KPIT Cummins℠

Technologies for a **better tomorrow**

2012-13
Annual Report

Board Of Directors

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

Kishor Patil
CEO & Managing Director

Sachin Tikekar
Whole-time Director

Prof. Alberto Sangiovanni Vincentelli
Director

Amit Kalyani
Director

Anant Talaulicar
Director

Dr. R. A. Mashelkar
Director

Lila Poonawalla
Director

Elizabeth Carey
Director

Manisha Girotra
Director

Sanjay Kukreja
Director

B V R Subbu
Director

Cariappa Chenanda
Alternate Director

Dwayne Allen
Alternate Director

Company Secretary
R. Swaminathan

Auditors
Deloitte Haskins & Sells
Chartered Accountants
706, "B" wing, 7th Floor,
ICC Trade Tower,
International Convention Centre,
Senapati Bapat Road, Pune- 411016.

Legal Advisors
AZB & Partners
Advocates & Solicitors,
Express Towers - 23rd floor,
Nariman Point,
Mumbai - 400 021.

Financial Institutions
- State Bank of India
- HDFC Bank Limited.
- The Hongkong and Shanghai Banking Corporation Limited.
- Citibank N.A.
- Axis Bank Limited.
- BNP Paribas
- Standard Chartered Bank
- ICICI Bank Limited.
- DBS Bank Limited.
- Kotak Mahindra Bank Limited.

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Letter from the Chairman and Group CEO

Dear Fellow KPites,

We closed yet another successful year for KPIT Cummins with the Company once again registering industry leading growth. During the year, we further strengthened our positioning in the verticals that we focus on, by moving further on cutting edge technology and yielding better business solutions for our customers.

I am happy to bring to you glimpses of the year that we just closed and the drivers for our growth in the coming year.

"The year that went by"

Our Company, once again registered industry-leading performance in FY 2013.

In FY13, our top line grew by 49% in rupee terms and the bottom line grew by 37%. In dollar terms, revenue grew by 33% out of which 21% was organic. Even in an uncertain environment, we had good visibility for the year at the beginning of the year. Hence, we had issued a top line and bottom line guidance at the start of the year. We maintained our top line guidance, while upward revised our bottom line guidance during the year. The FY13 performance beat the lower end of both the top line as well as bottom line guidance. Our H1 performance was much better as compared to H2. We faced challenges in H2, in certain areas and are taking corrective steps to address the concerns. Our operational profitability improved during the year. The EBITDA margin for the year stood at 16.26% as compared to 14.44% for the last year. The exit rate for FY13 was EBITDA margin of 17.83%. The profitability across our three SBUs varies and we are directing our efforts towards pockets of low profitability. The net profit for the year also registered a healthy increase with EPS growth of 31%.

During the year, we generated INR 1.20 Billion as cash from operations against the net profit of INR 1.99 Billion. We are focused on generating higher cash flows and are keenly monitoring the DSO and Capex numbers. Over the years, due to our higher CQGR quarter on quarter, the blockage in working capital has been proportionately higher and we attribute this as Cost of Growth. If our growth had theoretically been half of the actual growth we achieved, the cash flow generation ratio to profits would have been substantially higher. Having said that we slipped on our DSO as of the year end and are realigning to correct the slippage. We have been actively following inorganic opportunities in our strategic focus areas and will continue to do so in the future. We raised equity during the year to strengthen our liquidity and will use the same to partly finance any inorganic growth in the near future. Additionally we will look at debt financing as an option if the need be.

Innovation has been a key thrust area for our Company for the last 3 years and entrepreneurship, which is an extension of innovation, has been a part of our CRICKET values for a long time. We have walked on the journey of innovation for a few years now. We recently spent some time re-looking at our journey. The senior management team of KPIT worked on this and made a presentation to the Board of Directors, putting forward ideas for strengthening some of our existing processes so that we can take innovation to the next orbit. **We are calling our future course of action on innovation as innovation 2.0** covering the entire spectrum of innovation activities including Idea Generation, Incubation and Conversion of the idea into a business. At the Board Level we have initiated an Innovation Council, chaired by Dr. R. A. Mashelkar. The Council is scheduled to meet once in 6 months to discuss, debate and guide innovation ideas.

Mr. Kishor Patil, CEO & MD, was nominated as a finalist for the Ernst & Young Entrepreneur of the Year (EOY) – India 2012 award. The award, one of the world's most prestigious business awards for entrepreneurs, recognizes those who have made stellar contribution towards placing India on a solid growth path. Mr. Patil's nomination endorses KPIT's values of innovation, entrepreneurship and originality of thought & ideas.

We won the prestigious Mahesh Modi Environmental Excellence Award for Revolo. The award, given by the Automotive Research Association of India (ARAI) with the objective to foster technological innovation based on innovative science, recognizes our commitment towards building sustainable automotive solutions of tomorrow.

"The Year Ahead"

Our Company's philosophy has always been to concentrate on a few industry verticals viz. Automotive & Transportation, Manufacturing and Energy & Utilities, thereby becoming an integral part of the ecosystem of these verticals. We strive for leadership in the areas in which we operate. Leadership at KPIT means working with the industry leaders, having the maximum wallet-share of outsourced services and having scale and being recognized as a 'Thought-Leader' by the industry participants. To attain this leadership, we regularly invest in domain focused technology R&D thereby staying ahead on the technology curve. We also look to attain leadership through our people - domain experts from their respective verticals. We have been adding such experts across the globe and will continue to do so in the near future.

Each of the three core industry verticals on which we are focusing are in for a substantial change.

The Automotive industry has been witnessing tremendous usage of electronics and technology is at the forefront of innovation and differentiation. Some of the crucial areas of technology investments in the industry are driven by stringent regulations for emission reduction and fuel efficiency improvements, move towards alternate fuel technologies – electrification and hybridization, standardization of electronics (ECU) software platform, complexity in infotainment with consumer electronics having a much faster product development cycle, standardization of diagnostic tools, safety concerns and regulations regarding driver, occupant and pedestrian safety. In each of these areas, we have made significant progress in creating Best-in-class technology solutions.

Likewise, technology innovations are also driving the manufacturing vertical. The key thrust is on operational efficiency through productivity improvement, quality management and cost reduction by automation of human tasks. Another important focus area for manufacturers around the globe is reduction in time to market. Rapid prototyping and actual manufacturing, using technologies like 3D printing are fast gaining momentum. Also embedded technologies have been playing a vital role, making machines more intelligent and efficient. For sub industries within manufacturing, like off highway equipment and farm equipment manufacturers, emission, fuel efficiency and even infotainment are becoming big technology spend areas. Along with ERP, BI & Analytics, CRM, Cloud and Enterprise Mobility Solutions are expected to be big spend areas globally. In these areas we are making our investments to come up with business focused technology solutions.

There has been a comparable technological transformation in the utilities industry with smart meters and smart grid technologies changing the way utilities serve their customers in developed markets. These technologies are slowly making their way into the emerging markets now. Simultaneously, a continuously evolving regulatory environment and a strong push towards renewable energy sources have brought forth a period of transition for the utilities industry. These changes have resulted in generation of volumes of data and the need for analytics concerning that data. These new technologies will also challenge the traditional business, operations and management structure that utilities have got accustomed to, over the years. It also implies the need for transformational deals in ERPs. Many utilities are also looking at cloud solutions to help them adopt the new business models and operational architectures.

We believe that there are immense opportunities for specialist, ambitious and dedicated players, like us, in the above mentioned focus verticals. Despite the macro uncertainties prevalent around us, we are confident of leading the growth path by building further on our leadership position in specified areas and being the partner of first choice for our customers.

To deliver on our objectives and stakeholders' expectations, our key thrust areas, as in the last year, will continue to be:

1. People – People are at the core of our business. Hence attraction, development, retention and growth of the right kind of people is one of our key focus areas. People who aspire to work in a technology company find themselves at home in our Company. We focus not only on hiring the right kind of people, but also on training and equipping them to deliver their best. Across the Company, at various levels, right from the fresh graduates to the senior management within the Company, we run training and certification programs. For leadership development and decision making empowerment for our senior management team, we completed part one of the Elevate Program and the second phase will be completed by Q2FY14 at Stanford University in the USA. For select leaders in the Company, we have also initiated an in-house mentoring and coaching program to improve individual productivity and effectiveness. These initiatives, not only help the people deliver better, but also give a sense of personal growth and satisfaction to each individual.

2. Innovation – Innovation has to be in the DNA of a technology company like ours and we have identified innovation as a strategic focus area that will provide us sustainable competitive advantage. Over the years, we have been investing in fostering a culture of innovation involving each individual, irrespective of the level, practice or function. We will continue to do the same in the coming year. During FY14, we will focus on monetization of patents that we have filed and work towards the creation of a global innovation ecosystem which will transcend beyond the boundaries of the Company. We would focus on productized solutions, which will bring us non-linear growth and help us improve our profitability as we grow rapidly.

3. Profitable Growth – Profitability improvement is an ongoing initiative at KPIT Cummins. As we have done this year, we will strive to further improve our profitability in the coming year by focusing on operational efficiency, productivity improvement, enhanced value based offerings to our customers, scaling up of strategic customer accounts and changing the business mix with more annuity based revenues. As stated earlier, we do have challenges in some areas and we are focusing on those areas where we need to do more work, without losing out on the investments required for future growth.

4. One KPIT Experience – We started working on this initiative during the year and will build further on the same during FY14. As we aim to now focus more on scaling our existing accounts with more coordinated account management practice, it is imperative that we present a single comprehensive face to the customer. We have initiated the common branding effort across the globe, where all our entities will fall under the KPIT brand. The focus will be on the identified strategic accounts where we are building industry specific solutions which are more business solutions than plain IT solutions. These solutions aim to transform the way our customers do business, not only in their internal operations but also affecting the customer's customer.

I believe these actions will deliver immense value to our customers and employees and support growth of the Company.

We continue to issue annual guidance to the market.

Based on the current visibility, we have guided for a top line of USD 465 Million to USD 475 Million and bottom line of INR 2,309 Million to INR 2,388 Million, i.e. a total growth of about 14% to 16% in top line and 16% to 20% in bottom line.

At the same time, our vision for the Company is broader and bigger. We aim to reach the goal of USD 1 Billion in revenue with 18% EBITDA Margin, by the end of 2017.

I believe the future holds immense opportunities for us and our global team has the proficiency and drive to convert these opportunities into success, for all of us.

Thank you for your continued patronage through the years.

Warm Regards,
Sincerely yours,

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

Joint Letter from the CEO and MD and Whole-time Director

Dear Stakeholders,

FY 2012-13 was a year of transformation for the Company as we were working towards creating a strong base for our goal of being a USD 1 Billion company by 2017. We again delivered strongly, both in terms of revenue and profit growth. Even though the growth in the latter half of the year was lower as compared to H1, our focus in terms of industry verticals, employees, customers and innovation helped us in meeting our guidance for the year. We were deeply engaged on strengthening our customer mining strategy, through growing collaboration revenues, annuity business and business transformation solutions. We added 14 new customers during the year taking the active customer base to 183. Our USD 1 Million+ revenue customers grew from 59 in FY2012 to 74 in FY2013. During the year we also formed many strategic partnerships and industry associations, which further reinforce our leadership in the focused industry verticals where we operate.

BUSINESS UPDATE:

INTEGRATED ENTERPRISE SOLUTIONS (IES) STRATEGIC BUSINESS UNIT (SBU):

IES SBU which mainly provides Oracle ERP, Enterprise Consulting, E-Business (eBiz), Business Intelligence (BI) and other related offerings, currently contributes 45% to the total Company revenues and it was the highest growing SBU during the year as it grew by 66% (including full year revenues from SYSTIME). Post the successful integration of CPG and SYSTIME, we have re-aligned our practice and sales team in North American geography. The sales teams are aligned to industry and strategic customer accounts in the region to establish a common Go-to-Market strategy for all practices within the SBU. This strategy will help us to re-position ourselves as a stronger brand, mainly for enterprise customers. During the year we saw a significant traction for Oracle and JD Edwards roll-out and upgrade opportunities, particularly in North American market. We see strong potential for Master Data Management, BI and Value Chain Execution offerings and there is increased demand for bundled solutions and shared support propositions around Oracle E-Business Suite (EBS). With growing market opportunities for new technologies of Cloud, Analytics, Mobility and Social (CAMS), we are developing different solutions to capture the growth potential of these areas and build a strong deal pipeline in the CAMS space.

We were awarded the **2012 Oracle Excellence Award for Specialized partner of the year- North America in the Regional System Integrator/ Reseller Applications momentum category**. This award recognizes KPIT's excellence in the areas of solution development, customer satisfaction and sales. We also received an **honorable mention in the 2012 Oracle Excellence Award for Specialized Partner of the Year - North America in the SCM & Manufacturing Category.**

We continue to enjoy the highest market share in our largest customer, Cummins and with the nature of work we do with them, we remain their strategic partner and will continue to be so.

SYSTIME financials were consolidated for full year and we witnessed a very strong growth in its revenues and profitability during the year. The profitability improvement has come through high growth and operational levers as SYSTIME's EBITDA margins improved from 10% at the close of FY2012 to almost 15%+ towards the end of this year. We have been able to bring IES SBU EBITDA margins,including SYSTIME in the sustainable range of 17%-18%, on a full year basis.

AUTOMOTIVE & ENGINEERING (A&E) STRATEGIC BUSINESS UNIT (SBU):

In A&E SBU we offer solutions in the areas of Embedded Software and Automotive Electronics for global automotive equipment manufacturers (OEMs) and Tier I & II suppliers. It contributes 24% to the total Company revenues and it was the second highest growing SBU for the year with 39% Y-o-Y growth. There is good traction in the areas of Powertrain, AUTOSAR, Infotainment & Clusters and Mechanical Engineering & Design services (MEDS) practices.We launched the world's first AUTOSAR stack completely compatible with the latest AUTOSAR release R4.0.3 and developed according to the quality management requirements of ISO26262. AUTOSAR is fast emerging as an important area for global OEMs and our expertise and capabilities in this domain will definitely help us in gaining the competitive edge within the automotive industry. During the year we became member of the prestigious Open Alliance Special Interest Group that extensively works on Ethernet based automotive connectivity. Through this association we can now contribute and benefit from the goals of this group: to enable wide scale adoption of Ethernet-based automotive connectivity; establish industry standard for Ethernet connectivity over single pair, unshielded cable and enable migration from closed application to open, scalable Ethernet-based network.

One of our key automotive practice areas is Infotainment and last year we launched our GENIVI compliant In-Vehicle Infotainment platform, KIVI. During the year we announced a strategic partnership with In-Vehicle mobile applications provider LIVIO to enable seamless connectivity between multiple consumer devices, mobile applications and the infotainment head unit. We also launched our unique app deployment framework, Apps-to-go that allows OEMs and Tier Is to bring apps to cars and keep the Infotainment system up to date over the life of the vehicle.

During this year our REVOLO team shifted to the new facility located in Hinjewadi (Pune) and all further development and kit installation activities are now being carried out of this new facility. We are working with volunteers for the mass vehicle trial program and currently we have almost 40 vehicles running on the roads with REVOLO kit fitted in.The results have been very encouraging and as per expectations. Another area where a lot of efforts are being directed is the regulation part, where we are working and coordinating with Ministry of Road Transport to get approvals for conducting multi-city large scale trials of almost 200-300 vehicles and we expect to get the approval in the near future.

A&E SBU has been the highest margin SBU for us and during this year we further improved the margins to the range of 24%-25%.

SAP STRATEGIC BUSINESS UNIT (SBU):

Through SAP SBU we offer SAP Implementation and support services along with BI and other related offerings. The SBU grew by 37% during the year with revenue contribution of 29%. We were positioned in the **"Niche Players"** Quadrant of the 2012 **"Magic Quadrant for SAP Implementation Service Providers, North America" by Gartner.** We have been witnessing good traction for our SAP offerings in the Utilities and Automotive verticals.There is good momentum across practices like Mobility, Analytics, Customer Relationship Management (CRM) and SuccessFactors (SF). We have also been making investments to create and develop SAP certified IP led solutions focused on our industry verticals and these investments have helped us in acquiring strategic customers in SAP SBU.

Due to technology shifts in the SAP domain, there is a growing demand for HANA, Mobility and SF capabilities. These changing technology trends did create some pressure on our global SAP revenues, especially in the second half of the year. However we have reoriented our focus on Cloud, Analytics and Mobility for SAP by expanding our footprint in HANA and SF. We were able to close some deals in these related areas towards the latter half of the year. Recently we added a 25 member team of SF certified consultants under a business transfer agreement with Learn 2 Perform (L2P), which is a SF specialist company. Under this arrangement all the employees and customers of the company would be transferred to our SAP SBU and this will give us a better positioning in the market space.

At the beginning of the year our SAP SBU EBITDA margins stood at 10% however due to the above mentioned technology shifts there was a pressure on the margins for this SBU, coupled with business slowdown. During the year we also got into new implementation deals which were primarily delivered onsite which again created some pressure on the operating profits of the SBU. Thus the full year EBITDA margin for SAP business was around 4% - 5%. Even though we have been directing our efforts to increase the proportion of Support and Maintenance business mix in this SBU and increase the offshore business share,we believe it will take some more time to achieve meaningful success in this direction.

BUSINESS TRANSFORMATION UNIT (BTU):

We started BTU with an objective of providing enhanced business value to our customers by integrating technology and business solutions across the three SBUs. During the year we strengthened BTU by adding key domain experts at senior level, who are working on creating industry specific business solutions. Our industry vertical focus aims at going deeper into the verticals and becoming an integral part of the overall ecosystem of the specific vertical by providing vertical specific solutions to our customers. With the aim of growing big on our existing accounts,the Global Account Management (GAM) process is led through BTU and we have identified around 25 Strategic accounts of the target 50, where the GAM process has started getting good momentum. Another area of importance for us is Product Lifecycle Management (PLM),which can be substantially leveraged across Engineering and Business IT, for our core verticals. We have invested in the same and will concentrate on developing it further during the coming year.

GEOGRAPHY UPDATE:

Our US market grew by 63% during the year while ROW grew by 36%. Europe has been moving slowly as compared to the other two geographies and during the year it grew by 6%. In IES SBU we are witnessing significant growth coming from US and APAC geographies. In the Auto SBU, we see growth across all the markets like North America, Europe and APAC. In Europe, Germany is an important automotive market for us and we expect it to perform better as compared to the other European markets. In SAP, other than the North American market we have started building a strong pipeline in APAC region and we expect it to grow significantly. Among the key markets in APAC, China presents good opportunity both for SAP and A&E offerings while Japan, India and Korea are the other growing markets in this region.

PEOPLE INITIATIVES:

People continue to be one of the top priorities for our Company. Various initiatives across the organization like PACE (fresher hiring program by mapping key colleges and universities to our focus practices), LEAP (leadership development program for middle management), ELEVATE (leadership development program for senior management), SHINE (employee engagement and organizational connect program), PROMS (certification programs for regular upgradation of skilled professionals) are directed towards the attraction, retention and development of people.

During the year we added new practices to the PACE program and have identified colleges with specific interests in working with us on these practices. This program will ensure that we hire the best talent in the competitive job market, passionate to work on the selected practices.

The Learning Organization conducts around 120 trainings per quarter facilitated across locations covering around 5000 participants under different programs.

The Certification programs in KPIT for Project Managers (PROMS) and Tech Lead (TechLead) had about 96 and 208 employees certified respectively. This program was rolled out in the newly acquired entities as well. Most of the employees certified in PROMS are now being aligned with the strategic accounts with appropriate projects. The TechEd certification programs are also now being aligned with the practices.

LIFT, the leadership program for middle management was launched with 70 people participating and with various trainings underway. The second batch is undergoing selection process.

ELEVATE, the leadership development program for senior management was launched during the year with phase one completed. The second phase will be completed during the second quarter of the year. Top 100 people within the organization will be covered under ELEVATE. Both LIFT and ELEVATE aim to create the management bandwidth at the middle and senior level to help us on our USD 1 Billion journey.

E-Learning rigor went up with 50% utilization across various locations across globe. More new courses are now being introduced. E-Learning will benefit our colleagues who are based at customer sites across different locations.

As a part of the SHINE initiative on the employee communication front we had Bi-Annual connect with the Chairman and Group CEO where he addresses all employees on the business update and the overall direction of the Company, Leaders Club Meetings where the MD and CEO address Top 100 people in the Company to discuss business strategies and future growth areas and ground zero meetings where the senior/middle management share with their groups the Company strategy, growth plans and the individual roles in the same. We are also committed to the overall health and well-being of our employees and regularly conduct health awareness programs run by eminent doctors free dental checkup, bone density checkup and blood profile camps. We organized RESONANCE 2013 (KPIT family day program) where 4,500+ employees and family members attended the functions at various locations.

EXECUTIVE APPOINTMENTS:

Former General Manager of Technical Planning Department at Nissan Technology Development Division Mr. Yamanoi Toshimi San has been appointed as the Vice President- Automotive technology. Based in Tokyo, Japan, he will focus on strengthening and streamlining KPIT Cummins offerings for automotive Original Equipment Manufacturers (OEMs). Mr. Yamanoi San brings in more than 30 years of experience in the automotive industry and has vehicle safety technology as his core area of expertise.

Mr. Guven Kivran has been appointed as the Managing Director (Geschäftsführer) responsible for KPIT Cummins Automotive Operations in Germany. Based in Munich, he brings in over 20 years of experience in the automotive industry and has been successfully driving the vehicle diagnostics practice of KPIT Cummins, globally.

LEADERSHIP TEAM UPDATE:

Vaibhav Nadgouda, Executive Vice President, SAP SBU has been appointed as the Head of SAP SBU. He will work closely with Mr. Sachin Tikekar, Board Member and President- Strategic Relationships & Business Transformation. With more than 16 years of consulting and business delivery experience in the SAP space, Vaibhav has been driving global relationships with key customers including Fortune 500 companies. The leadership transition has already been completed and it has been functioning smoothly across employees and client relationships. All other partners and the executive leadership of Sparta will continue as earlier.

INFRASTRUCTURE:

In order to enhance the productivity of the delivery organization, we have extended our Private cloud for 500+ Test and Development servers. This has given On Demand capabilities for server provisioning.

We have not only built highly resilient infrastructure, but also setup Disaster Recovery of all critical infrastructure including all corporate applications using innovative technologies. We are the first Company in India to setup Disaster Recovery for Virtual Desktop Infrastructure. This has helped us to enhance availability, security and scalability of global IT infrastructure. Successful rollout of Telepresence across all international and India offices facilitated collaboration across global workforce and customers.

Last year we also rolled out SAP application to cover 4 additional locations in US and India. This has helped us to have uniform processes across the offshore and onsite team helping to improve organizational productivity.

In terms of physical capacity we have around 7600+ seats capacity in India and will not need to add any major capacity to facilitate the growth for the current year.

BUSINESS OUTLOOK:

In light of the uncertain macro environment, we believe that through right measures and focus in right areas, we will reach our desired levels of revenue and profit growth. To continue moving on our growth trajectory and to address the challenges we will have to bring in rigor and focus in certain areas:

- **Growing strategic accounts**: We have identified a set of strategic accounts where we see abundant growth opportunities if we enter into more practices than the ones we are already engaged with. Our focus will be to penetrate deeper into these accounts by partnering in multiple areas leveraging our industry thought leadership and strong technology expertise. We will also focus on annuity deals in these accounts.
- **Non-linear revenues:** While we have seen some initial success last year we will focus on growing non-linear revenues in both engineering and IT, especially in cloud space.
- **Increasing revenues from emerging markets:** We want a sizeable component of our revenues to come from the emerging markets, namely APAC and Latin America. We will invest in marketing in these geographies to support sales teams in faster closures and deeper penetration in the markets.
- **Collaborative sales and winning large deals:** We need to scale up faster and collaborate more closely among the SBUs to ensure that we are able to offer better value propositions to our customers.
- **Increasing organizational efficiency:** We will focus and invest in three key areas namely building Six Sigma competencies to achieve better organizational efficiencies, achieving the right people pyramid and making our onsite operations more profitable.

We are excited about the opportunities we see in our focused verticals, markets and customers and in spite of the uncertain macro-economic outlook, we believe we have the right prospects, capable team and able leadership to drive our Company into the next orbit.

