
Profit After Tax	601.38	555.05	8.35%	535.51	12.30%
Minority Interest	-	43.38	-	12.28	-
Share of profit from associate	-	-	-	(10.43)	-
Net Profit for the period	601.38	511.68	17.53%	512.80	17.27%
Paid up Capital	386.17	385.63	-	356.62	-
EPS (INR 2/-Face Value each)					
- Basic	3.11	2.65	17.16%	2.88	8.06%
- Fully Diluted	3.04	2.58	17.67%	2.81	8.05%
Common Size Analysis:					
Gross Profit Margin	31.52%	34.63%	(3.12%)	34.87%	(3.35%)
Sales & Marketing Exp/ Revenue	6.32%	6.08%	0.24%	7.09%	(0.78%)
General & Admin Exp/ Revenue	9.35%	10.73%	(1.38%)	12.68%	(3.34%)
EBITDA Margin	15.86%	17.83%	(1.97%)	15.09%	0.77%
Net Profit Margin	9.81%	8.98%	0.83%	9.53%	0.28%

- 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 June 30th, 2013

	Q1 FY14	Q4 FY13	Q-o-Q Growth	Q1 FY13	Y-o-Y Growth
Revenue Spread - Geography					
USA	74.97%	75.14%	7.36%	76.21%	12.07%
Europe	13.12%	12.75%	10.72%	13.70%	9.09%
Rest of World	11.91%	12.11%	5.84%	10.09%	34.53%
Revenue Spread - Verticals					
Automotive & Transportation	35.51%	38.47%	(0.68%)	39.64%	2.06%
Manufacturing	39.59%	35.35%	20.52%	32.85%	37.29%
Energy & Utilities	14.12%	13.48%	12.73%	13.74%	17.05%
Others	10.78%	12.70%	(8.67%)	13.77%	(10.81%)
Revenue Spread - by SBU*					
Integrated Enterprise Solutions	39.54%	36.67%	16.01%	32.88%	36.99%
Auto & Engineering	23.62%	25.01%	1.62%	23.71%	13.46%
SAP	26.00%	27.21%	2.83%	33.27%	(10.96%)
Business Transformation Unit	10.84%	11.11%	5.03%	10.14%	21.85%
Customer details					
No. of Customers Added	6	5	-	3	-
No. of Active Customers	189	183	-	172	-
Customers with run rate of >\$1Mn	78	78	-	65	-
Top Client - Cummins	16.75%	16.58%	8.71%	20.58%	(7.32%)
Top 5 Clients	38.57%	35.20%	17.91%	36.25%	21.23%
Top 10 Clients	47.31%	44.00%	15.70%	44.02%	22.46%
Onsite / Offshore Split					
Onsite Revenues	54.16%	53.82%	8.31%	52.73%	17.02%
Offshore Revenue	45.84%	46.18%	6.79%	47.27%	10.47%
Revenue by Contract Type					
Time and Material Basis	76.85%	72.70%	13.75%	71.95%	21.69%
Fixed Price / Time Basis	23.15%	27.30%	(8.75%)	28.05%	(5.99%)
Debtors (days)	77	75	-	75	-

*The SBU revenues have been re-classified based on organizational changes and previous period figures have been restated for comparison.

Human Resources - Details	Q1 FY14	Q4 FY 13	Q-o-Q Growth	Q1 FY13	Y-o-Y Growth
Development Team - Onsite (Avg)	1,176	1,139	-	1,031	-
Development Team - Offshore(Avg)	6,553	6,486	-	6,074	-
Onsite FTE	1,107	1,074	3.08%	977	13.38%
Offshore FTE	4,809	4,805	0.08%	4,501	6.82%
Total FTE	5,916	5,879	0.63%	5,478	7.99%
Development (at Quarter end)	7,771	7,648	-	7,218	-
Gen Management / Support (at Quarter end)	545	538	-	530	-
Marketing (Subsidiaries) (at Quarter end)	140	135	-	125	-
Total (at Quarter end)	8,456	8,321	-	7,873	-
Onsite utilization	94.15%	94.30%	-	94.72%	-
Offshore utilization	73.38%	74.08%	-	74.11%	-

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 30th June 2013 : \$ 57.26 million

These hedges are maturing in FY14 and average rate for these hedges is INR 52.46.

Balance sheet details

- The Cash Balance as at June 30, 2013 stood at INR 4,300.37 million as compared to INR 3,993.21 million as on March 31, 2013.
- Capital expenditure for the quarter stood at INR 153.40 million including CWIP.
- As on June 30, 2013 our total debt was INR 4,980 million (INR 3,623.09 million as of March 31, 2013) comprising of INR 2,017 million of Term Loan, INR 2,963 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 June 30, 2013 these Hedging Reserves were INR 353.89 million as compared to INR 260.41 million as of Q4 FY13 end.

Balance Sheet Summary: As at (INR million)	Jun 30, 2013	Mar 31, 2013
<u>Equity & Liabilities:</u>		
Shareholders' Funds	11,081.93	10,361.01
Share Application Money pending allotment	1.72	1.41
Minority Interest	-	270.24
Non-Current Liabilities:	1,599.78	1,602.29
Long Term Borrowings	1,456.71	1,459.21
Deferred Tax Liabilities	-	-
Other Long Term Liabilities	0.82	0.82
Long Term Provisions	142.25	142.25
Current Liabilities:	7165.31	5,613.06
Short term borrowings	2,996.44	1,753.35
Trade Payables	1,848.84	1,904.04
Other Current Liabilities	2,320.03	1,955.67
Total Equity & Liabilities	19,848.74	17,848.00
<u>Assets:</u>		
Non-Current Assets:	9,340.71	7,801.22
Fixed Assets	2,158.02	2,004.61
Goodwill on consolidation	5,754.46	4,423.43
Other Non-Current Assets	1,428.24	1,373.18
Current Assets:	10,508.02	10,046.79
Current Investments	1,927.84	2,036.46
Trade Receivables	4,813.69	4,672.80
Cash & Cash equivalents	2,342.94	1,920.95
Other Current Assets	1,423.55	1,416.57
Total Assets	19,848.74	17,848.00

Conference Call Details

Conference name : KPIT Cummins Q1 FY2014 Conference Call
Date : July 24, 2013
Time : 1600 Hours (IST)

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The playback of the conference call would be available until July 27, 2013 at:

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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.

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