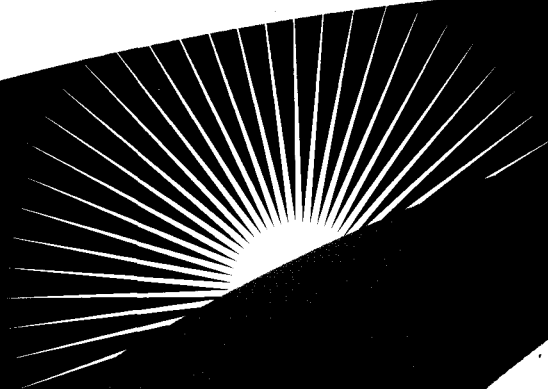




**KPIT Cummins
Infosystems Limited**



Keeping Promises

ANNUAL REPORT 2006-2007



Vision

To build a global
IT consulting organization
of first choice.

Mission

US\$ 250 Million company
with a profits of US\$ 40 Million
by 2009-2010.



KPIT Cummins Infosystems Limited

Last financial year we achieved our first milestone which was set five years ago.

In this Annual Report, we look at our journey over the last five years. We track how we have evolved in our customer relations, our offerings and our leadership areas, our employees and our people initiatives, our strategic alliances, and our community initiatives.



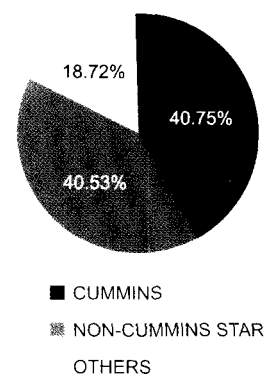
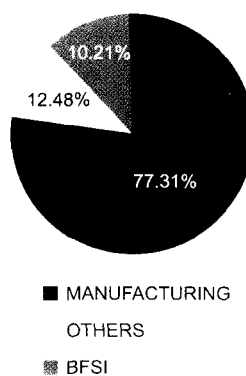
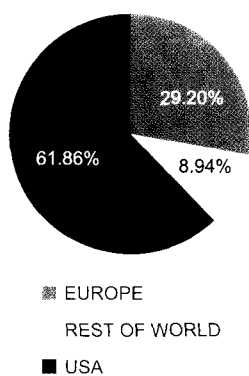
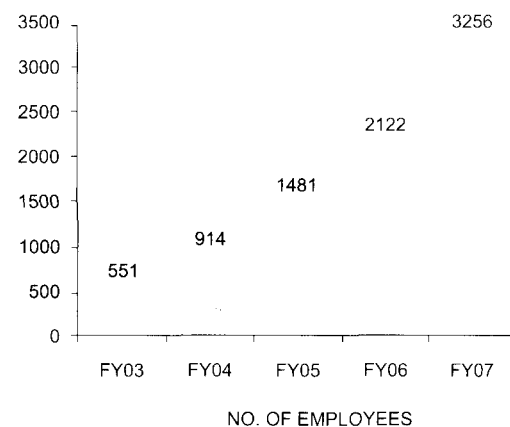
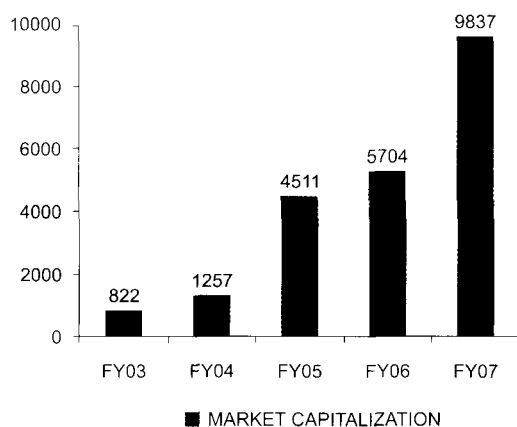
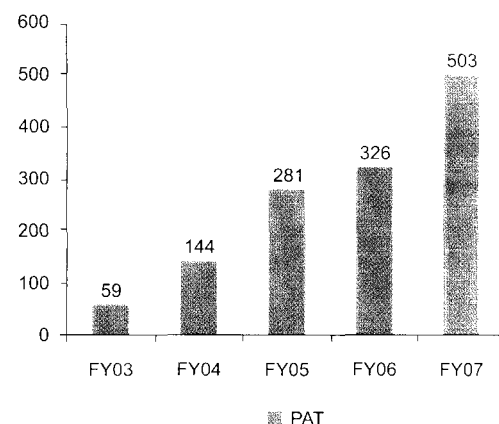
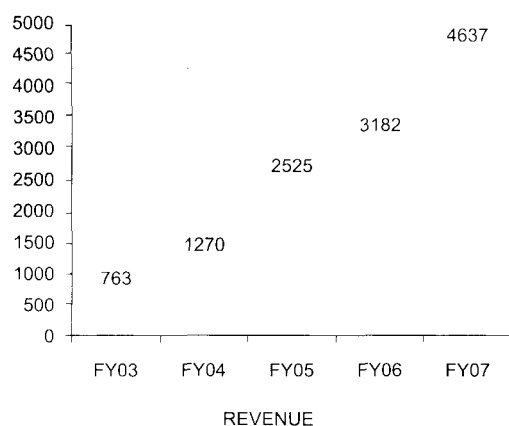
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Financial Highlights