Warm Regards,
Sincerely Yours,

Sachin Tikekar
Whole-time Director,
President- Strategic Relationships
& Business Transformation

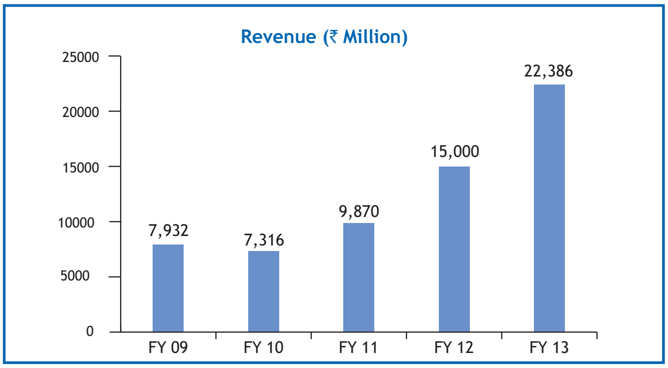
Kishor Patil
CEO & Managing Director

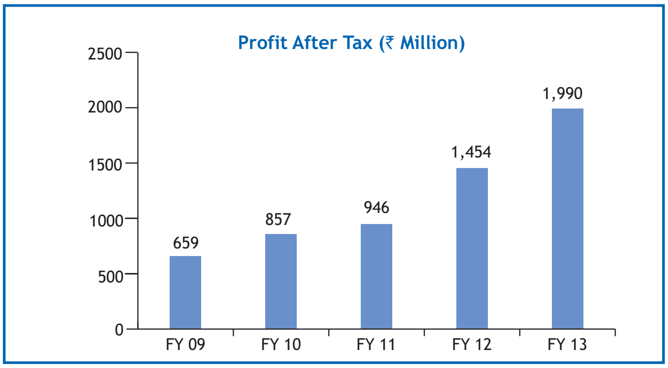
Financial highlights

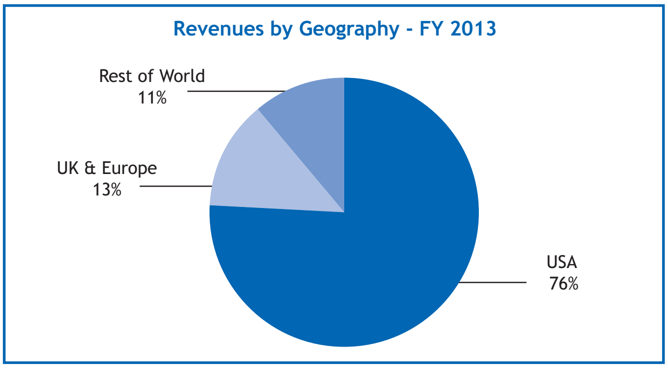
₹ Million

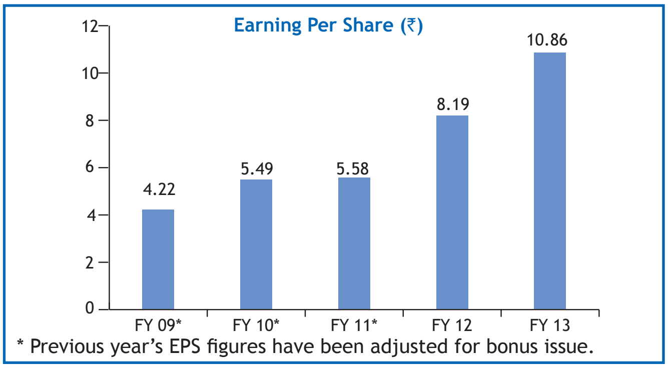
INR Million	FY 2013	FY 2012
CONSOLIDATED INCOME STATEMENT		
Sales (USD Million)	410.45	309.28
Sales	22,386.28	15,000.12
Gross Profit	7,746.47	5,065.69
EBITDA	3,639.86*	2,165.76
Interest	139.93	62.95
Depreciation/ Amortization	471.51	444.86
Other Income	(168.14)	127.95
Profit Before Tax	2,847.23	1,886.35
Profit After Tax	1,990.05	1,453.54
CONSOLIDATED BALANCE SHEET		
Share Capital	385.63	355.89
Application Money	1.41	1.05
Reserves & Surplus	9,975.38	6,768.48
Total Shareholders' Funds	10,362.42	7,125.42
Minority Interest	270.24	326.01
Non- Current Liabilities	1,602.29	1,043.68
Current Liabilities	5,613.05	4,785.41
Total Equity & Liabilities	**17,848.00**	**13,280.52**
Fixed Assets	2,004.61	1,852.69
Goodwill on Consolidation	4,423.43	3,622.54
Other non-current assets	1,373.18	990.45
Current Investments	2,036.46	364.70
Trade Receivables	4,672.80	4,232.57
Cash and cash equivalents	1,920.95	1,472.98
Other Current Assets	1,416.57	744.59
Total Assets	**17,848.00**	**13,280.52**
KEY RATIOS		
Revenue growth	49.24%	51.97%
EBITDA Growth	68.06%	45.92%
PAT Growth	36.91%	53.68%
Gross Profit Margin	34.60%	33.77%
EBITDA Margin	16.26%	14.44%
PAT Margin	8.89%	9.69%
SG&A to Revenue	18.34%	19.33%
ROE	22.76%	22.09%
Return on Capital	16.98%	17.55%
Debt to Equity	0.34	0.26
Cash/ Total Assets	10.76%	11.09%
Earnings Per Share (INR)	10.86	8.19

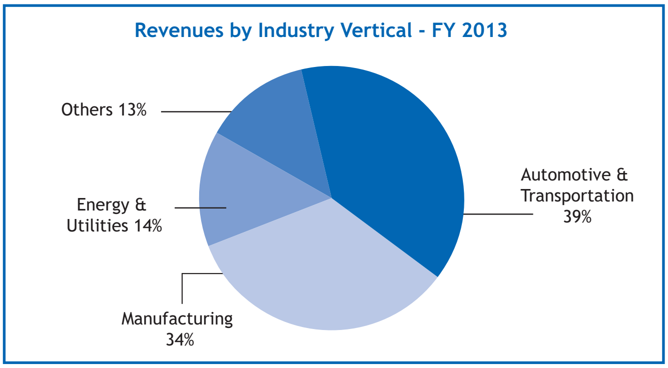
* EBITDA is before exchange gain/loss.

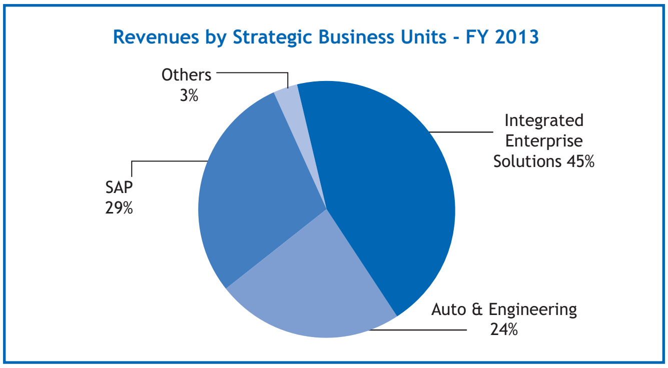

Revenue (₹ Million)
25000
20000
15000
10000
5000
0
7,932
7,316
9,870
15,000
22,386
FY 09
FY 10
FY 11
FY 12
FY 13

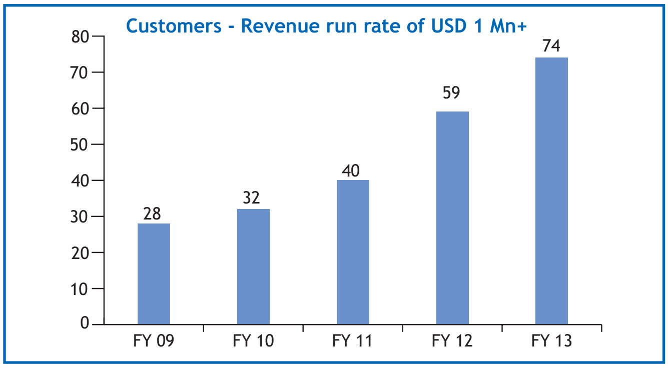

Profit After Tax (₹ Million)
2500
2000
1500
1000
500
0
659
857
946
1,454
1,990
FY 09
FY 10
FY 11
FY 12
FY 13


Revenues by Geography - FY 2013
Rest of World
11%
UK & Europe
13%
USA
76%


Earning Per Share (₹)
12
10
8
6
4
2
0
4.22
5.49
5.58
8.19
10.86
FY 09*
FY 10*
FY 11*
FY 12
FY 13
* Previous year's EPS figures have been adjusted for bonus issue.


Revenues by Industry Vertical - FY 2013
Others 13%
Energy &
Utilities 14%
Manufacturing
34%
Automotive &
Transportation
39%


Revenues by Strategic Business Units - FY 2013
Others
3%
SAP
29%
Integrated
Enterprise
Solutions 45%
Auto & Engineering
24%


Customers - Revenue run rate of USD 1 Mn+
80
70
60
50
40
30
20
10
0
28
32
40
59
74
FY 09
FY 10
FY 11
FY 12
FY 13

Management Discussion & Analysis

Global Economic Scenario:

As we started the year FY2013, macro-economic conditions remained volatile. During the first half of the year growth was stable and seen across sectors and markets.However as the year progressed, challenges started surfacing across the industry. Many organizations started facing client specific issues resulting in subdued growth. Growth was seen in patches from a few industry verticals. While US continued facing uncertainties mainly in the first half of the year, the economic indicators started improving towards the second half. At the same time the Euro zone crisis further deepened.

Globally the 2008 financial crisis that continued to impact the India IT industry until now is subsiding.The industry has rapidly evolved and has now become quite agile in terms of expanding to new verticals or geographies, acquiring new customers and providing that extra value to the customers. The industry transformed from being just IT vendors to becoming strategic partners. They moved from being mere service providers to solutions providers, offering solutions that are IP driven, productized and transformative. Experts predict that in the coming years companies will move from investing in cost-centric IT applications to business enablement technologies such as cloud, mobility, analytics and social media. These offerings will enable customers to increase revenues, profitability and cash flows.

Industry Growth Estimates:

The world-wide IT spending is expected:

- To reach USD 3.8 Trillion in 2013, an increase of 4.1% from 2012 spending of USD 3.6 Trillion.
- The enterprise software related spend is estimated to reach USD 297 Billion compared to USD 279 Billion in 2012, a growth of 6.4%.
- IT services spend is expected to reach USD 918 Billion, a growth of 4.5% against USD 878 Billion in 2012.

The India IT BPM sector is estimated to aggregate revenues of:

- USD 108 Billion in FY2013 with exports touching USD 75.8 Billion growing at 10.2%.
- Domestic IT BPM services revenue is expected to grow at 14.1% to gross ₹ 1,047 Billion in FY2013.
- The ER&D and software products segment is expected to generate revenues of USD 18 Billion in FY2013.

The Indian IT BPM domestic revenue is expected to grow by:

- 13% - 15% to reach ₹ 1,180 Billion – ₹ 1,200 Billion in FY2014
- The exports are likely to grow by 12% - 14% to USD 84 Billion – USD 87 Billion in FY2014

Increase in global technology spending, adoption of disruptive technologies, changing business models, new buyer segments and emerging markets are expected to drive the future growth.

(Source: Gartner Report, NASSCOM)

Focus Industry Trends:

Over the last decade, cost has been the major factor driving the manufacturing domain.However the future will be defined by technology. Global manufacturing corporations are investing significantly in IT. The enterprise IT spending for manufacturing and natural resources sector is expected to reach USD 482 Billion in 2013, up 2.9% from USD 468 Billion in 2012. The increased IT spend is driven by pent-up consumer demand, changing buying patterns, shorter time to market, increasing user maturity and advent of new technology.

Organizations have been investing in core ERP technologies to turn around their mission critical business processes while preparing for the next level of growth. Now they are also looking beyond ERP to leverage technology to deliver value to the enterprise. End customers are looking for more innovative output from manufacturers, which is expected to impact the way products are designed, manufactured and sold, including everything from nanotechnologies to 3D printing. As per a recent report, the global market for 3D printing is projected to reach USD 4.5 Billion by 2018, driven by the development of innovative printing techniques, expanding application areas and declining cost of systems and consumables. Most of the advancement is seen in the areas of new production processes and new information technologies. It is also expected that soon there will be in-sourcing of production base back to developed world from the developing nations. The rising wage pressures along with issues relating to supply chain brought about by natural disasters in the Asian region combined with the time factor where speed to market is critical,is compelling global manufacturing corporations to relocate their manufacturing centres.

Similar to the broader manufacturing segment automakers have also been facing a whole new set of challenges in terms of addressing the future mobility needs. The expanding middle class of emerging markets like China, India, Brazil, Russia and other growing nations, with their low car ownership and pace of urban development, continues to present growth opportunities for car makers.The consumers in mature markets are downscaling to smaller, fuel efficient cars, buyers in developing markets also prefer owning larger models like SUVs and pick-ups, apart from small cars.With rising concerns and continuous government focus on needs to curb emissions, there is more emphasis on the development of hybrid vehicles and bringing in efficiency and optimization in the vehicle's "Internal combustion engine" (ICE). In emerging markets like China & Brazil, a lot of investment is being directed into powertrains with an aim to downsize ICE and improve the traditional combustion engine. The increased usage of mobile phones and other gadgets and their growing significance in our day-to-day lives is also driving the need to stay connected even when travelling. Some of the recent advancements in sensor, positioning, computing and communication technologies combined with advanced software and cloud computing are bringing the concept of autonomous vehicle closer to reality. With a large population living in over crowded cities, smaller urban friendly vehicles are becoming a necessity with concepts such as car sharing, mobility etc. gaining popularity. Many people are considering Mobility-as-a-Service as an alternative to car ownership.

Car sharing trends:

- In 2013, global car sharing is expected to cross 3 Million members and 70,000 vehicles on a cumulative basis;
- In 2012, the number was 2.3 Million members and 54,310 vehicles.

Thus compared to the past, OEMs today must adapt to a far greater complexity in a number of different areas to maintain their market share by launching new, safe, comfortable and ergonomically advanced vehicles, while incorporating latest technologies with low production costs.

The energy & utilities industry is undergoing through a transformational phase of business and technical innovation. Public and private utility companies are considering new technologies to reduce cost, bring in operational efficiencies and enhance their competitive advantage. Some of these technical innovations are also creating opportunities to leverage technology that did not exist before. The utility companies are aligning their IT investments with regulatory and compliance requirements, market restructuring, environmental issues and customer needs. In 2013, the total enterprise IT spending for utilities is expected to reach USD 138 Billion, up by 3.1% from USD 134 Billion in 2012.

The roll-out of smart grids has led to generation of huge volumes of real-time data which needs analytics to transform the information into business intelligence. Utilities are using social media to widen their scope of customer engagement. They are also leveraging the cloud platform to manage data and need analytics for enabling better business decisions and improved customer services. With utilities upgrading their electric and distribution network there is a huge boost to the advanced metering infrastructure market, which not only reduces cost but also provides other benefits at the customer and operational levels.

(Data Source: Industry Reports)

All the trends mentioned above indicate a common phenomenon that our focused industry segments are rapidly evolving and transforming themselves for the next growth wave which is being driven by technology and innovation. We are therefore getting prepared to leverage our domain expertise and be at the forefront to take advantage of this technological transformation.

Our Strategy:

Amidst global economic instability and uncertain business conditions we delivered another year of strong growth well supported by our core strategy to remain focused on select industry verticals and offer specific solutions and services catering to the growing technology demands of these industry segments.

We have created a business model focused on Manufacturing, Automotive & Transportation and Energy & Utilities segments while we have created three Strategic Business units - Integrated Enterprise Solutions (IES) SBU, Automotive & Engineering (A&E) SBU and SAP SBU to provide offerings to the respective industries. This vertical focus strategy along with the investments in industry specific solutions helped us in bringing scalability in our existing strategic customers.It also helped us close large deals in the target verticals. During the year we have not only focused on growth but also have tried to identify and understand the new areas where we can deliver value to our customers in line with their changing business priorities.

In IES SBU we offer Consulting and Core ERP solutions of Oracle and the key practices include Oracle E-Business suite, Oracle JD Edwards (JDE), Value Chain Planning, Value Chain Execution (Warehouse management, Oracle Transportation management), Oracle product value chain management (Master Data management, Product Lifecycle management (PLM)), Business Intelligence (BI), Fusion Middleware offerings and other related services. We are also developing solutions related to Cloud, Analytics, Mobility and Social Media (CAMS). Through this SBU we work closely with Manufacturing, Automotive &Transportation and Energy customers.

During the last year we saw an overall good traction in upgrade related opportunities in JDE and Oracle, mainly in the North American market. We have also developed mobility solutions integrated with ERPs like Oracle, JDE and SAP to meet the growing demand for mobile application development projects.Besides mobility we have also developed few IP based solutions for Industrial manufacturing, oil & gas and defense corporations. During the year we established an Oracle Exalytics Center of Excellence (CoE) which is amongst the 3 Exalytics CoEs that Oracle plans to build across India. This will help us to provide BI, Decision Support System (DSS) and Analytics solutions in corporate functions like Operations, Sales and Enterprise Performance Management (EPM).

Our A&E SBU primarily offers product engineering and embedded solutions to the Automotive &Transportation and Manufacturing verticals, through an extensive client base of leading Original Equipment Manufacturers (OEMs) and Tier I, II vendors. Our key practices are Powertrain, AUTOSAR, Safety & Chassis, Infotainment, Hybrid & Electric vehicles, Body Electronics, Diagnostics, Mechanical Engineering & design services (MEDS) and Vehicle Interiors. With shifting of automotive demand centers to the emerging markets and growing significance of electronics and software in the new vehicles, we saw a very strong growth in this SBU primarily led by APAC markets. R&D is a major focus area for our automotive offerings and last year we achieved a milestone as two of our patents in the related automotive technology domain were granted US patents under USPTO. We have been working towards creation of non-linear solutions in this domain which would also contribute in increasing the overall IP based revenues for the Company.

During the year we 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 our production ready infotainment software framework “KIVI” (KPIT In-Vehicle Infotainment) allowing cars to seamlessly and securely communicate with mobile devices. We have 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.

We also announced the world’s First AUTOSAR stack completely compatible to R4.0.3 and developed according to the Quality Management requirements of ISO26262. This Basic Software (BSW) stack is most efficient in implementing safety critical applications for Powertrain, Chassis and Body Electronics. Over 20 OEMs and Tier1s worldwide leverage our in-vehicle networking expertise, superior quality and highly competent local support across the globe to co-innovate and develop their AUTOSAR based Electrical / Electronic (E/E) systems.

Our SAP SBU offerings cover all the three verticals of Automotive &Transportation, Manufacturing and Energy & Utilities. Offerings in this SBU, include SAP ERP Implementation and upgrades, Business Intelligence & Analytics, Customer Relationship Management (CRM), Human Capital Management (HCM), SAP Success Factors, SAP Net Weaver and SAP SME solutions. There is a good traction in the North American utilities segment while in APAC we see pipeline building up in manufacturing and automotive segment.Since last few years we have been investing in creation of industry specific productized solutions and currently we have SAP certified solutions for Automotive, Energy & Utilities, Industrial Manufacturing, Hi-Tech, whole-sale distribution and CPG verticals.

We faced some slowdown in our SAP business due to the technology reset happening within SAP ecosystem as SAP HCM was being replaced by SAP SuccessFactors, while there was a push towards analytics and fast in-memory computing technologies such as HANA. However, we have been putting together our efforts to develop our expertise and capabilities in these new technologies and have been able to close a few projects in these areas. Towards the end of the year we have also added a team of 25 SuccessFactors certified consultants under a business transfer agreement with US based SuccessFactors specialist company, Learn 2 Perform, and we believe this association will help us to capture the growth potential in this business segment.

We created a new SBU, the Business Transformation Unit (BTU) with the key objective to achieve collaboration revenue, increase our annuity business and to offer business transformation services across our strategic global customer accounts.Though the SBU is still in its formative stage, key practices like Enterprise Manufacturing Management (EMM), Business Process Management (BPM) and Supply Chain Execution (SCE) have enabled our customers in streamlining shop floor operations and optimize their transportation & logistics processes. Our proactively designed industry specific solutions are seeing better acceptance from customers as these solutions are closely aligned to customers' business problems. We will continue to invest in building new practices and form alliances and partnerships to further enhance our ability to bring together integrated solutions for our customers.

We are entering the next year with an uncertain business environment and while there are certain areas where our growth has slowed down, we are also witnessing new pockets of growth opportunities. We believe that our niche offerings, industry domain expertise and customer mining strategy will help us scale up closer to our vision of being a USD 1 Billion Company by 2017.

FINANCIAL PERFORMANCE

Revenues:

At the beginning of FY2013, we provided a dollar revenue guidance of USD 408 Million - USD 418 Million with ₹ revenue guidance of ₹ 20,400 Million - ₹ 20,900 Million. We achieved the revenue guidance as we closed the year with dollar revenue of USD 410.45 Million, a growth of 32.71% against USD 309.29 Million in FY2012. Our ₹ revenues for the year grew by 49.24% to ₹ 22,386.28 Million against ₹ 15,000.12 Million in FY2012.

During the year we focused sharply on our client mining strategy and as a result we saw strong growth in our top 10 client accounts. Our largest client Cummins' revenue share came down from 21.5% to 19% during the year while it grew by 31.6%. Our top 5 and top 10 clients grew by 51.1% and 48.8% respectively. We also saw a significant increase in our USD 1 Million+ customer base as the number increased to 74 from 59 in FY2012.

	FY2012	FY2013	Growth
Sales in USD Million	309.29	410.45	32.71%
Sales in ₹ Million	15,000.12	22,386.28	49.24%

Amongst the geographies, we saw the highest growth in US market which now contributes 75.9% to our revenues against 69.6% in last year. During the year we saw good traction in our IES SBU primarily in US driven by Oracle related offerings for the manufacturing vertical. APAC closely follows US in terms of growth even though there was a marginal reduction in revenue contribution from 12.2% last year to 11% this year. We have been building a strong pipeline in APAC both for our Automotive embedded related offerings and the Business IT services & solutions. Our growth has slowed down in Europe geography as the revenue share came down to 13% against 18.2% in FY 2012.

Revenues by Geography (₹ Million)	FY2012	FY2013	Growth
US	10,434.65	16,995.13	62.87%
UK & Europe	2,729.57	2,899.63	6.23%
ROW	1,835.90	2,491.52	35.71%

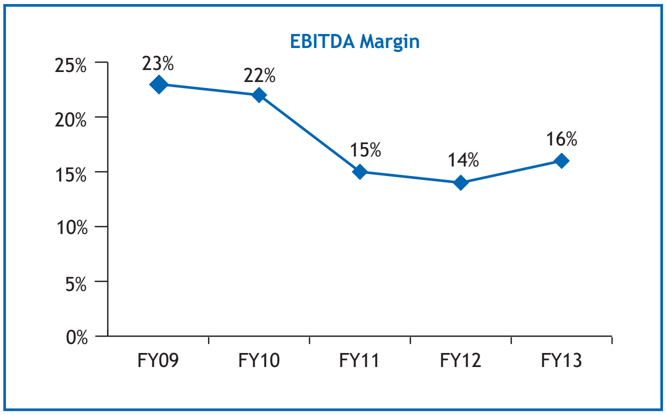
IES SBU grew the highest this year with revenue contribution increasing to 45% against 40% in last year. This was largely supported by growth in Oracle offerings portfolio including JD Edwards and other related services. We were also able to leverage our customer mining capabilities in IES with good traction in cross-selling opportunities in the existing customer accounts. Our A&E SBU's revenue contribution stood at 24% against 25.9% in FY2012 while this was the second highest growing SBU for the year. The growth in this SBU came from customers across APAC and US markets while it has slowed down a bit in Europe. We see a good pipeline in APAC for our automotive related offerings mainly across China, Korea, Japan and India. During the second half of the year we saw a slump in our SAP SBU revenues due to the technology shift towards cloud based offerings in the overall SAP domain. With our core competencies, vertical focus and association with SAP we are working towards strengthening our capabilities in these new technology areas and we have already secured few customer projects. Our SAP SBU contributed 28.8% to the overall revenues against 31.5% in last year.