Particulars	2006-2007		2005-2006		2004-2005		2003-2004		2002-2003	
	US\$ Million	Rupees Million	US\$ Million	Rupees Million	US\$ Million	Rupees Million	US\$ Million	Rupees Million	US\$ Million	Rupees Million
INCOME STATEMENT										
Total Sales and Income	102.52	4,637.02	72.93	3,182.15	56.57	2,524.53	27.72	1,269.95	15.91	763.07
Total Expenses	86.87	3,929.22	62.35	2,720.23	49.12	2,192.16	23.45	1,074.32	13.86	664.71
PBDIT	15.65	707.80	10.59	461.92	7.45	332.37	4.27	195.63	2.05	98.36
Interest and Financial Expenses	0.99	44.64	0.44	19.18	0.21	9.43	0.36	16.32	0.43	20.52
Depreciation	2.68	121.21	1.93	84.22	0.72	32.07	0.63	28.91	0.34	16.17
Other Income	0.29	12.90	-	0.13	0.06	2.86	-	0.03	0.05	2.57
Profit/(Loss) before Tax (PBT)	12.27	554.85	8.22	358.65	6.58	293.74	3.28	150.42	1.34	64.23
Provision for Tax (incl. Deferred tax)	1.14	51.75	0.76	32.98	0.29	12.90	0.14	6.19	0.12	5.71
Profit/(Loss) after Tax (PAT)	11.13	503.10	7.46	325.67	6.29	280.83	3.15	144.23	1.22	58.52
Prior Year Expenses	-	-	-	-	(0.07)	(3.12)	-	-	0.02	1.13
Minority Interest	0.04	1.66	0.00	(0.03)	-	-	-	-	-	-
Profit Available for appropriation	11.17	504.76	7.46	325.64	6.36	283.95	3.15	144.23	1.20	57.39
BALANCE SHEET										
Sources of Funds										
Share Capital	3.43	149.55	1.63	72.80	1.61	70.45	1.28	58.68	1.22	58.68
Reserves and Surplus	42.33	1,845.32	30.11	1,344.57	22.67	990.85	6.95	318.40	4.03	193.36
Shareholders Funds	45.76	1,994.87	31.74	1,417.37	24.29	1,061.30	8.23	377.08	5.26	252.04
Secured Loans	27.92	1,217.15	18.72	835.82	8.24	360.23	5.69	260.85	1.44	69.03
Unsecured Loans	0.13	5.80	0.88	39.29	0.22	9.40	0.11	5.23	0.11	5.18
Deferred Tax Liability	0.25	10.22	0.17	7.75	0.13	5.53	0.14	6.51	-	-
Total	74.06	3,228.04	51.60	2,304.61	32.87	1,436.47	14.18	649.67	6.80	326.25
APPLICATION OF FUNDS										
Net Fixed Assets	36.50	1,590.87	15.07	672.95	11.54	504.27	3.04	139.37	2.12	101.77
Capital Work in Progress	4.16	181.28	6.28	280.60	0.76	33.27	0.59	26.92	-	-
Investments	1.12	48.81	-	0.11	-	0.11	-	0.11	-	0.11
Net Current Assets	32.28	1,407.08	30.25	1,350.95	20.57	898.82	10.55	483.27	4.68	224.37
Total	74.06	3,228.04	51.60	2,304.61	32.87	1,436.47	14.18	649.67	6.80	326.25
KEY RATIOS										
PBDIT/Sales		15.26%		14.52%		13.17%		15.40%		12.89%
PBIT/Sales		12.93%		11.87%		11.90%		13.13%		10.77%
PAT/Sales		10.89%		10.23%		11.25%		11.36%		7.52%
Return on Average Network (ROANW)		29.59%		26.27%		39.48%		45.85%		29.11%
Return on Average Capital Employed (ROACE)		18.25%		17.22%		24.25%		27.85%		24.41%
Debt/Equity		0.62		0.62		0.35		0.71		0.29
Cash & Equivalents/Total Assets		0.19		0.18		0.38		0.29		0.21