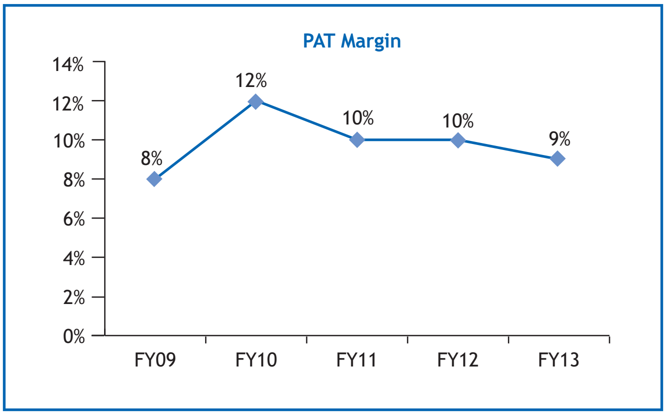
Revenues by SBU (₹ Million)	FY2012	FY2013	Growth
Integrated Enterprise Solutions	6,007.55	9,966.77	65.90%
Auto & Engineering	3,885.03	5,400.15	39.00%
SAP	4,720.54	6,453.94	36.72%
SSG	387.00	-	-
Others	-	565.42	-

Profitability:

In FY2013, we increased our profit guidance from ₹ 1,670 Million - ₹ 1,740 Million to ₹ 1,960 Million - ₹ 2,000 Million. We closed the year with profit after tax of ₹ 1,990.05 Million, a Y-o-Y growth of 36.91% compared to ₹ 1,453.54 Million in FY2012.During the year there was an exceptional item loss of ₹ 13.05 Million primarily on account of three factors: Income received on account of milestone achieved as per the transfer agreement of Banking and Financial services business and the hardware segment of our Semiconductor solutions business. 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.These three factors led to the exceptional item loss during the year. The minority interest arising due to the remaining stake of SYSTIME amounted to ₹ 86.14 Million for this year.

Profits (₹ Million)	FY2012	FY2013	Growth
EBITDA	2,165.76	3,639.86	68.06%
PAT	1,453.54	1,990.05	36.91%



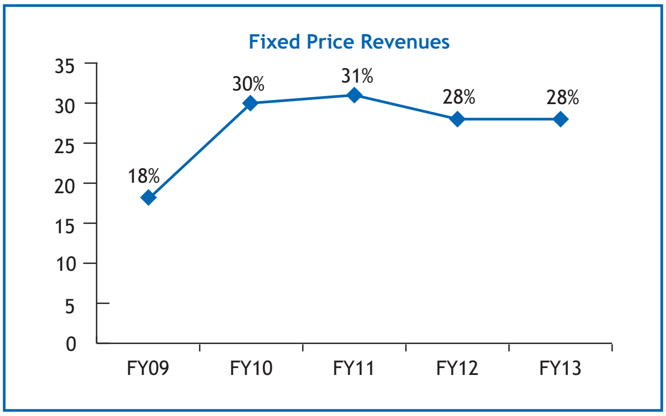


In terms of operating profit we had targeted an improvement of 50 bps to 100 bps in EBITDA margins for FY2013. However our EBITDA margin increased from 14.4% in last year to 16.3% an expansion of 182 bps.

Due to the significant rupee depreciation the realized rate for the year increased from ₹ 48.50/ USD to ₹ 54.54/ USD. We gave wage hikes to our offshore and onsite employees to the average tune of 12% and 4% respectively. Looking across the SBUs, aided by strong growth our IES and A&E SBU have also shown significant growth in the EBITDA margins. Our IES SBU margin for the year stood at 17% - 18% while A&E SBU margin improved to the levels of 24% - 25%.There was a significant improvement in SYSTIME's EBITDA margin as it increased to 15%+ from single digit level at the time of consolidation. One key factor which has negatively impacted the margins this year has been the slowdown in our SAP SBU mainly in the second half of the year. Even though the SBU exited FY2012 with double digit margins, the full year EBITDA margin for SAP SBU was at 4% - 5% for FY2013. This year we have also continued with our investments in hiring Subject Matter Experts (SMEs) in different practice areas with the objective to strengthen our offerings for strategic customers across the focused verticals.

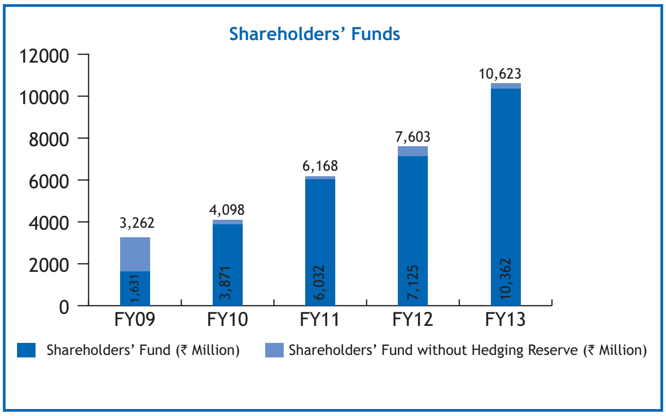
Fixed Price Revenues

In Fixed Price Projects, the billing is done based on achievement of predefined milestones delivered in the specific timeframes as decided at the start of the project. Total cost, specifications and deadlines for such projects are determined in advance. Over the last few years we have seen an increase in the share of fixed price revenues as we have introduced various productivity measures which gave us the confidence to deliver fixed price based projects in a much more efficient manner. Our fixed price revenue during the year is almost at similar level like FY2012 with marginal increase in the proportion.



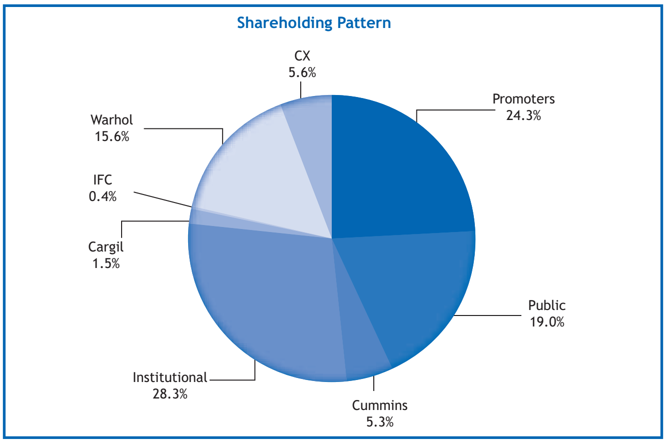
Shareholders' Funds

We are constantly working towards generating value for our shareholders and increasing the net worth of the Company. Hedging Reserve is the MTM gain/loss on all of the outstanding hedging contracts which are due for maturity beyond 90 days from the date of the Balance Sheet, as calculated with respect to the closing rate, as at the date of the Balance Sheet. As on March 31, 2013, these hedging reserves were ₹ 260.41 Million as compared to ₹ 477.26 Million as at March 31, 2012.



Shareholding Pattern

Our shareholders include Promoters, renowned domestic and financial institutional investors and individuals. As on March 31, 2013 our shareholding structure was as follows:



Institutional holding of more than 1% as on March 31, 2013

Domestic Institutional Investors	Foreign Institutional Investors
ICICI Prudential Life Insurance Company	Warhol Limited (Chrys Capital)
SBI Mutual Fund	Acacia Partners (RuaneCunniff)
Sundaram Mutual Fund	CX Securities
Birla Sunlife Insurance Company	Steadview Capital Mauritius
-	Morgan Stanley Investment Management
-	Altavista Capital India Fund

Liquidity

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. We believe we have been fairly poised on both these items. A cash flow synopsis of the FY13 Cash Flow is as under:

Details	₹ in Million
Net profit before tax	2,847
Non-cash items	566
Working capital adjustments	(1,083)
Taxes Paid	(998)
Other adjustments	(129)
CASHFLOW FROM OPERATING ACTIVITIES	**1,203**
Purchase of Fixed Assets	(698)
Investment in Subsidiaries	(1,255)
Investment in Mutual Funds	(1,672)
Interest & Dividend Income, etc.	122
CASHFLOW FROM INVESTING ACTIVITIES	**(3,503)**
Proceeds from Loans (Net of interest expenses)	1,204
Proceeds from Issue of Equity Shares	1,663
Dividend Payment	(145)
CASHFLOW FROM FINANCING ACTIVITIES	**2,722**
TOTAL SURPLUS	**422**

The total surplus considering mutual funds as cash balance would be ₹ 2,094 Million.

Thus we had a healthy cash generation, from operations, for the year.

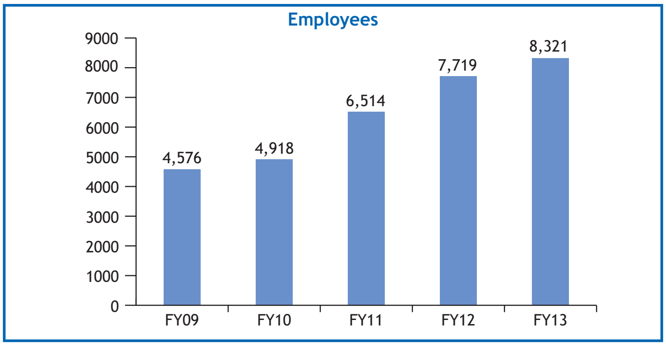
We leveraged our balance sheet to help us on the existing M&A deal payments which we did during the year. With the current level of operations and the expected growth in these, we believe that the cash outflow for the M&A investments will come back to us in the form of cash in under 2.5 years. The cash raised by way of Equity in second half of the year will primarily be used for the balance payments of the existing deals and new deals, if any.

Our growth over the years has been pretty steep. In FY11 and FY12, our cash flow from operations as a % of EBITDA stood at approx. 43% and 46% respectively. We believe there is a cost of growth associated with faster growth and hence the above ratio is comparable only between similar growth organizations. As a matter of simulation if we hypothetically assume our growth for FY11 and FY12 to be half of what it actually was, the above ratios (cash flow from operations as a % of EBITDA) significantly improve to 61% and 63% respectively. Thus the lower ratios, if only due to faster growth rates, is merely a cost of growth and not cash flow generation inefficiency.

Internal control systems and their adequacy

The CEO & CFO certification provided elsewhere in this Annual Report discusses the adequacy of internal control systems and procedures in place.

Material developments in human resources/industrial relations front, including number of people employed



During this year, we have added 800+ employees on a net basis as the total headcount increased from 7,719 as on March 31, 2012 to 8,321 as on March 31, 2013. About 230 people were transferred in Q1FY13 as a part of the SSG business hive off. All people development initiatives have been covered in details in the Chairman and CEO & MD addresses.

Risk and Concerns

A separate report on Enterprise Risk Management is provided elsewhere in this Annual Report.

Cautionary Statement

Certain statements under 'Management Discussion & Analysis' describing the Company's objectives, projections, expectations may be forward looking statement within the applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could differ materially from those expressed or implied, since the Company's operations are influenced by external and internal factors beyond the Company's control. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Enterprise Risk Management

The Company follows an objective, quantitative and data-based approach to measure risks and manage them. The process for measuring and managing the risks is briefly explained here.

Risk measurement

The Company has developed a model in-house for measuring risks continuously based on risk metrics. The important risks are measured and monitored in the manner given below:

1. **Customer relationships:** Given the industry-leading growth rates being posted by the Company and the Company's growth plans, managing customer relationships is an important risk. The Company measures this risk by analyzing, among other things, the growth in revenues from the top customers and the customer satisfaction scores. The Company also considers the competitive position of the Company vis-à-vis its major competitors in each major customer account.

2. **Talent management:** Attraction and retention of talent is a key risk in any knowledge-based industry. Our risk management framework measures this risk by looking at our employee attrition data-for high performers as well as others. The percentage of new hires becoming top performers in the first year is another metric which helps us evaluate our ability to attract top-notch talent.

3. **Currency movements:** We have a global customer base but majority of our operations are based out of India. The movement of the Indian Rupee in relation to other currencies therefore, can have a significant impact on our profitability. This risk is measured by the movement of the actual exchange rate(s) vis-à-vis the targeted exchange rates, the targeted exchange rate for each year being fixed based on our annual operating plan.

4. **Business concentration:** The need for a balanced portfolio of customers, customer industries (verticals) and practices (offerings) in the Company's business need not be over-emphasized. We measure the share of revenue of each customer, vertical and practice every quarter to monitor this risk.

5. **Dependence on linear revenue streams:** Currently, the general practice in the IT services industry is to price its services based on the number of people deployed for providing the services – called as linear revenues in industry parlance. In an environment of limited availability of talent coupled with increasing cost of talent, this poses risks not only from the point of view of profitability but also from the sustainability perspective. We categorize our revenues into linear and non-linear and the percentage share of non-linear revenues in the total revenues is used to measure this risk.

6. **Dependence on inorganic growth:** While the strategic benefits of inorganic growth cannot be questioned, the short and medium term impact of such a strategy on the Company's margins and return ratios may not always be favorable. Since the Company uses a mix of organic and inorganic growth strategies, we are very mindful about not becoming too dependent on inorganic growth. We measure this risk by constantly monitoring our organic growth rate of revenues.

Risk mitigation

The actions and initiatives for mitigation of the risks launched by the Company are given below:

1. **Customer relationships:** In order to strengthen our customer relationship management process further, we have rolled out a new Global Account Management (GAM) process. To power the growth of the Company and to de-risk the customer management risks, the new process proposes to cover 50 GAM customers as against 20 earlier. While the number of GAM customers has been increased, we have stuck to our focused verticals while choosing a larger number of customers. This, we hope, would bring in the customer focus while the practice-led approach addresses the organizational aspects of servicing the customers.

2. **Talent management:** In order to develop, motivate and retain talent, the Company has launched leadership development programs for middle level managers and junior level managers. For developing and improving talent at the entry level, the Company has devised a program called 'PACE' (Program for Academic Collaboration & Engagement) to collaborate with identified colleges and institutes to recruite their students. The academic curriculum in PACE colleges/institutes is tailored to meet the needs of the industry and the Company officials regularly visit such colleges/institutes to deliver lectures, coach and mentor the students. The Company is also recruiting a large number of lateral hires through a program called 'iREFER' under which employees are encouraged to refer their friends and relatives for new positions and this has improved the bonding of the employees with the Company and their colleagues. Challenging work environment and monetary incentives also form part of the talent attraction and retention strategy.

3. **Currency movements:** Currency risks are managed by following a pre-defined hedging program. Wherever possible, the Company also attempts to match the currency of expenditure with the currency of revenue and the currency of assets with the currency of liabilities, the External Commercial Borrowing (ECB) facility availed last year being a case in point.

4. **Business concentration:** The growth in revenues from new offerings like JD Edwards is expected to reduce the dependence on conventional verticals like automotive. The roll-out of the new GAM program will also reduce the customer concentration risk as it broad-bases our target customers. Inorganic pursuits in key focus areas will also balance the dependence on some of the practices (offerings) as borne out by our past experience.

5. **Dependence on linear revenues:** Our investments in some of the practices such as AUTOSAR®, Infotainment and hybrid vehicles, in addition to bringing in new revenues, will also reduce our dependence on conventional linear revenue streams. Development of software platforms and reuse of previously created non-proprietary work products are some of the other initiatives launched for growing the percentage of non-linear revenues.

6. **Dependence on inorganic growth:** While the Company has been successful in its inorganic pursuits, we have always been mindful about our organic growth rate and have posted industry-leading organic growth rates. We believe that our GAM program can help us mine the existing customer accounts more deeply while increasing the customer stickiness. Our investments in new products & technologies and productivity improvements, should help us deliver more value to our existing customers as well as win new customers and thus help us to grow organically at a healthy clip.

The management reviews the status of the risks in the operational fora such as business review meetings and executive council meetings. The risk management status is also presented to the board and the audit committee, discussed and feedback obtained from the directors.

Community Initiatives

Beyond Business

Giving back to society

Our Philosophy

Creating a happy community around us, by way of giving back to the society has always been the philosophy of KPIT Cummins. As a result of this philosophy, "Community Contribution" has been an integral and important part of our value system and in order to spread the same across hierarchies, all the initiatives are sponsored and mentored by chairman's office. We at KPIT Cummins have always believed that this contribution should be rendered in areas where the Company's core strengths are, in order to add maximum possible value. Therefore, we use our expertise and knowledge in the IT domain to educate and enable communities.

The aim within the organization is to involve energies and efforts of our people in Community Contribution. This year, the basic guiding principles for Community Contribution remained the same, at the same time one of the important goals was to penetrate and cultivate this value of ours, among our people.

In line with the guiding principles and the goals for the Community Initiatives, we were involved in various initiatives throughout the year. We also introduced various new initiatives, which helped us to involve more and more people to participate in the Community Contribution.

Focus Areas

1. **Environment**

   As responsible global corporate citizens, we believe it is our duty to give our future generations a clean, green and sustainable world. KPIT's approach to being an environmentally friendly organization is founded on the belief that the interests of our future generations and the society at large is best served by the efficiency of our business operations. This in turn means that we are committed to protecting the environment along with the active involvement of our stakeholders.

2. **Education**

   We believe that through the medium of education we can enable people to write their own destiny. KPIT Cummins has thus been dedicated to transforming the lives of people through both formal and non-formal education support programs. While on the one hand we have been directly engaged with education improvement programs, we have also been actively supporting NGOs/institutions who are committed to education improvement, by helping them operate more efficiently and effectively.

3. **Transportation**

   At KPIT Cummins, we strive to create positive impact on the transportation problems by supporting various Road safety and Traffic related initiatives.

"Never doubt that a small group of thoughtful, committed group can change the world. Indeed, it's the only thing that ever has"

In synchronization with our focus areas and in continuation with KPIT's last year's vision to develop strong bond between company and society through employees, following important initiatives were undertaken in this year.

Chhote Scientists: 400+ volunteers | 800 Children from 20 schools...

In an effort to make education system more practical oriented & to bring interest in Science, an initiative named Chhote Scientists was launched last year by KPIT Cummins.This initiative bridges the gap between text book knowledge and real life applications by educating children through a practical approach and thus making science fun to learn. Various science related topics are taught to children with frugally developed scientific toys every month. Some of the topics covered during sessions are Electricity, Motion, Pressure, Energy and Magnetism & Electronics.

The program has been running for the last 12 months, in and around Pune. It has so far covered 800 children from 20 participating schools.

To conclude this year's Chhote Scientists program, a Science Exhibition was organized for all the kids who were taught. Students put their creative minds to work and produced nearly 400 innovative projects.

The beneficiary students developed projects on the following topics:

1. Working models based on topics taught
2. Ideas which solve current problems
3. Survey projects

The top 100 among 400 projects were selected and invited to the exhibition held at KPIT Cummins, Pune campus on February 28, 2013 (National Science Day) to compete at a higher level. The exhibition was inaugurated by Indian Science Icon Dr.Raghunath Mashelkar. He also reviewed the projects and gave his valuable feedback.

Images from CHHOTE SCIENTISTS initiative

Teaching Session by a Volunteer

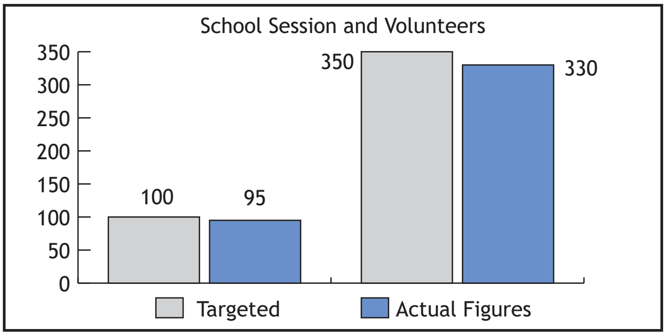
Students at School

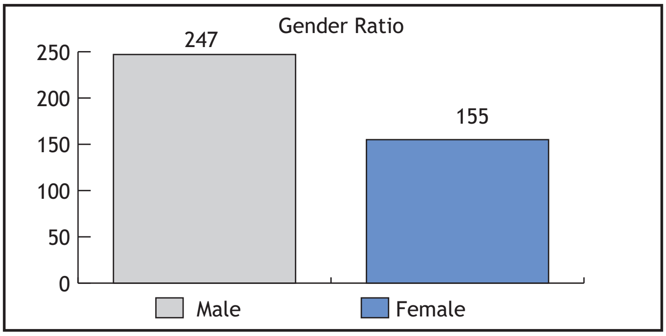
Dr. Mashelkar & Mr. Ravi Pandit interacting with Students

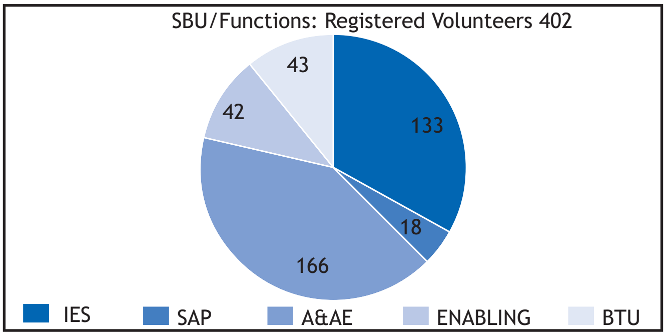
Dr. Mashelkar demonstrating his Experiment

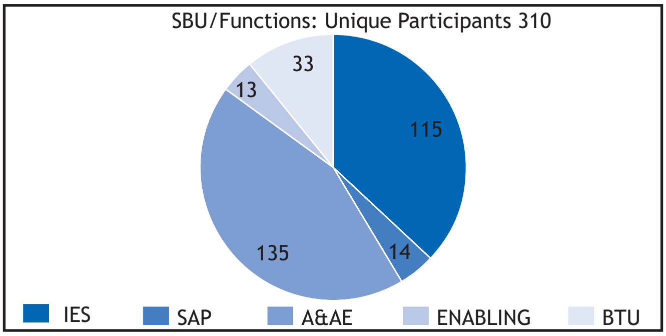
Exhibition award winners

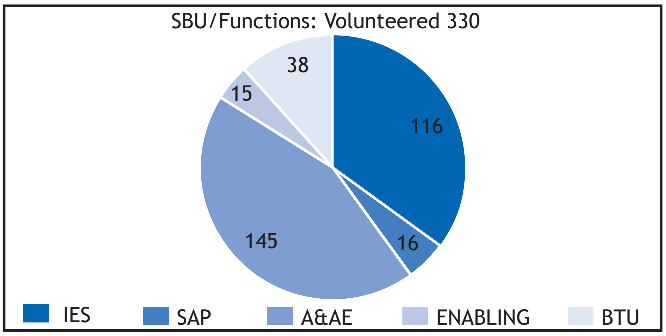
Graphical Representation









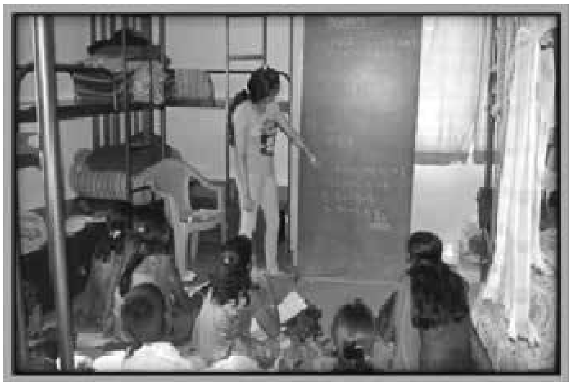


Teaching Classes at Thayimane

About Thayimane: Thayimane is a humanitarian institute for the orphans. There are 57 children fostered here. These children are orphans or have single parents who are not able to take care of them. They are being provided free education from the 1st standard to 2nd PUC levels.

As a part of KPIT's Corporate Social Responsibility program, KPIT helped Thayimane children in transforming their lives with formal and non-formal education. As a part of this initiative, KPIT volunteers met Mr. Keshavmurthy – Director of Thayimane in January 2013 and chalked out a plan based on the number of students in various classes and medium of study.

For this initiative, we had a lot of interest from our employees, who readily agreed to participate and contribute to this noble cause. Initially we formed a team of 15 teachers who were experts in subject areas like Mathematics, Science, Social Science, Computer Science, Kannada, English etc., but within 2 months, our teachers' strength doubled and currently our education team comprises of 30 teachers. As KPIT volunteers had only 2 months' time to prepare these students for their exams, a teaching schedule for this duration covering the syllabus, specifically for 7th, 8th and 9th Std. students was chalked out. Our enthusiastic teachers visited Thayimane regularly during weekends (Saturday/ Sunday) and taught these kids.



Farm ponds: Conserving water through mass volunteering

In a country of 1.2 billion people, the threat of drought creates problems of epic proportions.Over a period of two centuries (between 1801 and 2002), India has experienced 42 severe droughts according to the Indian Space Research Organization. One of these, in 1979, cut food grain production by 20 percent; another, in 1987, damaged 58.6 million hectares of cultivated land, affecting 285 million people.

In the last decade (2002-2012), three major droughts hit the country and drought in 2012 shaved off half a percentage point from the Asian giant's Gross Domestic Product (GDP), according to a 2013 World Bank report.

In order to take the first step towards addressing this severe condition and preparing our rural areas for such conditions; KPIT in association with local village body from Bhadas village (Pune, Maharashtra) reconstructed the water check dam in the village so that rain water can be efficiently harvested.

With the success of this pilot program and experience gained from this activity, KPIT recently initiated Farm Ponds, a water conservation initiative. It is a joint effort taken along with pioneer NGO Jnana Prabodhini, Pune.

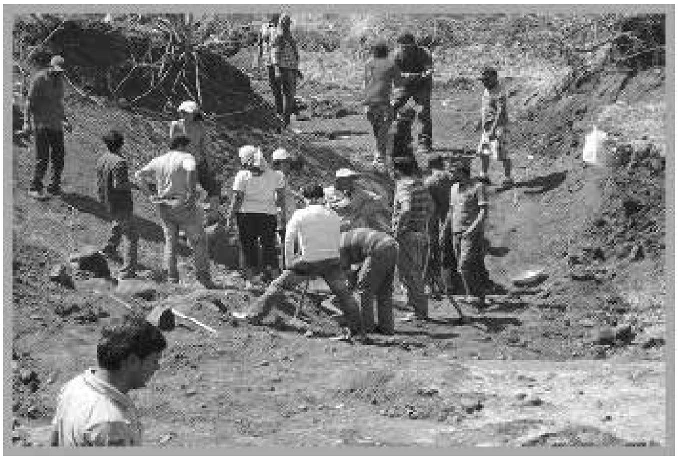
To give a brief history, 8 to 10 years ago, ponds were built by Jnana Prabodhini in nearby villages to store the rain water during monsoons, each pond being 400 Sq. m wide and 2m deep. Over the years, the ponds got covered with loose soil and required rework.

KPIT in association with Jnana Prabodhini conducted de-silting farm ponds activity at various villages. Taking up this rework challenge, 450 volunteers from 15 groups since January 2013 participated in de-silting these ponds to ensure continuation of water conservation and thus providing relief to farmers.

Images from Farm Pond Initiative

KPIT Volunteers Reconstructed the Water Dam @ Bhadas Village

Beneficiaries from Bhadas Village

KPIT Volunteers Working @ KusgaonVllage

While expanding focus and reach for these volunteering challenges, KPIT Cummins is still continuing to contribute towards ongoing important activities like School Kit Donation Drive, Surajya, Seva Fair and Blood Donation camps. This year, 1262 employees have donated 3128 School Kits for needy children.

We wish to keep this momentum going, and to create a movement which would reach a larger community. We are confident that we will continue to take KPIT CSR to greater heights.

Directors' report

Dear Shareholders,

The Directors are pleased to present the Twenty Second Annual Report together with the Audited Accounts of the Company for the Financial Year ended on March 31, 2013.

Performance of the Company

Particulars	Standalone 2012-13		Consolidated 2012-13	
	USD Million	₹ Million	USD Million	₹ Million
Revenue from operations	131.14	7,152.41	410.45	22,386.28
Expenses	107.68	5,872.60	360.16	19,643.38
Profit before exceptional items and Tax	24.96	1,361.39	52.44	2,860.28
Profit before Tax (PBT)	24.62	1,342.91	52.20	2,847.23
Profit after Tax (PAT), but before Minority Interest and share of profit in Associate	18.89	1,030.51	38.17	2,081.63
Profit for the period	18.89	1,030.51	36.49	1,990.05

Result of Operations

During the year under review, your Company continued to post industry-leading growth rate to clock total sales (consolidated) of ₹ 22,386.28 Million, a growth of 49.24%. Earnings before interest, tax, depreciation and amortization (EBITDA) was ₹ 3,639.86 Million on consolidated basis. Net profit after tax grew by 36.91% to ₹ 1,990.05 Million.

In USD terms, the sales for the year on a consolidated basis was 410.45 Million as against 309.28 Million during the previous year, a growth of 33%. Average realization rate was ₹ 54.54 per US Dollar.

Standalone sales for the fiscal year 2012-13 grew by 16.70% to reach ₹ 7,152.41 Million. Net profit after tax increased by 38% to ₹ 1,030.51 Million.

Dividend

The Directors are pleased to recommend a dividend @ 45% (₹ 0.90 per equity share of face value of ₹ 2/- each) on the paid-up equity share capital of the Company. The total pay-out will amount to ₹ 201.69 Million-including dividend distribution tax.

Transfer to Reserves

Your Directors propose to transfer an amount of ₹ 10 Million towards KPIT Cummins Infosystems Limited Community Foundation Reserve. This Reserve would be utilized for various community benefit schemes as may be approved by the Management.

Your Directors also propose to transfer an amount of ₹ 100 Million towards KPIT Cummins Technology Fund. This fund would be utilized to drive high end innovative technology initiatives for promoting green growth and energy conservation, objectives that are dearer to the Company's heart and which will benefit the Company's ecosystem at large.

An amount of ₹ 100 Million is proposed to be transferred to KPIT Employees' Welfare Fund. This Fund would be utilized to promote the welfare of the employees of KPIT group in various forms.

Your Directors propose to transfer ₹ 103.05 Million to the General Reserve. An amount of ₹ 515.47 Million is proposed to be added to the balance in the Profit & Loss Account.

Share Capital

Van Dyck (an affiliate of ChrysCapital), CX Partners Fund 1 Limited and AAJV Investment Trust (both affiliates of CX Partners) were allotted 12,960,000 equity shares on preferential basis for a total amount of ₹ 1,620 Million during the financial year under review. The proceeds of the issue will be utilized for funding the growth and operations of the Company and/or its subsidiaries, including the working capital and capital expenditure requirements of the Company and/or its subsidiaries, acquisition,investments in joint ventures and general corporate purposes. Pending their deployment for the aforesaid purposes, these funds have been invested in liquid plans of mutual funds.

The Company also allotted 1,912,323 equity shares of ₹ 2/- each, to employees under the ESOP schemes in the financial year 2012-13.

The outstanding issued, subscribed and paid-up capital of the Company as on March 31, 2013 is ₹ 385.63 Million, consisting of 192,815,199 equity shares of ₹ 2/- each.

People

The Company, together with its subsidiaries, had 8,321 employees as on March 31, 2013.

CRISIL Ratings

For the revised bank loan limits of ₹ 3,350 million, CRISIL has assigned the long term credit rating of AA-/Stable and short term rating of A1+.

Quality, Information Security and Productivity

Quality is an integral part of our business and is woven into every aspect of our operations. Our constant quest for quality is evidenced by the certification/re-certification for ISO 9001:2008 (Quality Management Systems) and ISO 20000:2011 (Information Technology Service Management) by TUV Nord Cert GmbH for providing software development, product engineering, product support and enabling services. We continue to hold our CMMI Level 5 certification for Development Ver. 1.2 and Auto Spice Level 5 certification. The Company is also certified for ISO 27001:2005 (Information Security Management Systems) and ISO22301:2012 (Business Continuity Management). Most of our customers have endorsed their satisfaction with our services and products by giving us an average customer satisfaction score of 87%. During the year, the Company also initiated the deployment of a productivity improvement tool which helps employees and their managers analyse the time utilization and productivity of employees and the results have been encouraging.

Institutional Holding

As on March 31, 2013, the Institutional Holding in the Company was 49.70% of the listed capital including the shares held by Warhol Limited, Van Dyck and CX Partners Fund 1 Limited to whom shares were issued through preferential allotment.

Change of Name

Over the years, the Company has emerged as a major technology service provider, catering to customers in the automotive, manufacturing, energy & utilities sectors. With its technology focus, the Company has attained technology leadership position in the industry. Therefore, the Board believes that the name of the Company should also reflect the Company's technology focus & leadership position. Hence, the Directors propose to change the name of the Company as 'KPIT Technologies Limited'. Special resolutions have been put up for shareholders' approval of the name change and the consequential amendments in the Company's memorandum and articles of association.

Information about the Subsidiaries

As on March 31, 2013, the Company had 15 subsidiaries, including step-down subsidiaries.

During the year under review, the Company increased its shareholding in Systime Global Solutions Private Limited to 76%. Systime ME FZCO, a wholly owned subsidiary of SYSTIME Global Solutions Pvt. Ltd., was rechristened as KPIT Infosystems ME FZE during the year.

It is proposed to amalgamate Sparta Infotech India Private Limited with the Company and in this connection, the Board of Directors of the Company and that of Sparta Infotech India Private Limited have already approved the scheme of amalgamation. The Company has filed the applications with Bombay Stock Exchange and National Stock Exchange for in-principle approval to the said scheme of amalgamation. The merger application is expected to be filed with the High Court shortly.

SolvCentral.com Inc, a direct wholly-owned subsidiary of KPIT Infosystems Inc, and In2Soft GmbH, a direct wholly-owned subsidiary of KPIT Infosystems GmbH, were merged with their respective parent companies during the year.

The details of individual financial performance of the subsidiaries have been reported in the statement pursuant to Section 212 of the Companies Act, 1956, which is given elsewhere in the Annual Report.

Particulars required as per Section 212 of the Companies Act, 1956

As per Section 212 of the Companies Act, 1956, a holding Company is required to attach the Directors' Report, Auditors' Report, Balance Sheet and Profit and Loss Account of all the subsidiaries. However the Government of India vide General Circular No: 2/2011 has given a general exemption to the companies from attaching the annual reports of subsidiaries provided certain conditions are fulfilled. Accordingly, this annual report contains the consolidated financial statements of the Company and does not contain the financial statements of the individual subsidiaries. The Statement pursuant to Section 212 of the Companies Act, 1956, is given elsewhere in this annual report. The Company will make available the audited annual accounts and related detailed information of the subsidiary companies, where applicable, upon request by any member of the Company. The Company will also upload the accounts of the individual subsidiaries on its official website. These documents will also be available for inspection during business hours at our registered office.

Directors

Pursuant to Article 72 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Mr. Anant Talaulicar and Mr. Amit Kalyani retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Sanjay Kukreja was appointed as an additional director during the year. Mr. Kukreja holds a MBA from Indian Institute of Management, Bangalore. He has been associated with ChrysCapital, a leading fund management house for more than a decade. A proposal is being put up for the approval of the shareholders at the forthcoming annual general meeting for the appointment of Mr. Kukreja as a director of the Company.

Mr. BVR Subbu was appointed as an additional director on April 29, 2013. Mr. Subbu holds a Post Graduate Diploma from Indian Institute of Foreign Trade, Delhi. He was President of Hyundai India and was also associated with the Tata group for over two decades, holding various responsibilities, including its commercial vehicles business. A proposal is being put up for the approval of the shareholders at the forthcoming annual general meeting for the appointment of Mr. Subbu as a director of the Company.

Mr. Dwayne Allen has joined the board recently as alternate director to Mr. Anant Talaulicar. Mr. Allen is Executive Director of Cummins Inc responsible for Global IT for Cummins' components business and Functional Excellence leader for PLM (Product Lifecycle Management).

Ms. Manisha Girotra was appointed as an additional director during the year and holds office till the date of the ensuing Annual General Meeting. Due to her professional pre-occupations, Ms. Girotra does not intend to seek appointment as a director at the ensuing Annual General Meeting.

Mr. Bruce Carver, director and Mr. Mark Gerstle, alternate director, resigned from the board with effect from April 29, 2013. During the period of their directorship, Mr. Carver and Mr. Gerstle made significant contributions to the Company. The Board places on record its sincere appreciation of the valuable services and guidance provided by Mr. Bruce Carver and Mr. Mark Gerstle during their tenure as Directors of the Company.

Auditors

M/s. Deloitte, Haskins & Sells, have been the statutory auditors of the Company for the past 10 years. The Board believes that periodic rotation of statutory auditors is a good corporate governance practice the Company should adopt. The proposed Companies Bill also includes provisions for rotation of audit firms after two consecutive terms of five years each.

The Audit Committee, at its meeting held on April 29, 2013, recommended the appointment of M/s. B S R & Co, Chartered Accountants, 703, 7th floor, Godrej Castlemaine, Bund Garden Road, Pune 411 001 as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting of the Company. Pursuant to the Audit Committee's recommendation, the Board of Directors has, at its meeting held on April 29, 2013, approved the appointment of M/s. B S R & Co, Chartered Accountants as the Statutory Auditors of the Company at the forthcoming Annual General Meeting for the financial year 2013-14. This is subject to shareholders passing the necessary resolution for appointment of M/s. B S R & Co, Chartered Accountants at the forthcoming Annual General Meeting.

In this connection, the Company has received a special notice pursuant to the provisions of Sections 190 and 225 of the Companies Act, 1956 proposing the appointment of M/s. B S R & Co, Chartered Accountants, as the Statutory Auditors of the Company in place of M/s. Deloitte, Haskins & Sells for the year 2013-14. The resolution for appointment of M/s. B S R & Co, Chartered Accountants, as the Statutory Auditors of the Company is being included in the notice of the Annual General Meeting. The requisite certificate pursuant to Section 224(1B) of the Companies Act, 1956, has been received from M/s. B S R & Co, Chartered Accountants.

M/s. Deloitte, Haskins & Sells, retire at the conclusion of the ensuing Annual General Meeting and do not intend to seek re-appointment.

The Board of Directors records its deepest sense of appreciation of the valuable services provided by M/s. Deloitte, Haskins & Sells as the Statutory Auditors of the Company during their tenure with the Company.

Corporate Governance

A separate section on Corporate Governance with a detailed compliance report thereon is annexed to this Annual Report. The Auditors' Certificate in respect of compliance with the provisions concerning Corporate Governance, as required by Clause 49 of the Listing Agreement, is also annexed.

Management Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis Report, which forms a part of this Report.

Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, a statement showing the names and other particulars of employees forms a part of this report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid statement is being sent to all the members of the Company. Any member interested in obtaining a copy of this statement may write to the Company Secretary at the registered office of the Company.

Responsibility Statement of the Board of Directors

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

i) in the preparation of the accounts for the financial year ended March 31, 2013, the applicable accounting standards have been followed and there has been no material departure;

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit of the Company for the said financial year;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the accounts for the year ended March 31, 2013 on a 'going concern' basis.

Employees Stock Option Plan (ESOP)

Information relating to stock option programme of the Company is provided in the Annexure I of this report. The information is being provided in compliance with Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Fixed Deposits

The Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy - Our Company's primary business being Software services, our operations areconducted with energy conservation as a focus area. The Company always endeavors to reduce energy consumption and achieve conservation of resources. Some of the initiatives taken by the Company in this connection are as follows:

1. Energy Conservation measures:

   The facility at Hinjawadi Pune reflects KPIT's commitment to energy efficiency and "green growth". The green features incorporated in the building design have been detailed in the directors' report of the previous year. As a result of various initiaties taken by the Company for reducing energy consumption, NASSCOM has declared KPIT Hinjawadi campus as "Energy Champion", one of the only three companies in IT / ITES sector to be so declared.

2. Various steps have been undertaken to utilize the energy in an optimum manner some of which are given below:

   a. Introduced innovative solution to extract energy from kitchen exhaust air. Wind turbine, installed on kitchen exhaust stystem, which is called as waste air co-generation system along with solar energy panels generates energy.

   b. Replacement of normal TFT monitor based computers with energy efficient thin clients.

   c. Consolidation of desktop servers.

3. Continuation of PC Shut Down Drive undertaken to switch off PCs during non working hours resulting into considerable reduction in energy consumption.

Computer hardware:

a. Significant reduction in e-waste generation achieved due to increased IT Hardware Refreshment Cycle for desktops, laptops & workstations.

b. Reduction in the asset ratio to 1.10:1 due to deployment of the Vblock platform with VDI, thereby thereby reducing the consumption of computer hardware.

Water Conservation measures:

The Company's conservation measures also focus on reduction of consumption of water. 70% of water gets treated through sewage treatement plant and is recycled & used for gardening purposes. Following initiatives were carried out for reducing water consumption which has resulted into 25% savings in water usage:

a. Revamping of Sprinkler system.

b. Adjusting water pressures at taps.

c. Controlling fresh water usage for gardening.

Environment Improvement initiatives:

a. Tree plantation within KPIT Campus during environment week.

b. Vermi Compost Plant: A vermicompost plant has been set up for treating the organic waste, which generates 3,500 kg vermin compost manure every year.

c. Recycling or disposal of E-waste through authorized vendors.

d. Signification savings in consumption of paper and reduction in generation of municipal waste and recyclable waste by around 23%.

e. Arranged lectures from environmentalists for employees to create awareness.

Occupational Health and Safety Assessment Series (OHSAS):

The Company's Hinjawadi site was successfully certified for ISO 14001:2004 (Environmental Management System) & OHSAS 18001:2007 standards in January 2013. We are proud to mention that these certifications were won on the basis of in-house efforts and without any external consultancy. During the year, the following activities were carried out by the Company under OHSAS:

- Music & meditation session
- Propel (Health week)
- Health risk assessment survey
- Drum Circle
- Health talk on Dengue and its precautions
- Health talk on homeopathy
- Health talk on Cervical Cancer
- Bone Mineral Density Camp
- Lectures by RANJAI on Occupational health & Environment protection as part of International Safety Week.

Research and Development (R & D) Activities:

Innovation forms the core of the Company and the Company has been continuously investing in research and development. Innovation being key focus area, the Company has been making significant investments in the Research & Development activities, not just at the corporate level but for each respective Strategic Business Units (SBU). These Research & Development expenses are being incurred under respective SBUs by setting up various cost projects. We are working on breakthrough & disruptive technologies, where the focus is to develop practice based frugal innovation across all the SBUs. Our research activities in Engineering & Business Information technology space will strive towards co-innovation, where we would work with our customers to jointly develop solutions and create value for the end consumer, who would be our customers' customer.

During the year, the Company continued its research in software engineering. These efforts have resulted in innovative products in software engineering to support both maintenance and development projects. Research and Development costs are expensed as incurred under SBU budget as cost project and Development costs of the marketable software are capitalized when its commercial feasibility is established, future economic benefits of the project are probable and its costs can be measured reliably. The total spend on these activities across all group entities is given below.

Amt in INR Mn.

KPIT R&D - Expenses for the year ended March 31, 2013							
SBU	A&E SBU	Details	IES SBU	Details	SAP SBU	Details	Total
Expensed	33.76	A&E Crest Projects	21.47	IES Crest Projects	-	-	55.23 ***
Capital Work in Progress	26.13	Revolo ***	-		31.15	SAP Projects	57.28
Capital Work in Progress	43.93	Infotainment ***	-		-		43.93
	103.82		21.47		31.15		156.43

*** Please refer Note no. 45 (3) under Standalone Financial Statements of KPIT Cummins Infosystems Limited.

The Company has set up its own research and development center called 'Center for Research in Engineering Sciences and Technology' or CREST. A separate section on R&D activities undertaken by the Company, forms a part of this report.

Technology Absorption - In its pursuit of growth, the Company constantly and actively seeks and absorbs new technology in its operations. During the year, the Company successfully conducted research for its customers. It includes automatic parallelization of sequential code for multicore, automated software code validation checks, parallelization of advanced driver safety system to run it at real time speeds, developing traffic density estimation and raindrop removal from windshield. The Company has implemented global MPLS connectivity across all Indian and international offices and deployed Telepresence solution (High Definition Video Conferencing). This has helped company to demonstrate global capabilities to customers seamlessly. Further, the Company has developed the technology for secure interaction of apps between a mobile device and infotainment system of a car. With this, customers can use KPIT infotainment platform to enable smartphone interaction with a car in a unique manner. The Company continues to focus on using these technologies for its own use as well as creating value for customers.

Foreign Exchange Earnings and Outgo - Given the global nature of the business of the Company, exports always form its thrust The Company's growth at rates above the industry rates bears testimony to its export competitiveness. Total foreign exchange earnings during the year have been ₹ 5,885.51 Million (previous year ₹ 5158.17 Million) and foreign exchange outgo has been ₹ 275.23 Million (previous year ₹ 434.56 Million).

Awards/Recognition

- Mr. Kishor Patil, Chief Executive Officer and Managing Director was selected among 16 finalists for the Ernst & Young Entrepreneur of the Year Award 2012.
- KPIT Cummins was awarded with EMC Transformers Award 2012 for successful implementation of innovative solutions that helped in transforming internal IT functions.
- KPIT Cummins received EDGE 2012 award (Enterprise Driving Growth and Excellence through IT) in the category of "Data Centre and Networking" at ITEROP 2012, Mumbai for effective implementation of Unified computing infrastructure.
- KPIT Cummins was awarded with the prestigious Mahesh Modi Environment Excellence award for 2013. Revolo – the plug-in hybrid solution was honoured for its impact on environmental improvement.
- KPIT Cummins was awarded with the 2012 Oracle Excellence Award for Specialized Partner of the Year – North America for demonstrating an outstanding and innovative solution based on Oracle products.
- KPIT unveiled Rapid App Deployment Framework to Develop & Deploy Apps Anywhere - Apps-to-Go is a safe, secure and seamless solution for car makers to deploy vehicle centric custom branded apps on head units and mobile devices.
- KPIT Cummins partnered with Livio to bring new applications to cars. The partnership aims to integrate Livio Connect with GENIVI compliant KIVI software framework allowing cars to seamlessly and securely communicate with mobile devices.
- Two patents awarded – KPIT was granted two US patents by USPTO which were filed in the area of hybrid technology.

Acknowledgments

Your Directors take this opportunity to thank all the shareholders of the Company for their continued support.

Your Directors hereby place on record their appreciation for the co-operation and support received from all the customers, vendors, financial institutions including State Bank of India, HDFC Bank Ltd, The Hongkong and Shanghai Banking Corporation Ltd, Citibank N.A., Axis Bank Ltd., BNP Paribas, Standard Chartered Bank, ICICI Bank Ltd., DBS Bank Ltd. and Kotak Mahindra Bank Ltd and the Registrars and Share Transfer Agent viz. Link Intime India Pvt. Ltd. We also thank all the employees of the KPIT group for their valuable contribution in the growth of the Company.

We also thank the Governments of United States of America, United Kingdom, Germany, France, Netherlands, Japan, Singapore, South Korea, China, UAE, South Africa, Canada and Brazil. We further thank all the constituents of the Government of India, particularly Ministry of Communication and Information Technology, the Software Technology Parks of India, Pune and Bangalore, the Department of Central Excise & Customs, Maharashtra Industrial Development Corporation, National Association of Software and Service Companies, Stock Exchanges, Securities and Exchange Board of India, Registrar of Companies, Pune, Ministry of Corporate Affairs, Reserve Bank of India, the State Governments, and other government agencies, and the Media and Press for their support during the year and look forward to their continued support in the future.

For and on behalf of the Board of Directors

Pune,
April 29, 2013

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

Annexure I to the Directors' report

Employee Stock Options (ESOPs)

The status of employee stock options, as on March 31, 2013 is as under:

1. Employee Stock Option Scheme - 1998 (through Employee Welfare Trust)

Sr. No.	Particulars	2012-13	2011-12
a.	No. of Options granted	NIL	250*
b.	Exercise Price	₹ 2.50	₹ 2.50
c.	No. of Options vested	500	500
d.	Options exercised	NIL	737.50
e.	Total number of shares arising as a result of exercise of Options	NIL	73,750
f.	Options Lapsed/Cancelled	NIL	(397.50)
g.	Variation of terms of Options	NIL	NIL
h.	Money realized by exercise of Options (in ₹)	NIL	368,750
i.	Total no. of Options in force	500	500

j. Employee wise details of Options granted:

i. No Options have been granted to the promoter Directors.

ii. There are no employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

iii. One option is equivalent to 100 shares.

* Arising on account of Bonus issue during the financial year 2011-12.