(Rs. in Millions)





**KPIT Cummins
Infosystems Limited**

Board of Directors

S.B. (Ravi) Pandit
Chairman and Group CEO

Ajay Bhagwat
Director

Amit Kalyani
Director
(Appointed with effect from 30th May 2006)

Anant Talaulicar
Director

Gail Farnsley
Director

Dr. Naushad Forbes
Director
(Resigned with effect from 26th April 2007)

Board & management

Srikant Datar
Director
(Appointed with effect from 26th March 2007)

Steven Spaulding
Director

Sudheer Tilloo
Director

Dr. Vijay Kelkar
Director

Floyd Rutan
Alternate Director

Ron Lannan
Alternate Director

Steven Chapman
Alternate Director

Shrikrishna Patwardhan
Director Technology

Girish Wardadkar
President and Executive Director

Kishor Patil
CEO and Managing Director

Puneet Bansal
Company Secretary

Auditors

Deloitte Haskins & Sells
Chartered Accountants
706, "B" wing, 7th Floor,
ICC Trade Tower,
International Convention Centre,
Senapati Bapat Road, Pune - 411 016

Financial Institutions

ABN Amro Bank N.V.
Citi Bank NA
HDFC Bank Ltd
International Finance Corporation, Washington
State Bank of India
The HongKong and Shanghai Banking Corp Ltd.

Audit Committee

Dr. Naushad Forbes
Chairman
(Resigned with effect from 26th April 2007)

Anant Talaulicar
Member

Gail Farnsley
Member

Sudheer Tilloo
Member

Dr. Vijay Kelkar
Member
(Appointed as Chairman with effect from
26th April 2007)

Shareholders' / Investors' Grievance Committee

Ajay Bhagwat
Chairman

Kishor Patil
Member

S.B. (Ravi) Pandit
Member

HR & Compensation (Remuneration) Committee

Amit Kalyani
Chairman

Ajay Bhagwat
Member

Floyd Rutan
Member

Steven Chapman
Member

Operations Review Committee

Sudheer Tilloo
Chairman

Ajay Bhagwat
Member

Ron Lannan
Member

Steven Spaulding
Member

Share Transfer Committee

S.B. (Ravi) Pandit
Chairman

Kishor Patil
Member

Shrikrishna Patwardhan
Member

MANAGEMENT TEAM

Anil Patwardhan
Vice President
Finance

Anup Sable
Vice President
ATS Tools and Embedded

Hemant Gandhi
Executive Vice-President
Business Development
(Resigned with effect from 1st February 2007)