2. Employee Stock Option Plan — 2004

Sr. No.	Particulars	2012-13	2011-12
a.	No. of Options granted	NIL	1,919,162
b.	Exercise Price	Closing market price of the Company's equity share on National Stock Exchange on the day prior to the date of grant of Options	
c.	No. of Options vested	1,951,433	1,664,930
d.	Options exercised	741,247	531,348
e.	Total number of shares arising as a result of exercise of Options	741,247	531,348
f.	Options Lapsed / Cancelled	337,540	453,990
g.	Variation of terms of Options	NIL	NIL
h.	Money realized by exercise of Options (in ₹)	39,010,086	40,185,385
i.	Total no. of Options in force	2,735,237	3,814,024

j. Employee wise details of Options granted:

i. No options have been granted to the promoter Directors.

ii. There are no employees, who have received a grant of Options amounting to 5% or more of Options granted during the year.

iii There are no employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

iv. One option is equivalent to one share.

3. Employee Stock Option Plan — 2006

Sr. No.	Particulars	2012-13	2011-12
a.	No. of Options granted	1,046,000	5,896,457
b.	Exercise Price	Closing market price of the Company's equity share on National Stock Exchange on the day prior to the date of grant of Options	
c.	No. of Options vested	3,786,600	2,935,894
d.	Options exercised	1,250,194	576,675
e.	Total number of shares arising as a result of exercise of Options	1,250,194	576,675
f.	Options Lapsed / Cancelled	353,330	346,827
g.	Variation of terms of Options	NIL	NIL*
h.	Money realized by exercise of Options (in ₹)	48,388,578	26,375,598
i.	Total no. of Options in force	7,211,134	7,768,658

j. Employee wise details of Options granted:

i. No Options have been granted to the promoter Directors. List of employees belonging to the senior management, who have been granted Options, is given as Annexure II to this report.

ii. There are no other employees other than those given in Annexure II to this report, who have received a grant of Options amounting to 5% or more of Options granted during the year.

iii. There are no employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

iv. One option is equivalent to one share.

*In the Annual General Meeting held on July 8, 2011, the members of the Company have approved a fresh pool of 2,500,000 options convertible into 2,500,000 equity shares of ₹ 2/- each under the ESOP 2006 scheme.

A certificate issued by the Auditors of the Company shall be placed at the ensuing Annual General Meeting of the Company certifying that the above schemes have been implemented in accordance with SEBI guidelines and in accordance with the resolution passed at the general meeting of the Company.

Statement pursuant to Clause 12 ('Disclosure in the Directors' Report') of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

<table>
<tr><th>Sr. No</th><th></th><th>Employee Stock Option Scheme - 1998 (through Employee Welfare Trust)</th><th>Employee Stock Option Plan – 2004</th><th>Employee Stock Option Plan – 2006</th></tr>
<tr><td>(k)</td><td>Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20</td><td colspan="3">₹ 5.47</td></tr>
<tr><td>(l)</td><td>The difference between employee compensation cost using intrinsic value and the fair value of the options and impact of this difference on profits and on EPS</td><td colspan="3">The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2012-13 is ₹ Nil. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2012-13 would be ₹ 99,312,292/-. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Profit as adjusted: ₹ 931,200,250/-

Adjusted earnings per share-
Basic: ₹ 5.08
Diluted: ₹ 4.94</td></tr>
<tr><td>(m)</td><td>Weighted average exercise prices of Options granted during the year where exercise price is less than or equals the market price</td><td>No options were granted during the year</td><td>No options were granted during the year</td><td><table><tr><td>Grant Date</td><td>30-Apr-12</td><td>24-Jul-12</td><td>25-Oct-12</td><td>28-Jan-13</td></tr><tr><td>Exercise Price (₹)</td><td>85.25</td><td>122.30</td><td>120.25</td><td>112.45</td></tr><tr><td>Fair Value (₹)</td><td>39.43</td><td>57.96</td><td>52.64</td><td>49.63</td></tr></table></td></tr>
<tr><td>(n)</td><td>Method and significant assumptions used to estimate the fair value of options during the year:</td><td>No options were granted during the year</td><td>No options were granted during the year</td><td></td></tr>
<tr><td></td><td>Method</td><td></td><td></td><td>Black Scholes Method</td></tr>
<tr><td></td><td>Significant assumptions:</td><td></td><td></td><td></td></tr>
<tr><td></td><td>1. Risk Free Interest Rate</td><td></td><td></td><td>8.35%</td></tr>
<tr><td></td><td>2. Expected Life (years)</td><td></td><td></td><td>3.60</td></tr>
<tr><td></td><td>3. Expected Volatility</td><td></td><td></td><td>53.03%</td></tr>
<tr><td></td><td>4. Dividend Yield</td><td></td><td></td><td>0.73%</td></tr>
<tr><td></td><td>5. Price of the underlying share in market at the time of the option grant. (₹)</td><td></td><td></td><td>94.77</td></tr>
</table>

Annexure II to the Directors' report

List of Option Grantees belonging to the senior management:

Employee Stock option plan 2006:

Sr. No.	Name of the employee	Options Granted
1	Lokesh Sikaria	150,000
2	Vaibhav Nadgauda	60,000
3	Brent Kelton	60,000
4	Anand Chellam	60,000
5	Marvin Sohoo	50,000
6	Jacquelyn Cramer	30,000
7	Michael Amico	30,000
8	Michael Tran	20,000
9	Denise Ferre	20,000
10	David McDanniel	20,000
11	Aasim Hasan	20,000
12	Prashant Jain	10,000
	TOTAL	530,000

For and on behalf of the Board of Directors

Place: Pune
Date: April 29, 2013

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

Research and Development (R & D) Activities

Center for Research in Engineering Sciences and Technology (CREST)

Enabling Innovation, Technology, Research and Development (R&D) at KPIT Cummins

The Center for Research Engineering Sciences and Technology (CREST) is KPIT Cummins' R&D center. CREST is focused on three fronts: R&D for customers, technology development and fostering innovation.

R&D for customers includes:

- Rain drop removal from windshield images: The vision of the driver is often restricted by multiple factors. One of the major factors is dynamic weather condition; of which rain is taken into consideration. The problem statement is to eliminate the rain effect from a video captured from within the vehicle. More specifically, the problem is to handle the rain drops on the windshield. We have developed an effective solution to solve this problem.
- YUCCA-Code compliance checker tool: In the automotive industry, code compliance is a major activity done before releasing any software into the market. This is to ensure minimal field failures. Even though many automated tools are available, there are still certain checks that need to be conducted manually. YUCCA code compliance checker tool performs different kinds of checks. The tool has increased the accuracy from 53% for manual checks to 100% for automated checks. It has reduced the required efforts considerably.

Technologies developed:

- Many algorithms were developed both as a part of advanced driver assistance systems (ADAS) as well as security systems. Some of them are listed in this section.

  (a) Traffic density estimation:

  The present traffic signal timing is fixed and it does not depend on the traffic. A robust algorithm that can estimate the density of the traffic at a given signal was developed. This helps in estimating the traffic flow. The traffic signal timing can be made adaptive to the traffic.

  (b) Face depth estimation:

  Estimating 3D information of any given scene or object involves utilization of complex instruments or techniques. A simple algorithm for estimating the depth information of any given scene or object is developed.

  (c) Face turn detection:

  A significant fraction of accidents happen due to driver inattentiveness. Loss of concentration on the road can be detected using the amount of face turn of the driver. The system that can detect and quantize the face turn angle of the driver is developed.

  (d) YUCCA parallelization for embedded:

  There is a need to migrate ADAS applications to multicore platforms in order to increase the processing speed. As a case study, lane departure warning (LDW) application is parallelized and ported on to a multicore embedded board. The parallelization of this application resulted in approximately 10X improvement in the algorithm performance.

Initiatives for fostering innovation:

- We held the annual technology conference called TecXpedition.
- Through the 'My Idea' Portal, we generated a large number of ideas.
- Our iSolve contest is yet another initiative to tap the broad knowledge base across our entire employee base. We choose good challenges that need collaborative effort by several people to solve. We then open them up to anyone in the organization to attack. People with expertise in different areas are encouraged to come together, pool their knowledge and solve the problem. This allows everyone to join the innovation flow.
- We published four quarterly issues of TechTalk. The topics were Math Matters, Sensors, signal processing and applications, Algorithms and Breaking the barriers.
- Under the lecture series by scientists, we organized multiple lectures by prominent scientists.
- We launched KPIT's 'Innovation Council' at the board level, chaired by Dr. Mashelkar and with Mr. Arun Firodia as our special guest. Innovation updates and future plans were reviewed. Nine new ideas were shared by innovators, as well as five earlier innovations /ideas that are being converted to new business. Innovators from across the organization were recognized with awards. Numerous valuable suggestions and inputs were received to guide our future work.
- Scientist of the Month is a new initiative started by CREST since November 2012. The purpose of this initiative is to acquaint employees with famous scientists. Through a poster, we share information about the scientists, their remarkable invention and discoveries and the recognition they have acquired in their lifetime.
- KPIT won the most prestigious 'Mahesh Modi Environment Excellence Award'. This takes our count of awards in technology to 9.
- This year, we presented 15 papers in various international conferences.
- We won the best paper award in the SIAT International Conference held at ARAI, Pune.
- In this year, we filed for 7 more patents taking the total count to 45 filed patents.

This year, we were awarded first patent grant from the US Patent Office. We also received a patent grant from Mexico as well as South Africa.

Annual Conference: TecXpedition

An important goal of the CREST team is to foster a culture of innovation across the organization. We organized TecXpedition, our annual technology conference. The event was held on January 16, 2013 in the KPIT Bangalore campus. The theme for TecXpedition for this year was 'Bringing Innovative Minds Together'. The event provided a platform for all KPITes to exchange knowledge and the lectures that were delivered by eminent personalities provided a different insight into different facets of business and engineering. Efforts were made to include employees at all locations through live webcast as well as by holding online contests. The events that were conducted during this year's TecXpedition were:

1. Poster making
2. Idea generation
3. Junkyard Innovation
4. Cross Your Boundaries
5. Treasure hunt
6. Quiz
7. KPIT Bigg Boss
8. Technology stalls
9. Paper presentation
10. My wildest technology dream
11. The "need of the hour" for my customer
12. Pose a problem

Report on Corporate Governance

KPIT's Corporate Governance Philosophy:

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society." Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992.

We, at KPIT Cummins ('the Company') believe that good corporate governance is not just a 'good thing to have'. It is a 'must' for the functioning of a sound democracy. Good corporate governance benefits all stakeholders including shareholders, employees, customers, regulators, vendors as well as society. Corporate governance practices in a company are influenced and shaped by the missions and values of an organisation and actions of regulators, dominant shareholders, board members, major customers and social activists. Good Corporate Governance is more effective, when achieved through a judicious combination of statutory regulations, self-initiation and self-evaluation of progress.

The Company has been complying with the said provisions in letter and in spirit to ensure transparency in its corporate affairs. The Company is committed to continuously scaling up its corporate governance standards.

The Company's corporate governance framework has been built on the value system evolved by the Company over a period of time. This value system depicts the Company's attributes established over a period of time. The value system has been coined as CRICKET, the acronym for the following values:

- Customer Focus
- Respect for Individual
- Integrity
- Community Contribution
- Knowledge worship & Meritocracy
- Entrepreneurship
- Teamwork and boundarylessness

The Company's philosophy is aimed at conducting business ethically, efficiently and in a transparent manner; fulfilling its corporate responsibility to various stakeholders and enhancing and retaining investor trust. Our corporate governance philosophy is based on the following principles:

1. Compliance with Clause 49 of the Listing Agreement and conformity with globally accepted practices of corporate governance, secretarial standards provided by the Institute of Company Secretaries of India and laws of India in true spirit;
2. Integrity in financial reporting and timeliness of disclosures;
3. Transparency in the functioning and practices of the Board;
4. Balance between economic and social goals;
5. Equitable treatment and rights of shareholders;
6. Maintenance of ethical culture within and outside the organization;
7. Establishing better risk management framework and mitigation measures; and
8. Maintaining independence of auditors.

I. BOARD OF DIRECTORS

A. Size and composition of the Board

In order to maintain independence of the Board, the Company has a judicious mix of Executive, Non-Executive and Independent Directors on its Board which is essential to separate the two main Board functions viz. governance and management. Out of the total strength of twelve Directors as on March 31, 2013, ten Directors (83.33%) are Independent/ Non-Executive Directors and two Directors (16.67%) are Executive Directors. The Chairman of the Company is a Non-Executive Director and he renders professional services in the areas of strategic planning, external interface and Board matters. The Board periodically evaluates the need for increasing or decreasing its size. The composition of the Board and the number of Directorships held by each Director outside the Company is detailed in Table 1.

1. Definition of an Independent Director

Independent Director shall mean a Non-Executive Director of the Company who:

a) apart from receiving Director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;

b) is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;

c) has not been an executive of the Company in the immediately preceding three financial years;

d) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:

   i. the statutory audit firm or the internal audit firm that is associated with the Company, and

   ii. the legal firm(s) and consulting firm(s) that have a material association with the Company;

e) is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director;

f) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares; and

g) is not less than 21 years of age.

Nominee Director appointed by an institution which has invested in or lent to the Company, shall be deemed to be an Independent Director.

Table 1: The composition of the Board and the number of Directorships held by them:

Sr. No.	Name of Director	Category of Directorship at KPIT Cummins	Relationship with the Directors	No. of Directorships held in Public Companies as on March 31, 2013*	No. of Committee Membership in Companies@	No. of Committee Chairmanship in Committees@
1	Mr. S.B. (Ravi) Pandit, Chairman & Group CEO	Non-Executive	None	5	1	1
2	Mr. Kishor Patil, CEO & Managing Director	Executive	None	2	2	Nil
3	Mr. Sachin Tikekar, Whole - time Director	Executive	None	1	Nil	Nil
4	Mr. Amit Kalyani	Independent	None	13	5	Nil
5	Mr. Anant Talaulicar	Non-Executive	None	7	5	Nil
6	Prof. Alberto Sangiovanni Vincentelli	Independent	None	1	Nil	Nil
7	Ms. Manisha Girotra	Independent	None	1	1	Nil
8	Mr. Sanjay Kukreja	Independent	None	3	Nil	Nil
9	Ms. Lila Poonawalla	Independent	None	2	Nil	1
10	Dr. R.A. Mashelkar	Independent	None	7	4	Nil
11	Mr. Bruce Carver	Non-Executive	None	1	Nil	Nil
12	Ms. Elizabeth Carey	Non-Executive	None	1	Nil	Nil
13	Mr. Mark Gerstle, Alternate Director	Non-Executive	None	1	Nil	Nil
14	Mr. Cariappa Chenanda, Alternate Director	Non-Executive	None	1	Nil	Nil

* Including Directorship in KPIT Cummins Infosystems Limited.
@ Includes only Audit & Investor Grievance Committee in all companies, including KPIT Cummins Infosystems Limited.

2. **Responsibilities of the Chairman and Executive Directors**

Mr. S.B. (Ravi) Pandit is the Chairman, Mr. Kishor Patil is the CEO & Managing Director and Mr. Sachin Tikekar is a Whole-time Director. The authorities and responsibilities of each of the above Directors are clearly demarcated as under:

The Chairman is responsible for managing the external interface of the Company, as well as the formulation of corporate strategy and performance goal setting. He is also engaged in defining the corporate vision and goals of the Company to transform the Company to build a global IT consulting organization of first choice. He plays a strategic role in the areas of investor and press relations, community initiatives, board matters and corporate governance. He also interacts with global thought leaders to enhance our leadership position and various institutions to highlight and help bring about the benefits of IT to every section of the society.

The CEO and Managing Director is responsible for the overall management of the Company. He is specifically responsible for all day-to-day operational matters like planning and executing business, reviewing and guiding the global offices, customer delivery units and support functions and ensuring efficient and effective functioning of the organization as a whole. He is also responsible for providing the strategic direction, building strategic partnerships and integration of acquired entities.

Mr. Sachin Tikekar, whole-time Director, is responsible for development of Global Account Management – an initiative for nurturing and growing customer accounts to deliver high growth for the Company. He is also the executive sponsor for Business Transformation Unit (BTU), a new Strategic Business Unit (SBU) of the Company. In addition, he is also the executive sponsor for some of the major customer accounts.

3. **Membership Term**

As per the current laws in India, one-third of the Board members who are liable to retire by rotation shall retire every year and if qualified, are eligible for re-appointment. As such Mr. Amit Kalyani and Mr. Anant Talaulicar, Directors constituting one-third of such Directors of the Company, are retiring at the ensuing Annual General Meeting of the Company. The Executive Directors are appointed by the shareholders of the Company for a maximum period of 5 years at a time, but are eligible for re-appointment upon completion of their respective term. The Non-Executive Directors have no specified period but they retire by rotation if required by the law.

4. **Board & Committee Meeting Agenda and Minutes**

The Company Secretary receives details on the matters which require the approval of the Board/Committees of the Board, from various departments of the Company; well in advance, so that they can be included in the Board/ Committee meeting agenda, if required. The information as required under Clause 49 of the Listing Agreement and the code of conduct is made available to the members of the Board/Committee. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meetings. In compliance with the statutory requirements, the following information is included in the Agenda papers provided to the Board for every quarterly board meeting:

- Analysis of performance;
- Presentation on the financial results;
- Annual operating plans and quarterly variance analysis;
- Geography-wise performance;
- Subsidiaries' operations;
- Investments in the Company;
- Enterprise Risk Management framework;
- Statutory agenda.

Every agenda and minutes of the meeting are prepared in compliance with the Clause 49 of the Listing Agreement and the applicable standards issued by the Institute of Company Secretaries of India (ICSI) and the Companies Act, 1956. The draft minutes of the proceedings of each previous Board/ Committee meeting are circulated along with the agenda. The Board also takes note of minutes of committee meetings and board meetings of the subsidiaries.

B. Non-Executive Directors' compensation and disclosures

During the year, the Company has paid an amount of ₹ 17.40 Million (previous year ₹ 11.43 Million) to Mr. S. B. (Ravi) Pandit, Non-Executive Chairman, towards professional services rendered by him to the Company. It may be noted that the Company has received specific approval from Department of Company Affairs regarding his eligibility to render professional services.

The number of Equity Shares of ₹ 2/- each held by Non-Executive Directors in the Company as on March 31, 2013 are as follows:

Sr. No.	Name	Shareholding	
		No. of Shares	% of Total Paid up Capital
1	Mr. S. B. (Ravi) Pandit	324,000	0.17
2	Ms. Lila Poonawalla	90,000	0.05
3	Mr. Amit Kalyani	40,000	0.02
4	Dr. R.A.Mashelkar	40,000	0.02
5	Mr. Sanjay Kukreja	32,400	0.02
Total		**526,400**	**0.28**

Details of compensation paid/payable to other Non-Executive Directors are disclosed elsewhere in this Report.

C. Other provisions as to board and committees

i. Board meetings schedule:

As a good practice, the dates of the board meetings of the ensuing year are decided and circulated to all the Board members well in advance. These dates are also included in the 'Additional Shareholder Information', which forms a part of this Annual Report. Most of the board meetings are held at the Registered Office of the Company located in Pune. The agenda for each board meeting is drafted by the Company Secretary in consultation with the Chairman of the Board and distributed to the Board members in advance of the meetings. The Board meets at least once every quarter to review and approve the quarterly results and other items on the agenda. Additional board meetings are held, whenever necessary.

During the year eight board meetings were held on the following dates:

i. April 30, 2012
ii. July 24, 2012
iii. October 25, 2012
iv. November 6, 2012
v. November 9, 2012
vi. December 17, 2012
vii. January 28, 2013
viii. February 23, 2013

Table 2: Number of Board meetings and the attendance of Directors during FY 2012-13

Sr. No.	Name of the Director	No. of Board meetings held during the tenure of each Director	No. of Board meetings attended*	Attendance at the last AGM*
1	Mr. S.B.(Ravi) Pandit, Chairman & Group CEO	8	8	Yes
2	Mr. Kishor Patil, CEO & Managing Director	8	7	Yes
3	Mr. Sachin Tikekar, Whole - time Director	8	7	Yes
4	Mr. Amit Kalyani	8	2	-
5	Prof. Alberto Sangiovanni Vincentelli	8	4	-
6	Ms. Manisha Girotra#	6	4	-
7	Mr. Sanjay Kukreja##	2	2	-
8	Mr. Anant Talaulicar	8	0	-
9	Mr. Sudheer Tilloo**	2	2	Yes
10	Dr. Srikant Datar**	2	1	-
11	Ms. Lila Poonawalla	8	8	Yes
12	Dr. R.A. Mashelkar	8	4	Yes
13	Mr. Bruce Carver	8	1	-
14	Ms. Elizabeth Carey	8	2	-

*Including the attendance by teleconference and through their Alternate Directors.

Ms. Manisha Girotra was appointed as an 'Additional Director' w.e.f. August 2, 2012.

Mr. Sanjay Kukreja was appointed as an 'Additional Director' w.e.f. January 28, 2013.

** Mr. Sudheer Tilloo retired as a director w.e.f. July 27, 2012. Dr. Srikant Datar resigned w.e.f. July 24, 2012.

(ii) Membership of Board committees

None of the Directors of the Company hold membership of more than ten committees nor is any Director a chairman of more than five committees of boards of all the companies where he holds Directorships. (Please refer Table No. 1).

(iii) Review of compliance reports

For monitoring and ensuring compliance with applicable laws by the Company and its subsidiaries located in and outside India and for establishing adequate management control over the compliances of all acts, laws, rules, regulations and regulatory requirements, the Company has set-up a regulatory compliance process within the organization. The Compliance Officer is the process owner of this process and is responsible for collecting compliance certificates from all departments/entities and reporting compliance to the Chief Financial Officer (CFO). The CFO of the Company thereafter presents a quarterly compliance certificate before the Board of Directors of the Company which reviews compliance reports of all laws applicable to the Company on a quarterly basis in their board meeting.

D. Code of conduct

The Company has adopted a Code of conduct for all its employees, senior managers and its board members and this code has been posted on the Company's website. All the board members and senior managers affirm the compliance with the code on an annual basis. The declaration of the CEO & CFO to this effect is disclosed under CEO & CFO certification section attached with this Annual Report.

II. COMMITTEES OF THE BOARD

Currently, the Board of the Company has six regular committees – Audit Committee, Stakeholders' Relationship Committee, HR & Compensation (Remuneration) Committee, Quality Council Committee, Innovation Committee and Share Transfer Committee. All these committees are chaired by Non-Executive/Independent Directors. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for committee members. Normally, the Audit Committee, HR & Compensation Committee and Quality Council Committee meet at least four times a year, Innovation Committee meets at least twice a year and the Stakeholders' Relationship Committee and Share Transfer Committee meet as and when the need arises. Typically the committee meetings are held before the board meeting and the Chairman of each committee thereafter apprises the board members on business conducted in each such committee meeting. The quorum for committee meetings is either two members or one-third of the total strength of the committee, whichever is higher. Draft minutes of the committee meeting are circulated to the members of that committee for their comments and thereafter, confirmed in its next meeting. The Board of Directors also take note of the minutes of the committee meetings at its meetings.

A. Audit Committee

Composition

The Company has set-up an Audit Committee consisting of three Non-Executive Directors. The committee was reconstituted on October 25, 2012 and consists of Ms. Lila Poonawalla, who is the chairperson of this Committee; Ms. Manisha Girotra & Mr. S.B. (Ravi) Pandit are the other members. All members of the Audit Committee are financially literate. A brief profile of all the members is provided in 'Additional Shareholders Information' section of this Annual Report. The Senior Vice President & Head – Corporate Finance & Governance attends all the meetings of the committee. The Company Secretary is the secretary to the Committee. The Statutory Auditors and the Internal Auditors also make their presentations at the committee meetings.

Powers, role and review of information by Audit Committee

The Company has duly defined the role and objectives of the Audit Committee on the same lines as provided under Clause 49 of the Listing Agreement. The role and objectives of the Audit Committee, as defined by the Board, are as under:

Role and objectives

- Integrity of financial reports;
- Enterprise Risk Management;
- Compliance with laws;
- Reviewing the function of Whistle-Blower Policy;
- Related party transactions;
- Creditor obligation defaults;

  Use of Company assets
- Internal accounting controls;
- Review of utilization of funds raised through public, rights or preferential issue of shares;
- Other controls for efficiency and economy;
- Financial reporting process:
  - Accounting policies
  - Judgments and estimates
  - Unusual transactions and adjustments
  - Disclosures and presentation
  - Company's view point on Auditors' remarks
  - Risk of financial reporting
  - All financial reports and their vehicles
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with Internal Auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with external auditors before the audit commences on the nature and scope of the audit as well as to have post-audit discussion to ascertain any area of concern.

Meetings of Audit Committee

During FY 2012-13, the Audit Committee met five times – April 30, 2012, July 24, 2012, October 23, 2012, October 25, 2012 & January 28, 2013. The details of attendance at the meetings are given in Table 3.

Table 3: Audit Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended*
1	Mr. Sudheer Tilloo**	2	2
2	Ms. Lila Poonawalla - Chairperson#	5	5
3	Mr. S. B.(Ravi) Pandit	5	5
4	Ms. Manisha Girotra##	1	0
5	Mr. Amit Kalyani	2	2

Note: Mr. Amit Kalyani was co-opted as a member of the Audit Committee for its meetings held on October 25, 2012 and January 28, 2013.

* Including the attendance by teleconference.
** Mr. Sudheer Tilloo ceased to be a Director of the Company w.e.f. July 27, 2012.
# Ms. Lila Poonawalla was appointed as the Chairperson w.e.f. October 25, 2012.
Member w.e.f. October 25, 2012

B. Stakeholders' Relationship Committee

Composition

The Company has formed an Investors'/Shareholders' Grievance Committee which was rechristened as the Stakeholders' Relationship Committee to bring it in line with the proposals in the new Companies Bill. Mr. S. B. (Ravi) Pandit is the Chairman of the Committee and Mr. Kishor Patil is the member of the Committee. The meetings of the Committee are held to review and resolve only those cases which are pending for action for more than normal processing period. The details of complaints received, solved and pending from the shareholders/investors are given elsewhere in this Annual Report. The monthly review of the activities of Registrar & Share Transfer Agent is undertaken regularly by the Senior Vice President & Head – Corporate Finance & Governance and the Company Secretary who is the compliance officer of the Company.

The Company has a dedicated e-mail address: grievances@kpitcummins.com for shareholders' convenience.

Role and objectives

The role and objectives of the committee are as under:

- Oversee the share transfers and other shareholder related issues like non-receipt of dividends, annual reports etc.
- Consider and resolve investors' grievances.
- Allotment of shares to option grantees of the Company who have exercised options under the ESOP schemes of the Company and to the Employee Welfare Trust of the Company for the benefit of option grantees under the ESOP schemes of the Company.

Meetings of the Committee

During the year, one meeting of the Stakeholders' Relationship Committee was held on June 19, 2012. The details of the attendance at the meeting are given in Table 4.

Table 4: Stakeholders' Relationship Committee – meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Mr. Sudheer Tilloo-Chairman*	1	1
2	Mr. S. B. (Ravi) Pandit	1	1
3	Mr. Kishor Patil	1	1

* Mr. Sudheer Tilloo ceased to be a Director of the Company w.e.f. July 27, 2012.

C. HR & Compensation (Remuneration) Committee

Composition

The Company has set-up a HR & Compensation (Remuneration) Committee. The committee was reconstituted on October 25, 2012 and consists of two Independent Directors and two Non-Executive Directors. Mr. Amit Kalyani, Independent Director, chairs this Committee, Ms. Lila Poonwalla, Independent Director, Mr. S.B.(Ravi) Pandit, Non-Executive Director and Ms. Elizabeth Carey, Non – Executive Director are other members of the Committee.

Role and objectives

The role and objectives of the committee, as defined by the Board is as under:

All people-related matters including:

- Compensation policies;
- Compensation of Executive and Non-Executive Directors and senior management;
- Attraction and retention of talent;
- Grant of Stock options;
- Succession planning;
- Leadership Development;
- Overseeing performance appraisal systems;
- Evaluation of Executive Directors' performance; and
- Such other matters as may be decided by the committee from time to time.

Meetings of the HR & Compensation (Remuneration) Committee

The Committee met four times during the year – April 30, 2012, July 24, 2012, October 23, 2012 and January 28, 2013.

The details of meetings and attendance are given in Table 5.

Table 5: HR & Compensation (Remuneration) Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended*
1	Mr. Amit Kalyani – Chairman	4	2
2	Mr. S. B. (Ravi) Pandit	4	4
3	Dr. Srikant Datar**	2	1
4	Mr. Sudheer Tilloo**	2	2
5	Ms. Elizabeth Carey	4	0
6	Ms. Lila Poonawalla#	1	1

*Including attendance by teleconference.
** Mr. Sudheer Tilloo ceased to be a Director of the Company w.e.f. July 27, 2012. Dr. Srikant Datar ceased to be a director of the Company w.e.f. July 24, 2012.
# Member w.e.f. October 25, 2012.

D. Quality Council Committee

Composition

The Quality Council Committee enables the Board to focus on qualitative aspects and resolve customer issues proactively. This committee was reconstituted on October 25, 2012 and is chaired by an Independent Director, Ms. Lila Poonawalla; the other members being Prof. Alberto Sangiovanni Vincentelli, Independent Director, Mr. Bruce Carver, Non-Executive Director and Mr. Kishor Patil, Executive Director.

Role and objectives

The role and objectives of the Committee, as defined by the Board of Directors of the Company, is as under:

To suggest measures to enhance quality and productivity and the means to optimise the use of the resources.

Meetings of the Quality Council Committee

The Committee met four times during the year- April 30, 2012, July 24, 2012, October 23, 2012 & January 28, 2013. The details of meetings and attendance are given in Table 6.

Table 6: Quality Council Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Ms. Lila Poonawalla - Chairperson	4	4
2	Mr. Sudheer Tilloo*	2	2
3	Mr. Bruce Carver	4	0
4	Mr. Kishor Patil	4	4
5	Prof. Alberto Sangiovanni Vincentelli**	1	0

*Mr. Sudheer Tilloo ceased to be a Director of the Company w.e.f July 27, 2012.
** Member w.e.f. October 25, 2012.

E. Innovation Committee

The Innovation Committee enables the Board to advise the Company on matters related to innovation. The Committee suggests measures to encourage innovation within the Company and foster a culture of innovation amongst employees of the Company. The Committee helps develop a strategy around innovation, particularly with respect to commercialization of the benefits of innovation. The committee also evaluates and rewards innovative ideas of the employees.

During the year, one meeting of the Innovation Committee was held on November 10, 2012. The details of the attendance at the meeting are given in Table 7.

Table 7: Innovation Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Dr. R.A. Mashelkar-Chairperson	1	1
2	Ms. Lila Poonawalla	1	1
3	Mr. S. B. (Ravi) Pandit	1	1
4	Mr. Kishor Patil	1	1

F. Share Transfer Committee

The Company has a Share Transfer Committee. Mr. S. B. (Ravi) Pandit is the Chairman of the Committee and Mr. Kishor Patil is the member of the Committee. The meetings of the Committee are held to approve share transfers.

Meetings of the Committee

The Committee met ten times during the year- May 11, 2012, June 19, 2012, July 21, 2012, July 31, 2012, August 17, 2012, September 17, 2012, November 22, 2012, January 24, 2013, February 21, 2013 and March 25, 2013. The details of meetings and attendance are given in Table 8.

Table 8: Share Transfer Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Mr. S. B. (Ravi) Pandit - Chairman	10	10
2	Mr. Kishor Patil	10	10

III. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian Subsidiary company, as per the criteria given in clause 49 of the Listing Agreement.

Brief details of the Company's subsidiaries, including step-down subsidiaries, are given elsewhere in this Annual Report. The updates of major decisions of the unlisted subsidiary companies are regularly presented before the Audit Committee and the Board.

Following are the key points of subsidiaries which are regularly taken up in the Audit Committee/Board meeting:

- Minutes of all the meetings of subsidiaries held in the previous quarter;
- Major dealings of subsidiaries' investment, fixed assets, loans, etc.;
- Compliances by subsidiaries with all applicable laws of that country;
- Business plan of each subsidiary and its periodic update to the Company's Board.

IV. DISCLOSURES

A. Basis of related party transactions

The related party transactions are placed before every quarterly Audit Committee and Board meeting. There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, subsidiary or relatives except for those disclosed in the financial statements for the year ended March 31, 2013.

B. Disclosure of accounting treatment

The Company has not followed any differential treatment from the prescribed accounting standards, for preparation of financial statements during the year.

C. Board disclosures - Risk management

The Company has an integrated approach to managing the risks inherent in the various aspects of business. As a part of this approach, the Company's Board is responsible for monitoring risk levels according to various parameters and ensuring implementation of mitigation measures, if required. A comprehensive Enterprise Risk Management report is provided separately in this Annual Report.

D. Proceeds from public issues, rights issues, preferential issues etc.

During the year, the Company issued shares on preferential basis the details of which have been given in the Directors' Report.

E. Remuneration of Executive and Non-Executive Directors

The HR & Compensation (Remuneration) Committee determines and recommends to the Company's board the remuneration payable to Executive and Non-Executive Directors and thereafter the Board approves the payment, within the limit approved by the shareholders of the Company. The details of remuneration paid to the Executive Directors of the Company are given in Table 9.

Table 9: Remuneration paid to Executive Directors in FY 12-13

(Amount in ₹)

Name of Director/ Remuneration Details	Kishor Patil#	Sachin Tikekar
	CEO & Managing Director	Whole - time Director
Salary	4,229,700	5,622,262
PF	554,500	220,198
Gratuity	-	-
Leave Encashment	117,492	135,195
Variable Performance Incentive	3,883,797	2,352,778
Bonus	-	335,928
Notice Period	6 months	6 months
Total	**8,785,489**	**8,666,361**

Does not include GBP 16,384 paid to Mr. Kishor Patil from KPIT UK during FY 2012-13.

Note: Managerial remuneration excludes provision for gratuity, as separate actuarial valuation for the directors is not available.

Under Section 309(4) of the Companies Act, 1956, a Director who is neither in the whole time employment of the company nor a Managing Director (the 'Non-Executive Directors'), may be paid remuneration by way of commission if the members of the company, by virtue of a special resolution, authorize such payment. However, the remuneration paid to all such Non-Executive Directors taken together should not exceed 1% of the net profit of the company in any relevant financial year, if the company has a Managing or a Whole-time Director, unless approved by the Central Government. Shareholders of the Company approved payment of upto 1% of net profit for 5 years w.e.f. April 1, 2009. In accordance with this approval, the Board of Directors of the Company has approved payment of ₹ 11.05 Million (previous year ₹ 9.12 Million) as commission payable to the Non-Executive Directors of the Company for FY 2013. There is no other pecuniary relationship with Non-Executive Directors, except sitting fees for the meetings, attended by them. The details of remuneration paid/payable to the Non-Executive Directors during FY 2013 are given in Table 10.

Table 10: Remuneration paid/payable to Non-Executive Directors

(Amount in ₹)

Name of Director	Commission (Payable)	Sitting Fees (Paid)
Mr. Sudheer Tilloo [Chairman – Audit Committee & Stakeholders' Relationship Committee*]	1,200,000	140,000
Mr. Amit Kalyani [Chairman - HR & Compensation (Remuneration) Committee]	1,750,000	47,500
Mr. Anant Talaulicar	-	-
Dr. Srikant Datar	600,000	27,500
Ms. Lila Poonawalla [Chairperson - Quality Council Committee and Audit Committee**]	2,200,000	275,000
Prof. Alberto Sangiovanni Vincentelli	2,400,000	60,000
Ms. Manisha Girotra	850,000	60,000
Mr. Sanjay Kukreja	-	-
Dr. R.A. Mashelkar	2,050,000	60,000
Mr. Bruce Carver	-	
Ms. Elizabeth Carey	-	-
TOTAL	**11,050,000**	**670,000**

*Chairman till July 27, 2012.

** Chairperson w.e.f. October 25, 2012.

Basis for remuneration paid to Non-Executive Directors

Remuneration	Board member	Committee Chairman	Committee member
Sitting Fees	₹15,000/- per meeting	₹20,000/- per meeting	₹12,500/- per meeting
Commission	The total amount of commission to be paid to the non-executive directors for FY 2013 is ₹ 11.05 million.This is distributed among the non-executive directors on the basis of their chairmanship/membership of board committees, duration of their directorship during the year and their general contribution to the Company outside board/committee meetings.		

During the year, the Company has granted Stock Option equivalent to 200,000 equity shares to Mr. Amit Kalyani, Dr. R.A. Mashelkar, Ms. Lila Poonawalla, Prof. Alberto Sangiovanni Vincentelli and Ms. Manisha Girotra all Independent Directors of the Company.

F. Management Discussion & Analysis

A detailed Management Discussion and Analysis is given as a separate section in this Annual Report. During the year, there have been no material financial and commercial transactions made by the management, where they have personal interest that may have a potential conflict with the interest of the Company at large.

G. Legal Compliance Reporting

The Company has a practice of obtaining a Statutory Compliance Report on a monthly basis from various functional heads for compliance with laws applicable to the respective function. A consolidated report on compliance with applicable laws is presented to the Board every quarter.

H. Reconciliation of Share Capital

As stipulated by the Securities and Exchange Board of India (SEBI), a Practicing Company Secretary carries out audit of Reconciliation of Share Capital (previously known as "Secretarial audit" which was modified by SEBI vide its circular no. CIR/MRD/DP/30/2010) and provides a report to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This reconciliation is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board. The Audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

I. Shareholders

i) Disclosure regarding appointment or re-appointment of Directors

According to the provisions of the Companies Act, 1956 and Articles of Association of the Company, one-third of the Directors liable to retire by rotation shall retire every year and if eligible, may be re-appointed at the Annual General Meeting of shareholders. Accordingly, Mr. Amit Kalyani and Mr. Anant Talaulicar, Directors, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board has recommended the re-appointment of both the retiring Directors. Detailed resumes of these Directors are provided elsewhere in this Annual Report.

ii) Communication to shareholders

The Company's quarterly financial results, investor updates and other investor related information are posted on the Company's website (www.kpitcummins.com). The quarterly financial results of the Company were published in Financial Express, Business Standard and Loksatta. Financial results and all material information are also regularly provided to the Stock Exchanges as per the requirements of the Listing Agreement. Any presentation made to analysts and others are also posted on our website.

The details of correspondence received from the Shareholders/ Investors during the period April 1, 2012 to March 31, 2013 is given in the Additional Shareholder Information section in the Report.

iii) General body meetings

Table 11: Details in respect of the last three Annual General Meetings (AGMs) of the Company

Date of the meeting(year)	Venue of the meeting	Time of the meeting	Special Resolution Passed
July 16, 2010 (2009-10)	KPIT Cummins Infosystems Ltd. Auditorium SDB II, Plot No. 35 &36, Rajiv Gandhi Infotech Park, Phase-1, MIDC, Hinjawadi, Pune- 411057	10.30 A.M.	1) Re- appointment of Mr. Girish Wardadkar as the President & Executive Director of the Company. 2) Appointment of Mr. Chinmay Shashishekhar Pandit as Senior Manager – Business Development u/s 314(1B) of the Companies Act, 1956. 3) Appointment of Ms. Jayada Chinmay Pandit, as Senior Executive – CAT u/s 314(1B) of the Companies Act, 1956. 4) Specified the limits of options that can be granted, offered and allotted to the employees (per employee and in aggregate) and to the directors (per director and in aggregate).
July 8, 2011 (2010-11)	KPIT Cummins Infosystems Ltd. Auditorium SDB II, Plot No. 35 &36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjawadi, Pune- 411057 10.30 A.M.	10.30 A.M.	1) Creation of an additional pool of 25 lacs stock options under the ESOP 2006 Scheme of the Company.
July 27,2012 (2011-12)	KPIT Cummins Infosystems Ltd. Auditorium SDB II, Plot No. 35 &36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjawadi, Pune- 411057	10.30 A.M.	Nil

iv) Special Resolution through Postal Ballot

During the year, the Company has not passed any special resolution through postal ballot.

v) The details of Investors'/Shareholders' Grievance Committee are given elsewhere in this Report.

vi) The details of share transfer system is given elsewhere in this Report.

V. CEO and CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO and CFO certificate to the Company's Board is given elsewhere in this Annual Report.

VI. COMPLIANCE

As required by Clause 49 of the Listing Agreement, the Auditors' certificate on corporate governance is given elsewhere in this Annual Report.

COMPLIANCE AGAINST NON-MANDATORY REQUIREMENTS

1. The Board

Mr. S. B. (Ravi) Pandit, Chairman, is a Non-Executive Director and occupies the Chairman's office which is maintained at the Company's expense. He gets reimbursement of expenses incurred in performances of his duties.

2. Remuneration Committee

The Board had set-up an HR & Compensation (Remuneration) Committee, the details of which are given elsewhere in this Report. All the members of the Committee are Non – Executive Directors and Mr. Amit Kalyani, an Independent Director, is the Chairman of this Committee.

3. Training of Board members

At the Board retreat held between February 21, 2013 and February 23, 2013, the Board members were provided a deep and thorough insight to the business model of the Company through detailed presentations of various Strategic Business Units (SBU) and Functions. This also ensured that Board members get an open forum for discussion and share their experience in both formal and informal manner. Efforts are also made to acquaint and train the Board members about the emerging trends in the industry through presentations by renowned external speakers.

4. Whistle Blower Policy

In an effort to demonstrate the highest standards of transparency, the Company has adopted the 'Whistle Blower Policy', which has established a mechanism for employees to express and report their concerns to the management in a fearless manner about unethical behavior, fraud, violation of the code of conduct or ethics. This mechanism also provides for adequate safeguards against victimization of employees who avail this mechanism and also provide direct access to the Chairman and members of the Audit Committee in exceptional cases. This policy has been uploaded on the employees' intranet portal of the Company for effective circulation and implementation. The purpose of this policy is to establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding financial statement disclosure issues, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics; and (b) the submission by employees (all KPIT managers and employees, including managers and employees of its divisions, subsidiaries and other affiliates worldwide, as well as agents and contractors working on behalf of the Company, its subsidiaries and affiliates) and Directors of the Company, on a confidential and anonymous basis, of concerns regarding questionable financial statement disclosure, accounting, auditing matters or violations of the Company's Code of Business Conduct and Ethics.

The purpose of this policy is also to state clearly and unequivocally that the Company prohibits discrimination, harassment and/ or retaliation against any employee or Director who (i) reports complaints regarding financial statement disclosure issues, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics; or (ii) provides information or otherwise assists in an investigation or proceeding regarding any conduct which he or she reasonably believes to be a violation of employment or labour laws, securities laws, laws regarding fraud or the commission or possible commission of a criminal offence. Everyone in the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. Every employee and Director of the Company has a duty to abide by this policy.

5. Corporate Sustainability Report

The Company has prepared a Corporate Sustainability Report giving detailed information of the Company's efforts towards managing sustainable growth. A copy of the report can be made available to the shareholders on request.

6. Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India ('ICSI'), one of the premier professional bodies in India, has issued 10 Secretarial Standards as on March 31, 2013. These Secretarial Standards are recommendatory in nature. The Company observes Secretarial Standards to a large extent voluntarily as a good corporate governance practice and for protection of interest of all stakeholders.

Auditors' certificate on corporate governance

To the Members of KPIT Cummins Infosystems Limited

We have examined the compliance of the conditions of Corporate Governance by KPIT Cummins Infosystems Limited (the Company) for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No.117366W

Khurshed Pastakia
Partner
Membership No. 31544

Place: Pune
Date: April 29, 2013

Declaration of the Chief Executive Officer & Managing Director

This is to certify that the Company has laid down code of conduct for all the board members and senior management personnel of the Company and the same is uploaded on the website of the company www.kpitcummins.com.

Further, certified that the members of the board of directors and senior management personnel have affirmed the compliance with the code applicable to them during the year ended March 31, 2013.

Kishor Patil
CEO & Managing Director

Place: Pune
Date: April 29, 2013

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification

We, Kishor Patil, CEO & Managing Director and Anil Patwardhan, Sr. Vice President & Head- Corporate Finance & Governance of KPIT Cummins Infosystems Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss accounts (consolidated and standalone), and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report for the year ended March 31, 2013;

2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which the statements were made, not misleading with respect to the statements made;

3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report and are in compliance with the existing accounting standards and/or applicable laws and regulations;

4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;

5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company and we have:-

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;

   c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors, any material weakness in internal controls over financial reporting including any corrective actions with regard to deficiencies;

   b) instances of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;

   c) significant changes in internal controls during the year covered by this report; and

   d) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.

7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity based compensation, which was inflated on account of such errors, as decided by the audit committee;

8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to the 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and

9. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Kishor Patil
CEO & Managing Director

Anil Patwardhan
Sr. Vice President & Head-
Corporate Finance & Governance

Pune, April 29, 2013

Additional shareholder information

1.	**Registered and Corporate Office**	:	35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411057. Tel. No.: +91 - 20 - 6652 5000, Fax No.: +91 - 20 - 6652 5001, Website: www.kpitcummins.com
2.	**Date of Incorporation**	:	December 28, 1990
3.	**Registration No./CIN**	:	L72200PN1990PLC059594
4.	**Date, Time and Venue of 22nd AGM**	:	July 12, 2013, 10.30 a.m. at Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411057. The Notice of the Annual General Meeting is being sent to the members along with this annual report.
5.	**Book Closure Dates**	:	July 6, 2013 to July 12, 2013 (both days inclusive)
6.	**Dividend Payment Date**	:	On or after July 12, 2013, but within the statutory time limit of 30 days, subject to shareholders' approval.
7.	**Financial Year**	:	April 01, 2012 - March 31, 2013.
8.	**Financial Calendar for 2013-2014 (tentative and subject to change)**		
	Financial reporting for the first quarter ending June 30, 2013	:	July 23, 2013
	Financial reporting for the second quarter ending September 30, 2013	:	October 22, 2013
	Financial reporting for the third quarter ending December 31, 2013	:	January 22, 2014
	Financial reporting for the last quarter and year ending March 31, 2014	:	April 28, 2014
	Annual General Meeting for the year ending March 31, 2014	:	July 2014
9.	**The shares of the Company are listed on the following Stock Exchanges:**		
	National Stock Exchange of India Ltd.	:	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 **NSE Code : KPIT**
	Bombay Stock Exchange Ltd.	:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **BSE Code: 532400**
	ISIN Number of the Company	:	INE836A01035

* The Company has paid the Annual Listing Fee for the Financial Year 2013-14 to all the Stock Exchanges on which the shares of the Company are listed.

10. Shareholders are requested to send all share transfers and correspondence relating to shares, dividend etc. to our Registrar & Share Transfer Agent at:

Link Intime India Pvt. Ltd. Contact Person: **Mr. Bhagwant Sawant**, Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune 411 001 Telefax: +91- 20-26163503 E-mail: bhagavant.sawant@linkintime.co.in. You can also contact **Mr. R. Swaminathan**, Company Secretary, at the Registered Office of the Company (Tel No.: +91 - 20 - 6652 5000 Extn. – 5010, Fax No.: +91-20-6652 5001, E-mail: Swaminathan.R@kpitcummins.com), in case you need any further assistance. For any kind of grievances and for their speedy redressal, the shareholders may send their grievances to grievances@kpitcummins.com

11. Share transfer system:

The share transfer activities are carried out by our Registrars & Share Transfer Agent, the details of whom are given above. The documents are received at their office in Mumbai/Pune and also at the Registered Office of the Company. The Securities and Exchange Board of India ('SEBI') vide its circular no. CIR/MIRSD/8 /2012 amended the provisions of clause 3(c) of the Listing Agreement. Accordingly the share transfers are carried out within a period of fifteen days from the date of lodging, provided all the papers received, are in order.

12. Dematerializations of shares and liquidity:

As on March 31, 2013, 99.31% of the total issued share capital was held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited.