Hiroshi Okuzaki
Head Japan

Jean Yves Grisi
CEO - KPIT France

Kanwar Singh
Vice President
USA Marketing

Myles O'Connor
Account Director - UK

Nitin Tarte
President - KPIT Panex
(Resigned with effect from 31st March 2007)

Pankaj Sathé
Director
Business Development, Europe

Pawan Sharma
President
KPIT Cummins GBS and Head - DFS

Prabhakar Bendre
Sr. Vice President
Manufacturing LoB

Praveen Acharya
Vice President
Semiconductor Solutions LoB

Pravin Mulay
Chief Risk Officer

Probodh Chiplunkar
Executive Vice President
and General Manager
Business Intelligence LoB

Pushpahas Joshi
Associate Vice President
Corporate Marketing & Bidwin

Rajneesh Kalawant
Director
Poland Operations

Rohan Sohoni
Head Business Development
Asia Pacific

Sachin Tikekar
Chief Operating Officer
KPIT US

Sanjay Mandal
Managing Director
KPIT Germany GmbH, Germany

Sanjay Sinha
Head Business Development
and Investor Relations

Shekhar Sonsale
General Manager - Commercial

Shriharsh Ghate
Vice President

Shrikant Kulkarni
Sr. Vice President
Corporate Services

Uma Thomas
Associate VP
PEG

Dr. Vinay Vaidya
Vice President
Business & Technology Solutions



From the chairman and managing director

Dear Fellow Shareholders,

1. A milestone reached

The year 2006-2007 was an important year for us.

Way back in 2002 when we were a small company with revenue in the region of US\$ 10 Million, we defined our vision and our mission. We laid down our vision of becoming an IT company of first choice for our customers, employees and shareholders. We laid down a mission of customer closeness, employee relationships, community participation and approach of partnership. We said, by the year 2006-2007, we will hit revenue of US\$ 100 Million with profitability in the top 20 percentile of the industry.

Last year was momentous because it was the year of fulfilling the promise, of achieving our dream and of accomplishing a mission. I am happy to say that our revenue crossed the US\$ 100 Million milestone.

While we hit our quantitative goals, we have changed in a number of ways.

Here is how we have changed:

Customers

From fewer than 10 customers 5 years ago, our current customer base is now around 90. The base includes fortune 500 customers, many of them leaders in their own industries, 12 of the top Auto OEMs, 29 of the Tier I and II vendors in the Automotive industry, 6 of the world's top 20 Semiconductor companies, and some of world's leading companies in manufacturing and financial services industries. We are proud of our customers and we strive harder to service our customers better. As a result, we rank quite high in the customer satisfaction surveys of our customers.

Offerings

Our offerings have grown from generic IT services to package implementation, customized application development and maintenance, IT consulting, business intelligence, embedded software solutions, chip design and business processing solutions.

Infrastructure

From a rented place and a solitary international office, we now have a large development centre in

Pune, 2 development centers in Bangalore, 1 in Poland, apart from 17 sales offices in 10 countries across the globe.

Employees

From an employee base of 327 in March 2002, we have grown almost 10 times. Apart from software engineers, we now have MBAs, CAs, and PhDs from India and abroad. We recruit people globally and invest significantly in training them.

Shareholders

In the last five years our shareholder base has grown from around 2,000 to around 47,000. Institutional shareholding has grown from 12% to 32% and market capitalization has grown from US\$ 15 Million to approximately US\$ 226 Million.

With revenue CAGR of 58% in the last five years and profit CAGR of 227% over the same period, we are amongst the fastest growing companies in the country. Our Return on Net Worth is in the top 20 percent of all the IT service companies in India. Our margins are lower than the best in the industry and are still amongst the top 20 IT service companies in the industry.

We are now firmly placed amongst the focus players in the industry. We have been recognized for our