13. Shares allotted during the year:

Date	Description of Allottee	No. of Shares	Face Value (₹)
30-April-12	Allotment to Employees against ESOP	159,398	2
19-June-12	Allotment to Employees against ESOP	208,784	2
24-July-12	Allotment to Employees against ESOP	87,068	2
25-Oct-12	Allotment to Employees against ESOP	627,572	2
17-Dec-12	Allotment on preferential basis to Van Dyck	7,776,000	2
17-Dec-12	Allotment on preferential basis to CX Partners Fund 1 Limited	5,081,357	2
17-Dec-12	Allotment on preferential basis to AAJV Investment Trust	102,643	2
17-Dec-12	Allotment to Employees against ESOP	251,219	2
28-Jan-13	Allotment to Employees against ESOP	406,060	2
23-Feb-13	Allotment to Employees against ESOP	172,222	2
	TOTAL	**14,872,323**	**2**

14. Shareholding Pattern as on March 31, 2013

Category	No. of Shares Held	% of Total Shares Capital
Promoters	46,878,362	24.31
Mutual Funds	11,169,577	5.79
FIIs	59,442,491	30.83
Bodies Corporate	9,677,585	5.02
Foreign Company	21,733,347	11.27
NRI	3,230,473	1.67
Insurance Companies	11,437,391	5.93
Public & Others	29,245,973	15.18
TOTAL	**192,815,199**	**100.00**

As on March 31, 2013, the top ten shareholders of the Company were as under:

Sr. No.	Name of the Shareholder	Number of Shares held	% of total paid up share capital	Category
1	Proficient Finstock LLP	17,769,657	9.22	Promoter
2	Warhol Limited	16,987,858	8.81	Foreign Company
3	KPIT Cummins Infosystems Ltd - Employees Welfare Trust	8,993,144	4.66	Person Acting in Concert
4	ICICI Prudential Life Insurance Company Ltd	8,839,365	4.58	Insurance Company
5	Van Dyck	7,776,000	4.03	Foreign Company
6	Mr. Kishor Patil	7,495,800	3.88	Promoter
7	CX Securities Limited	5,414,602	2.81	Foreign Institutional Invistor
8	Proficient Trading & Investment Pvt. Ltd.	5,339,673	2.77	Promoter
9	Citigroup Global Markets Mauritius Private Limited	5,277,365	2.74	Foreign Institutional Invistor
10	Cummins Inc.	5,155,164	2.67	JV Partner
	TOTAL	**89,048,628**	**46.17**	

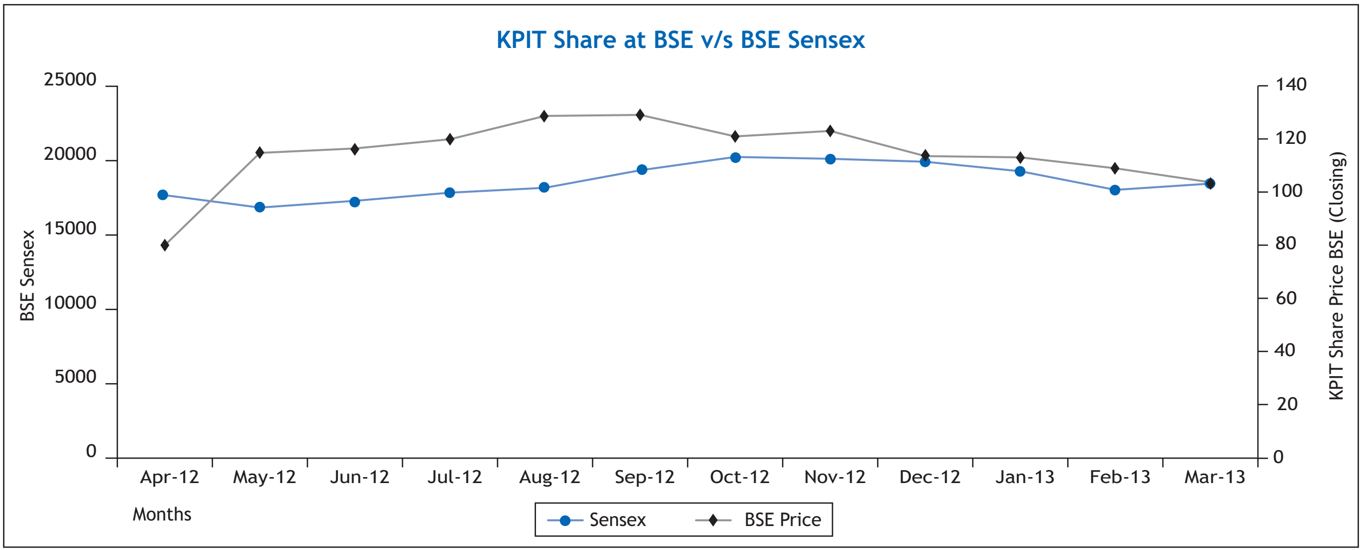
15. Distribution Schedule as on March 31, 2013:

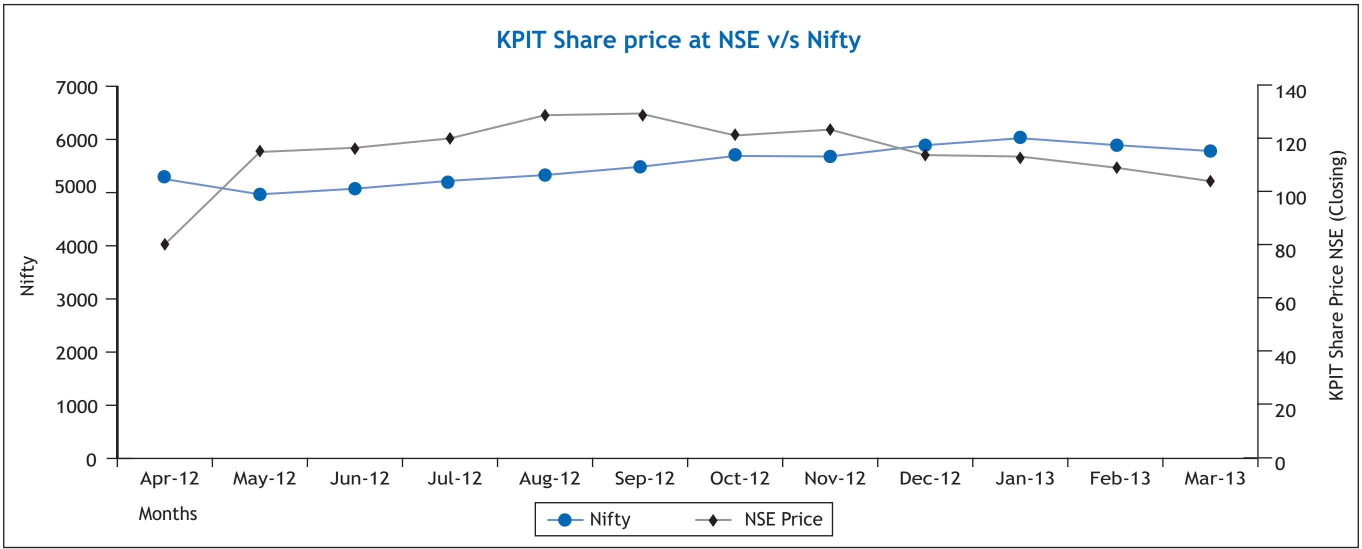
Quantity of Shares			Shareholders		Face Value of Shares held (₹)	%
From	-	To	Number	%		
1	-	100	18,588	47.54	2,082,408	0.54
101	-	1000	16,581	42.41	12,248,864	3.18
1001	-	5000	2,934	7.51	12,991,082	3.37
5001	-	10000	423	1.08	6,281,202	1.63
10001	-	50000	417	1.07	18,562,220	4.81
50001	-	100000	58	0.15	8,305,938	2.15
100001	&	Above	95	0.24	325,158,684	84.32
TOTAL			**39,096**	**100.00**	**385,630,398**	**100.00**

16. Monthly High/Low and Average of KPIT Cummins' Share Prices on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE):

	NSE				BSE				Total Volume
	High	Low	Average	Volume	High	Low	Average	Volume	NSE + BSE
Apr-12	86.55	74.00	80.08	2,162,474	86.50	73.80	80.00	682,400	2,844,874
May-12	129.35	85.00	109.95	34,881,461	129.50	89.00	114.74	11,132,417	46,013,878
Jun-12	128.65	105.80	116.48	9,323,513	128.80	105.90	116.42	2,975,618	12,299,131
Jul-12	132.00	111.75	119.93	10,133,014	133.50	111.65	119.89	4,937,453	15,070,467
Aug-12	139.40	117.00	128.64	9,410,395	139.55	117.05	128.66	3,063,865	12,474,260
Sep-12	142.00	122.15	129.27	6,366,175	142.00	109.25	129.05	1,434,511	7,800,686
Oct-12	126.80	100.10	121.02	6,973,794	126.70	115.25	120.95	6,834,131	13,807,925
Nov-12	130.85	115.90	123.23	9,729,021	130.65	115.25	123.01	2,180,015	11,909,036
Dec-12	129.45	102.50	113.65	9,221,362	129.10	102.45	113.54	2,045,139	11,266,501
Jan-13	122.00	106.70	113.10	7,267,451	119.70	105.35	113.07	1,639,038	8,906,489
Feb-13	119.00	100.00	108.93	3,843,114	114.85	101.85	108.95	714,044	4,557,158
Mar-13	110.85	92.00	103.84	4,868,358	110.70	92.40	103.68	1,024,198	5,892,556

17. Share performance chart of the Company in comparison to BSE Sensex and Nifty:





18. Details of dividend in the Unpaid/Unclaimed Dividend Accounts as on March 31, 2013:

Year	Balance (₹)	Tentative date of transfer
For the financial year 2005-2006	80,630	August 19, 2013
For the financial year 2006-2007	252,518	August 13, 2014
For the financial year 2007-2008	334,538	October 6, 2015
For the financial year 2008-2009	315,392	August 17, 2016
For the financial year 2009-2010	210,268	August 23, 2017
For the financial year 2010- 2011	213,332	August 16, 2018
For the financial year 2011- 2012	431,593	September 3, 2019

During the year the Company transferred an amount of ₹ 152,336/-, being the unpaid dividend pertaining to the financial year 2004-05 to the Investors Education and Protection Fund (IEPF), in accordance with the provisions of Section 205A(5) of the Companies Act, 1956.

As per the captioned section, the dividend, if any, remaining unclaimed for a period of seven years from the date of declaration, is required to be transferred to IEPF. In view of this provision, the shareholders are kindly requested to get their pending dividend warrants, if any, pertaining to the above financial years, encashed at the earliest. Shareholders can send the unpaid dividend warrants to the Registered Office or to the Registrar & Share Transfer Agent of the Company for the purpose of revalidation/reissue.

19. Details of correspondence received from the Shareholders/Investors during the period from April 01, 2012 to March 31, 2013:

No.	Nature of Request/Complaints	Opening as on April 01,2012	No. of Requests/ Complaints Received	No. of Requests/ Complaints Processed	No. of Pending Requests/ Complaints as on March 31, 2013
1	Non-Receipt of Share Certificate	Nil	4	4	Nil
2	Non-Receipt of Dividend Warrant	Nil	4	4	Nil
3	Non-Receipt of De-mat Credit/Re-mat Certificate	Nil	Nil	Nil	Nil
4	Non-Receipt of Rejected De-mat Request Form	Nil	Nil	Nil	Nil
5	Non-Receipt of Annual Report	Nil	2	2	Nil
6	Non-Receipt of Exchange Certificate	Nil	Nil	Nil	Nil
7	Change of Address	Nil	14	14	Nil
8	Bank Details/Mandate	Nil	Nil	Nil	Nil
9	Exchange of Certificate	Nil	Nil	Nil	Nil
10	Stop Transfer/Procedure for duplicate Share Certificate	Nil	6	6	Nil
11	Indemnity/Affidavit - duplicate	Nil	Nil	Nil	Nil
12	Re-mat Request	Nil	Nil	Nil	Nil
13	Stock Split of Equity Shares	Nil	Nil	Nil	Nil
14	Indemnity with DRF	Nil	Nil	Nil	Nil
15	Revalidation/Replacement of Dividend Warrant	Nil	36	36	Nil
16	Procedure for Transfer/Transmission/Name Deletion	Nil	Nil	Nil	Nil
17	Correction in Name	Nil	1	1	Nil
18	Registration of Signature	Nil	Nil	Nil	Nil
19	Data Mismatch	Nil	Nil	Nil	Nil
20	Issue of Duplicate Share Certificate	Nil	5	5	Nil
21	Nominations	Nil	Nil	Nil	Nil
22	Confirmation of Details	Nil	Nil	Nil	Nil
23	SEBI Complaints	Nil	8	8	Nil
24	NSDL /CDSL Complaints	Nil	Nil	Nil	Nil
25	Others	Nil	17	17	Nil
Total		**Nil**	**97**	**97**	**Nil**

20. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2013.

21. Green Initiative by the Ministry of Corporate Affairs:

To support the green initiative of the Ministry of Corporate Affairs in full measure, members are requested to register their e-mail addresses, in order to enable us to e-mail the Annual Reports, Notices and other communication to you, with our Registrar and Share Transfer Agent Link Intime India Pvt. Ltd. at: bhagavant.sawant@linkintime.co.in. Alternatively you may also register your e-mail address with the Company by writing an email to investorassist@kpitcummins.com.

Please refer Page 119 of this report to register your e-mails ids.

Members who wish to receive physical copies of documents need to make a written request to the Registrars, M/s Link Intime India Pvt. Ltd. or e-mail at investorassist@kpitcummins.com.

22. Unclaimed Shares:

As mandated under the Clause 5A of the Listing Agreement, the Company is required to transfer the unclaimed shares in the Demat Suspense Account to be opened with the Depository Participant. The Company has sent two reminder notices to the shareholders in this regard. The details in terms of Clause 5A (II) of the Listing Agreement are stated below.

Sr.No.	Particulars	No. Of shareholders	No. Of Shares
(i)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account on applicability of clause 5A(II) as on April 1, 2012	80	62,000
(ii)	Number of shareholders who approached the issuer for transfer of shares from shares considered to be transferred to the Unclaimed Suspense Account during the period from April 1, 2012 to March 31, 2013.	9	8,000
(iii)	Number of shareholders to whom shares were transferred from shares considered to be transferred to the Unclaimed Suspense Account during the period from April 1, 2012 to March 31, 2013.	9	8,000
(iv)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the end of the period from April 1, 2012 to March 31, 2013.	71	**54,000**

23. Publication of results and presentation made to institutional investors & analysts:

The Company has been regularly publishing its quarterly and yearly results in newspapers, detailed below, as per the requirement of Listing Agreement:

Date of Publication	Particulars	Newspaper
May 1, 2013	Audited financial results for the quarter and year ended March 31, 2013	Financial Express & Loksatta
January 30, 2013	Unaudited financial results for the quarter and nine months ended December 31, 2012	Financial Express & Loksatta
October 26, 2012	Unaudited financial results for the quarter and half year ended September 30, 2012	Financial Express & Loksatta
July 26, 2012	Unaudited financial results for the quarter ended June 30, 2012	Business Standard & Loksatta
May 3, 2012	Audited financial results for the quarter and year ended March 31, 2012	Financial Express & Loksatta

The results and presentations made to institutional investors & analysts have also been regularly uploaded in Investor section of our website www.kpitcummins.com.

24. Board members' profiles:

The Board of Directors of the Company consists of executive and non-executive members. The present Board consists of following members:

Chairman (Non-Executive)

Mr. S. B. (Ravi) Pandit has been a Director on the Board of the Company since its incorporation. He holds a MS (Management) degree from Sloan School of Management, MIT, Cambridge, USA. He possesses extensive experience of over three decades in the fields of IT, Corporate Strategy Formulation and Management Consulting. Mr. Ravi Pandit was an Audit Professional at Alexander Grant & Co., USA, following which he became a partner at Kirtane & Pandit, Chartered Accountants (KPCA) from 1975-1990. Ravi is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost and Works Accountants of India. He was the President of Maharatta Chamber of Commerce, Industries and Agriculture during 2004-2006. At KPIT Cummins, he leads the team in formulating corporate strategy, performance goal setting, investor relations, strategic transactions, external communication and other Board matters. He also plays a strategic role in Community Initiatives and Corporate Governance. Mr. Ravi Pandit is also a frequent speaker at various national and international seminars. Ravi is the Chairman of Stakeholders Relationship Committee and Share Transfer Committee. He is also a member of Audit Committee and HR & Compensation (Remuneration) Committee of the Company.

CEO & Managing Director (Executive)

Mr. Kishor Patil is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost and Works Accountants of India. He has 25 years of experience in various areas like Information Systems and Design, Marketing, Organization Methods and Systems etc. He is in-charge of the overall management of the Company. He is specifically responsible for all day-to-day operational issues like planning and executing business, reviewing and guiding the offices, customer delivery units and support functions and ensuring efficient and effective functioning of the organization as a whole. As a promoter of the Company, Mr. Kishor Patil has provided strategic direction and spearheaded KPIT Cummins' foray into international markets, especially Europe & USA. He has been instrumental in building strategic partnerships and a strong and prestigious customer base for the Company in a short span of time. Mr. Kishor Patil is a member of the Stakeholders' Relationship Committee, Quality Council Committee and the Share Transfer Committee.

Whole- time Director (Executive)

Mr. Sachin Tikekar is a co-founder of KPIT Cummins and has played various leadership roles over the years. Currently, he is playing the role of President – Strategic Relationships & Business Transformation. Prior to assuming this role, he was Chief of People Operations. Further, he has taken up the responsibilities as Chief Operating Officer of the US operations of the Company and was instrumental in building the Company's sales presence across US, Asia and Europe. He has previously worked with US Sprint and Strategic Positioning Group. Sachin has done his Masters in Strategic Management and International Finance from Temple University's Fox School of Business and Management, Pennsylvania.

Dr. R. A. Mashelkar (Non-Executive and Independent)

Dr. R. A. Mashelkar, is deeply committed to the world of science and engineering, Dr. Mashelkar has been hugely instrumental in propagating a culture of innovation and balanced intellectual property rights regime for over a decade. Dr. Mashelkar is the President of Global Research Alliance, Chairman - National Innovation Foundation, Chairman - Marico Innovation Foundation, Chairman - Reliance Innovation Council and Chairman of Thermax Innovation Council. He was the third Indian engineer to have been elected as a Fellow of Royal Society (FRS), London and he was the first Indian President of the Institute of Chemical Engineers, UK and the first Indian Foreign Fellow of Australian Technological Science and Engineering Academy (2008). Twenty-eight universities have honoured him with honorary doctorates, which include Universities of London, Salford, Pretoria, Wisconsin and Delhi. Dr. Mashelkar served as the Director General of Council of Scientific and Industrial Research (CSIR). He was also the President of Indian National Science Academy (2005-2007). Dr. Mashelkar has won over 50 awards and medals at national and international levels and was honoured by the President of India with the Padma Shri (1991) and with the Padma Bhushan (2000), in recognition of his contribution to nation building. Dr. Mashelkar is the Chairman of Innovation Council of KPIT.

Ms. Lila Poonawalla (Non-Executive and Independent)

Ms. Lila Poonawalla, was awarded the Padmashree in 1989 -recognized for her exemplary contribution to the world of Engineering and Industry. Lila is currently a Director on the Board of Noble Tek PLM Solutions Pvt Ltd., Blossom Breweries Limited and Pragati Leadership A Institute Pvt. Ltd. She has been on the governing body of organizations like the CII (Confederation of Indian Industries) and TIFAC (Technology Information Forecasting and Assessment Council) formed by the Government of India. She was a member of the Scientific Advisory Board of the Central Cabinet (SAC-C) and Chairperson of the Herbal and Floriculture Taskforce of SAC-C. Actively involved in social initiatives, Lila is on the board of trustees of two Pune-based NGOs. In 1994, she started the 'Lila Poonawalla Foundation' to promote education among women. She is the Chairperson of the Quality Council Committee and the Audit Committee and a member of HR & Compensation (Remuneration) Committee of the Company.

Prof. Alberto Sangiovanni Vincentelli (Non-Executive and Independent)

Prof. Alberto Sangiovanni Vincentelli, 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. Prof. Alberto is a member of the Board of Directors of Cadence and chairs 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. He is also a Professor with University of California, Berkeley, Department of Electrical Engineering & Computer Sciences.
Prof. Alberto is a member of the Quality Council Committee of the Company.

Ms. Elizabeth Carey (Non-Executive)

Ms. Elizabeth Carey has been the Chief Technical Officer of Cummins Power Generation since 2003. Ms. Elizabeth is presently the Sponsor of the Power Generation Corporate Social Responsibility (CSR) where she draws on her long personal history of volunteerism to guide Power Generation's CSR focus. Ms. Elizabeth is also the Sponsor of the Women's Affinity Group at Power Generation. Ms. Elizabeth started her engineering career with the Aerospace Corporation in California for eight years, followed by five years with TRW Space and Defense. She joined Cummins Inc. in 1993 as the Director of Electronic Controls. Ms. Elizabeth has a B.S. in Mathematics and B.S. in Statisitcs from the California Polytechnic State University, San Luis Obispo and completed MS requirements in 1990 for Electrical Engineering - emphasis on controls from the California State University, Long Beach. Ms. Carey is a member of the HR & Compensation (Remuneration) Committee of the Company.

Mr. Amit Kalyani (Non-Executive and Independent)

Please refer to the Additional Information on Directors annexed to the Annual General Meeting notice.

Ms. Manisha Girotra (Non-Executive and Independent)

Ms. Manisha Girotra holds a degree from St. Stephen's College and received a gold medal for her Masters Degree from the Delhi School of Economics. Currently she is the Chief Executive Officer of Moelis India and was most recently CEO and Country Head of UBS in India managing its investment bank, commercial bank, markets, equity research and wealth management divisions. Prior to her stint at UBS, Ms. Girotra was Head – North India of Barclays Bank. Ms. Girotra began her investment banking career in London in the corporate bank at ANZ Grindlays. She was honored as a Young Global Leader in 2010 by the World Economic Forum and was named one of the "15 Women to Watch in Asia" by Forbes in 2008 and one of the "50 Women to Watch" in the annual Wall Street Journal survey in 2007. Ms. Girotra has appeared in Business Today's 25 Most Powerful Women in Business in India for the past five years. Ms. Manisha Girotra is a member of the Audit Committee of the Company.

Mr. Anant Talaulicar (Non-Executive)

Please refer to the Additional Information on the Directors annexed to the Annual General Meeting notice.

Mr. Sanjay Kukreja (Non-Executive and Independent)

Please refer to the Explanatory Statement of the Annual General Meeting notice.

Mr. B V R Subbu (Non-Executive)

Please refer to the Explanatory Statement of the Annual General Meeting notice.

Auditors' Report

TO THE MEMBERS OF
KPIT CUMMINS INFOSYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KPIT CUMMINS INFOSYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117 366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Place: Pune
Date: April 29, 2013

Annexure to the Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (viii), (xiii), (xiv) of CARO are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Sub Clauses (b), (c), (d), (f) and (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, Wealth Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities during the year.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, Wealth Tax, Custom Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹)
Income Tax Act, 1961	Income-tax	Income Tax Appellate Tribunal	A.Y. 2005-06 to A.Y. 2008-09	33,413,510
Income Tax Act, 1961	Income-tax	Commisioner of Income Tax (Appeals)	A.Y. 2007-08	4,025,020
Finance Act, 1994	Service Tax	Customs Excise & Service Tax Appellate Tribunal	October 2006 to December 2011	309,605,627

(ix) The Company does not have any accumulated losses as at 31st March, 2013. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions of which are prejudicial to the interest of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures, and therefore the question of creating security or charge in respect thereof does not arise.

(xvii) According to the information and explanations given to us, the Company has not raised any money by public issue, and therefore the question of disclosing the end use of money does not arise.

(xviii) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117 366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Place: Pune
Date: April 29, 2013

Balance Sheet as at

		Note No.	31st March, 2013 ₹	₹	31st March, 2012 ₹
I.	**EQUITY AND LIABILITIES**				
(1)	**Shareholder's Funds**				
	(a) Share Capital	2	385,630,398		355,885,752
	(b) Reserves and Surplus	3	8,486,103,040		5,786,070,406
				8,871,733,438	6,141,956,158
(2)	**Share application money pending allotment**	27		935,432	1,053,845
(3)	**Non-Current Liabilities**				
	(a) Long-term borrowings	4	996,904,775		3,698,227
	(b) Deferred tax liabilities (Net)	5	-		7,464,940
	(c) Other Long term liabilities	6	-		263,983,855
	(d) Long term provisions	7	111,213,316		69,404,686
				1,108,118,091	344,551,708
(4)	**Current Liabilities**				
	(a) Short-term borrowings	8	1,616,689,643		1,400,045,429
	(b) Trade payables	9	633,712,837		543,158,994
	(c) Other current liabilities	10	769,052,719		595,696,036
	(d) Short-term provisions	11	313,883,982		261,398,454
				3,333,339,181	2,800,298,913
	Total			13,314,126,142	9,287,860,624
II	**ASSETS**				
(1)	**Non-current assets**				
	(a) Fixed assets				
	(i) Tangible assets	12A	1,187,478,931		1,167,853,986
	(ii) Intangible assets	12B	240,739,816		276,101,399
	(iii) Capital work-in-progress		16,954,953		73,083,382
	(iv) Intangible assets under development (Note 45(3))		183,596,580		92,618,464
			1,628,770,280		1,609,657,231
	(b) Non-current investments	13	5,364,751,103		3,663,193,293
	(c) Deferred tax assets (net)	5	7,076,939		-
	(d) Long term loans and advances	14	880,308,395		852,105,481
	(e) Other non-current assets	15	31,871,050		30,512,350
				7,912,777,767	6,155,468,355
(2)	**Current assets**				
	(a) Current investments	16	2,034,897,310		363,158,835
	(b) Trade receivables	17	2,225,092,714		1,945,892,790
	(c) Cash and Cash Equivalents	18	689,827,908		397,631,911
	(d) Short-term loans and advances	19	350,215,163		371,998,456
	(e) Other current assets	20	101,315,280		53,710,277
				5,401,348,375	3,132,392,269
	Total			13,314,126,142	9,287,860,624

See Accompanying Notes to the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

For and on behalf of Board of Directors

Anil Patwardhan
Sr. Vice President & Head - Corporate Finance & Governance

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

Place: Pune
Date: April 29, 2013

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Statement of Profit and Loss for the year ended

		Note No.	31st March, 2013 ₹	31st March, 2012 ₹
I.	**Revenue from operations**	21	7,152,407,149	6,128,917,830
II.	**Other Income**	22	81,577,425	59,217,503
III.	**Total Revenue**		7,233,984,574	6,188,135,333
IV.	**Expenses:**			
	Employee benefit expense	23	3,536,677,167	3,340,062,713
	Finance costs	24	82,123,086	45,493,470
	Depreciation / Amortization / Diminution	12	375,139,565	395,676,906
	Other expenses	25	1,878,656,698	1,438,732,979
	Total Expenses		5,872,596,516	5,219,966,068
V.	**Profit before exceptional items and tax**		1,361,388,058	968,169,265
VI.	**Exceptional Items (Refer Note 45(2) and 45(4))**		(18,481,857)	100,451,233
VII.	**Profit before Tax**		1,342,906,201	1,068,620,498
VIII.	**Tax expenses:**			
	(1) Current tax		334,807,926	338,263,286
	(2) Short/(Excess) provision in respect of earlier years		(7,872,388)	32,500,000
	(3) Deferred tax		(14,541,879)	(48,827,692)
			312,393,659	321,935,594
IX.	**Profit for the period**		1,030,512,542	746,684,904
X.	**Earning per equity share(Face Value per share ₹2/-)**			
	(Refer Note 40)			
	(1) Basic		5.63	4.21
	(2) Diluted		5.47	4.15
See Accompanying Notes to the Financial Statements				

In terms of our report attached to the Balance Sheet

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

Khurshed Pastakia
Partner

Anil Patwardhan
Sr. Vice President & Head - Corporate Finance & Governance

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

Place : Pune
Date : April 29, 2013

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Cash Flow Statement for the year ended

PARTICULARS	31st March, 2013 ₹	₹	31st March, 2012 ₹	₹
A] CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		1,342,906,201		1,068,620,498
Adjustments for				
(Profit) / loss on sale of fixed assets (net)	226,433		(625,495)	
Depreciation / Amortization / Diminution	375,139,565		395,676,906	
Expense on Employee Stock Option Schemes	-		3,563,859	
Finance Cost	82,123,086		45,493,470	
Interest income	(23,179,410)		(18,411,441)	
Dividend income	(54,263,116)		(34,397,776)	
Provision for diminution in value of investments	98,151,970		-	
Exchange differences on translation of foreign currency cash and cash equivalents	(10,313,859)		26,602,392	
Unrealised foreign exchange (Gain) / Loss	(2,913,168)		(32,807,649)	
Profit on sale of Business Assets (Refer Note 3 below)	(79,670,113)	385,301,388	(100,451,233)	284,643,033
Operating Profit before working capital changes		1,728,207,589		1,353,263,531
Adjustments for changes in working capital:				
Increase / (Decrease) in Other Long Term Liabilities	(2,153,300)		(1,346,700)	
Increase / (Decrease) in Long Term Provisions	41,808,630		31,554,058	
Increase / (Decrease) in Trade Payables	90,553,843		99,971,783	
Increase / (Decrease) in Other Current Liabilities (Refer Note 3 below)	43,289,980		37,469,177	
Increase / (Decrease) in Short Term Provisions	(3,004,806)		(2,719,754)	
(Increase) / Decrease in Long term Loans and Advances	(10,003,545)		(42,590,147)	
(Increase) / Decrease in Other Non Current Asset	1,094,800		(3,851,491)	
(Increase) / Decrease in Trade Recievables (Refer Note 3 below)	(279,199,924)		(275,703,711)	
(Increase) / Decrease in Short term Loans and Advances	(50,437,513)		7,591,665	
(Increase) / Decrease in Other Current Assets	(47,927,451)	(215,979,286)	(18,318,405)	(167,943,525)
Cash generated from operations		1,512,228,303		1,185,320,006
Contribution to / (Utilisation from) Community Foundation Reserve and Employee Welfare Fund		-		(3,050,853)
Taxes Paid		(348,325,915)		(223,070,441)
Net cash from operating activities		1,163,902,388		959,198,712
B] CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(475,422,177)		(523,165,255)	
Proceeds from Sale of Fixed Assets	1,931,794		4,913,097	
Investment in Equity Shares of Subsidiaries	(1,749,709,780)		(1,359,611,601)	
Investment in Equity Shares of Joint Venture	(50,000,000)		(19,000,000)	
Investment in Equity Shares of Assosiate	-		(98,151,970)	
Investment in Preference Shares of Subsidiary	-		(278,130,000)	
(Purchase)/Sale of Mutual Fund Investments	(1,671,738,475)		111,920,604	
Proceeds from Sale of Business Assets (Refer Note 3 below)	79,670,113		64,985,000	
Loan (given to) / repaid by subsidiary	88,341,216		(272,204,045)	
Loan (given to) / repaid by Employee Welfare trust	(8,004,078)		3,000,000	
Interest received	23,531,466		30,141,901	
Dividend received from Mutual Fund Investments	54,263,116		34,397,776	
Fixed Deposit with banks (net) having maturity over three months	(23,959,107)		(5,671,216)	
Net Cash from /(used in) investing activities		(3,731,095,912)		(2,306,575,709)
C] CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long term loan from banks	1,090,078,750		-	
Repayment of Long term loan from banks	(500,295)		(62,510,000)	
Proceeds from Long term loan from other than banks	106,746,088		-	
Repayment of Long term loan from other than banks	(31,114,766)		(218,887,490)	
Proceeds from issue of Share Capital and application money	1,705,503,573		65,006,748	
Share Issue expenses for Preferential Allotment	(43,741,841)		-	
Proceeds from Working Capital loan (Net)	212,022,816		657,220,176	
(Repayment of) / Proceeds from Short Term Borrowings	-		(39,364,500)	
Dividend paid including corporate dividend tax	(144,825,628)		(71,539,331)	
Interest and finance charges	(66,569,034)		(44,815,601)	
Net cash from /(used in) financing activities		2,827,599,663		285,110,002

Cash Flow Statement for the year ended

PARTICULARS	31st March, 2013		31st March, 2012	
	₹	₹	₹	₹
D] Exchange differences on translation of foreign currency cash and cash equivalents		10,313,859		(26,602,392)
Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)		270,719,998		(1,088,869,387)
Cash & cash equivalents at close of the year (Refer note 1 below)		662,680,693		391,960,695
Cash & cash equivalents at beginning of the year (Refer note 1 below)		391,960,695		1,480,830,082
Cash surplus / (deficit) for the year		270,719,998		(1,088,869,387)
Note 1:				
Cash and cash equivalents include:				
Cash on hand	51,949		67,130	
Cheques in Hand	6,943,564		9,674,511	
Balance with banks				
- In current accounts	351,206,599		380,622,567	
- In deposit account	302,640,310		-	
- In unpaid dividend account	1,838,271		1,596,487	
Total		662,680,693		391,960,695
Add : Deposits with original maturity over three months		27,147,215		5,671,216
Cash and cash equivalents at the end of the year as per Schedule VI		689,827,908		397,631,911

Note 2:

Figures in brackets represent outflows of cash and cash equivalents.

Note 3:

Adjustment made in cashflow for sale of business assets to Sankalp Semiconductor Pvt. Ltd. for a consideration other than cash:

	For the year ended on 31st March,2013 ₹	For the year ended on 31st March, 2012 ₹
Adjustments made to:		
Increase / (Decrease) in Other Current Liabilities	-	5,000,000
(Increase) / Decrease in Trade Recievables	-	77,088,137
Purchase of long-term investments in equity instruments of other entities	-	(117,554,370)
Profit on sale of business assets	-	35,466,233
	-	-

Note 4:

The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements

In terms of our report attached to the Balance Sheet

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Anil Patwardhan
Sr. Vice President & Head - Corporate Finance & Governance

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

Place : Pune
Date : April 29, 2013

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Notes forming part of the Financial Statements

Company Overview

The Company provides software and IT enabled services to its clients. The Company predominantly provides services in Automotive, Energy & Utilities and Industrial Equipment Industry.The Company's registered office is in Pune and it has subsidiaries across the globe.Most of the revenue is generated from the export of services.

1. Significant Accounting Policies

Basis for preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis.GAAP comprises mandatory accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended]and the other relevant provisions of Companies Act, 1956.

1.1 Revenue recognition

Revenue from software development and services on time and material basis is recognized based on software development, services rendered and related costs incurred based on timesheets and are billed to clients as per the contractual obligations. In case of fixed price contracts, revenue is recognized over the life of contract based on the milestone/s achieved as agreed upon in the contract on proportionate completion basis and where there is no uncertainty as to the measurement or collectability of the consideration. Revenue from the sale of software products is recognized when the sale is completed with the passing of the ownership.

Interest income is recognized on time proportion basis.

Dividend income is recognized when the Company's right to receive dividend is established.

1.2 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset.All other borrowing costs are charged to the Statement of Profit and Loss.

1.3 Trade receivables and advances

Specific debts and advances identified as irrecoverable or doubtful are written off or provided for, respectively.

1.4 Fixed Assets

(a) Fixed Assets are stated at the cost of acquisition, less depreciation /amortization /diminution. Costs comprises of the purchase price and other attributable costs.

(b) Product development cost are recognized as fixed assets,when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future benefits.

1.5 Depreciation / Amortization / Diminution

Depreciation on tangible fixed assets is provided for on the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except in respect of the following assets where the rates are higher:

Type of asset	Rate
Buildings	7.50%
Plant and Equipment (Computers)	25%/ 33.33%
Office Equipments	10% / 25%
Furniture and Fixtures	12.50%

Leasehold land and vehicles taken on lease are amortized over the period of the lease.

Intangible Assets are amortized on the straight line method at the following rates:

Goodwill	Amortized over period of 3/5 years
Product Development Cost	Amortized over period of 4 years

Perpetual Software licenses are amortized over 4 years. However, time-based software licenses are amortized over the license period.

1.6 Impairment of Fixed Assets

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of

Notes forming part of the Financial Statements

the asset's net selling price and value in use. For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

1.7 Investments

Current investments are carried at lower of cost and fair value.

Long term Investments are stated at cost less provision for diminution, other than temporary, in the value of such investments.

1.8 Leases

Assets acquired under finance leases are recognized at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are classified as Operating Leases. Lease Rentals under operating leases are recognised in the Statement of Profit and Loss on straight line basis over the term of the lease.

1.9 Earnings per share

The Company reports its basic and diluted earnings per share in accordance with Accounting Standard (AS) -20 *"Earnings Per Share"*.

Basic earnings per share is computed by dividing the profit for the period after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the period after tax by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

1.10 Foreign currency transactions

(a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items are translated at the year-end rates and the exchange differences so determined as also the realised exchange differences are recognised in the Statement of Profit and Loss.

Premiums or discount on forward exchange contracts are amortized and recognized in the Statement of Profit and Loss over the period of the contract. Forward exchange contracts outstanding at the balance sheet date, other than designated cash flow hedges, are stated at fair values and any gains or losses are recognized in the Statement of Profit and Loss.

(b) Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard(AS) 30 *"Financial Instruments: Recognition and Measurement"* of the Institute of Chartered Accountants of India (ICAI).

The use of hedging instruments is governed by the Company's policy approved by the Board of Directors, which provides written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholder's fund and the ineffective portion, if any is recognized immediately in the Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions any cumulative gain or loss on the hedging instrument recognized in shareholder's fund is retained there until the forecast transaction occurs. When a hedged transaction occurs or is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to the Statement of Profit and Loss.

1.11 Retirement benefits to employees

Employee benefits includes gratuity, provident fund and leave encashment benefits under the approved schemes of the Company.

In respect of defined contribution plans, the contribution payable for the year is charged to the Statement of Profit and Loss.

In respect of defined benefit plans, the employee benefit costs are accounted for based on actuarial valuation as at the Balance Sheet date.

Notes forming part of the Financial Statements

The liability for leave carried forward has been accounted for on actual basis for all eligible employees except for employees at the Bangalore location, where the leave liability is calculated on the basis of an actuarial valuation as of the Balance Sheet date, as per the policy of the Company.

1.12 Accounting for Taxes on Income

Tax expense comprises of current and deferred tax.

(a) Income Tax Provision

Current tax is computed on taxable income determined in accordance with the provisions of the applicable tax rates and tax laws. Current tax is net of credit for entitlement for Minimum Alternative tax (MAT).

(b) Deferred Tax Provision

Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is virtual certainty with respect to the reversal of the same in future years.

1.13 Provisions, Contingent Liabilities and Contingent Assets

As per Accounting Standard (AS) 29, *'Provisions, Contingent Liabilities and Contingent Assets'*, the Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provisions is recognized for –

(a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) Present obligations that arise from past events but are not recognized because-

1. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
2. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

1.14 Research and Development

Costs incurred during the research phase of a project are expensed when incurred. Costs incurred in the development phase are recognized as an intangible asset in accordance with policy defined in 1.4B. Capitalized costs are amortized over a period of 4 years.

1.15 Provision for Warranty

The Company has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost of service delivery. The Company estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

1.16 Employee Stock Option

In respect of stock options granted pursuant to the company's Employee Stock Option Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

1.17 Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

Notes forming part of the Financial Statements

NOTE 2 - SHARE CAPITAL

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Authorised:		
375,000,000 equity shares (Previous Year 375,000,000) of ₹ 2/- each.	750,000,000	750,000,000
	750,000,000	750,000,000
Issued Subscribed and Fully Paid up:		
192,815,199 equity shares (Previous Year 177,942,876) of ₹ 2/- each fully paid up.	385,630,398	355,885,752
Total	**385,630,398**	**355,885,752**

(i) Reconciliation of the number of equity shares outstanding:

Particulars	**As at 31st March, 2013**		**As at 31st March, 2012**	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Number of shares outstanding at the beginning of the year	177,942,876	355,885,752	87,863,415	175,726,830
Add: Shares issued on exercise of employee stock options	1,912,323	3,824,646	1,108,023	2,216,046
Add: Issue of bonus shares	-	-	88,971,438	177,942,876
Add: Shares issued on preferential basis	12,960,000	25,920,000	-	-
Number of shares outstanding at the end of the year	192,815,199	385,630,398	177,942,876	355,885,752

(ii) The company has only one class of shares referred to as equity shares having a par value of ₹ 2/- Each shareholder of equity shares is entitled to one vote per share.

(iii) Number of equity shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	**Number of shares as at 31st March, 2013**	**% of shares held**	**Number of shares as at 31st March, 2012**	**% of shares held**
Proficient Finstock LLP	17,769,657	9.22%	-	*
Warhol Limited	16,987,858	8.81%	16,987,858	9.55%
Proficient Trading Investment Private Limited	-	*	14,391,740	8.09%
ICICI Prudential Life Insurance Company Limited	-	*	11,853,692	6.66%
Cummins India Limited	-	*	10,182,660	5.72%
Cummins Inc.	-	*	10,063,994	5.66%
KPIT Systems Ltd.- Employees Welfare Trust	-	*	8,994,144	5.05%

* Less than 5%

(iv) 10,025,489 equity shares (Previous Year 11,582,682) of ₹ 2/- each are reserved for issuance towards outstanding employee stock option granted (Refer note 44)

(v) Aggregate number of equity shares alloted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date - 88,971,438 (Previous Year 88,971,438)

(vi) Also refer note 26

Notes forming part of the Financial Statements

NOTE 3 - RESERVES AND SURPLUS

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Capital Reserve			
Opening Balance	19,404,500		19,404,500
Add: Additions during the year	-		-
		19,404,500	19,404,500
Amalgamation Reserve			
Opening Balance	51,398,256		51,398,256
Add: Additions during the year	-		-
		51,398,256	51,398,256
Securities Premium Account			
Opening Balance	2,015,341,248		1,944,724,404
Add : Premium on issue of shares under ESOP scheme	81,797,340		64,346,619
Add : Amount transferred from outstanding Employees Stock Options	-		6,270,225
Add : Premium on issue of Preferential Allotment	1,594,080,000		-
Less : Share issue expenses on Preferential Allotment	43,741,841		-
		3,647,476,747	2,015,341,248
Employees Stock Options Outstanding			
Opening Balance	2,143,155		4,849,521
Add : Amortized during the year	-		3,563,859
Less : Amount transferred to Securities Premium	-		6,270,225
		2,143,155	2,143,155
General Reserve			
Opening Balance	325,885,333		428,828,209
Add : Transferred from Statement of Profit and Loss	103,052,000		75,000,000
Less: Transferred for bonus issue	-		177,942,876
		428,937,333	325,885,333
Hedging Reserve			
Opening Balance	(479,380,362)		(136,241,095)
Less: Gain/(Losses) transferred to the Statement of Profit and Loss on occurence of forecasted hedge transaction	(275,456,518)		(76,899,940)
Add: Change in fair value of effective portion of outstanding cash flow hedges	(36,086,094)		(420,039,207)
		(240,009,938)	(479,380,362)
Surplus/(Deficit) in Statement of Profit and Loss			
Opening Balance	3,387,746,887		3,088,184,958
Add: Profit/(Loss) for the period	1,030,512,542		746,684,904
Less : Final Dividend paid (Refer Note 45(7))	258,030		134,410
Less : Dividend Tax on final dividend paid (Refer Note 45(7))	42,621		21,804
Less : Proposed dividend	173,533,679		124,560,013
Less : Dividend Tax on proposed dividend	28,151,501		20,206,748
Less : Amount transferred to KPIT Cummins Infosystems Limited Community Foundation Reserve	10,000,000		27,200,000
Less : Amount transferred to KPIT Cummins Technology Fund	100,000,000		100,000,000
Less :Amount transferred to KPIT Employees' Welfare Fund	100,000,000		100,000,000
Less : Amount transferred to General Reserve	103,052,000		75,000,000
		3,903,221,598	3,387,746,887

Notes forming part of the Financial Statements

NOTE 3 - RESERVES AND SURPLUS (Contd.)

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
KPIT Cummins Infosystems Limited Community Foundation Reserve Account			
Opening Balance	64,370,096		40,060,871
Add :Contribution received from Employees	-		2,769,225
Add : Transferred from Statement of Profit and Loss	10,000,000		27,200,000
Less: Utilisation during the period	-		5,660,000
(Refer Note No. 45 (1))		74,370,096	64,370,096
KPIT Cummins Technology Fund			
Opening Balance	199,321,371		99,321,371
Add : Transferred from Statement of Profit and Loss	100,000,000		100,000,000
Less: Utilisation during the period	-		-
(Refer Note No. 45 (1))		299,321,371	199,321,371
KPIT Employees' Welfare Fund			
Opening Balance	199,839,922		100,000,000
Add : Transferred from Statement of Profit and Loss	100,000,000		100,000,000
Less : Utilisation during the period	-		160,078
(Refer Note No. 45 (1))		299,839,922	199,839,922
Total		**8,486,103,040**	**5,786,070,406**

NOTE 4 - LONG TERM BORROWINGS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Term Loans		
- From banks (Secured)		
External Commercial Borrowing (ECB) (Refer Note i below)	951,812,750	-
Other loan (Refer Note ii below)	2,505,622	-
- From other than banks (Secured) (Refer Note iii below)	41,132,311	-
Long term maturities of finance lease obligations (Secured)		
(Secured against fixed assets obtained under finance lease arrangements) (Refer Note 39(1))	1,454,092	3,698,227
Total	996,904,775	3,698,227

Notes:

(i) The ECB loan is secured by pari pasu charge over Company's Land and Building located at Plot No. 35,36 & 45, MIDC area of Rajiv Gandhi Infotech Park, Phase I, Hinjawadi excluding charge over R&D Centre developed in the premises. The term loan carries interest rate of 6 months LIBOR + 300 basis points. The ECB is with the average maturity of 3.25 years, repayable in eight equal semi-annual installments, with a moratorium of 1 year.

(ii) Secured against fixed assets obtained under the loan arrangement. The loan carries interest at 10.25 % p.a. and is repayable in equated monthly installments upto August 2016.

(iii) Secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repayable in quarterly equated installments upto April 2015.

(iv) There is no default as on the balance sheet date in repayment of loans and interest.

Notes forming part of the Financial Statements

NOTE 5 -DEFERRED TAX LIABILITIES / (ASSETS) (NET)

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(i) Break-up of deferred tax liabilities as at year end		
Nature of timing difference		
Provision for Depreciation	36,649,290	49,910,940
Total	36,649,290	49,910,940
(ii) Break-up of deferred tax assets as at the year end		
Nature of timing difference		
Provision for doubtful debts and advances	28,344,474	23,467,000
Provision for leave encashment	15,381,755	18,979,000
Total	43,726,229	42,446,000
(iii) Deferred Tax Liablity/(Asset) Net	**(7,076,939)**	**7,464,940**

NOTE 6 -OTHER LONG TERM LIABILITIES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Other than Trade Payables :		
Mark to market loss on cash flow hedges (Refer Note 35(1A))	-	261,830,555
Other Payables	-	2,153,300
Total	-	263,983,855

NOTE 7 - LONG- TERM PROVISIONS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Provision for employee Benefits (Refer Note 36)	106,738,110	65,399,286
Other Provisions :		
Provision for Warranty (Refer Note 43)	4,475,206	4,005,400
Total	**111,213,316**	**69,404,686**

NOTE 8 - SHORT TERM BORROWINGS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Loans Repayable on demand		
- Working Capital Loans from Banks (Secured)	1,616,689,643	1,400,045,429
(Secured by hypothecation of Trade Receivables)		
Total	**1,616,689,643**	**1,400,045,429**

(i) There is no default as on the balance sheet date in repayment of loans and interest.

Notes forming part of the Financial Statements

NOTE 9 - TRADE PAYABLES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Trade payables (Refer Note 29)	633,712,837	543,158,994
Total	**633,712,837**	**543,158,994**

NOTE 10 - OTHER CURRENT LIABILITIES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Current maturities of long term debt		
From Banks	136,842,332	-
(Refer Note 4 - Term loan from banks for details of security and repayment terms)		
From Others	34,499,011	-
(Refer Note 4 - Term loan from other than banks for details of security and repayment terms)		
Current maturities of finance lease obligations (Refer Note 39(1))	2,243,654	2,219,950
Interest Accrued and due	1,497,690	1,505,686
Interest Accrued and not due	15,562,048	-
Unearned Revenue	14,768,193	17,216,753
Unclaimed Dividend	1,838,271	1,596,487
Other Payables :		
Dues to Subsidiaries (Refer Note 38)	142,218,548	108,541,529
Statutory Remittances	121,935,321	109,749,348
Payables in respect of Fixed Assets	38,548,779	118,103,090
Advances from Customers	3,308,934	3,353,580
Mark to Market Loss on cash flow hedges (Refer Note 35(1A))	240,009,938	217,549,807
Others (Disputed matters, etc)	15,780,000	15,859,806
Total	**769,052,719**	**595,696,036**

NOTE 11 - SHORT-TERM PROVISIONS

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Provision for employee benefits (Refer Note 36)		57,901,577	68,050,657
Provision others :			
For Current Tax (Net of advance tax)	108,445,865		170,811,214
Less : MAT Credit utilised	72,220,806		133,101,497
		36,225,059	37,709,717
For Fringe Benefit Tax (Net of advance tax)		3,381,292	3,324,719
Provision for Warranty (Refer Note 43)		14,690,874	7,546,600
Proposed Dividend (Refer Note 26)		173,533,679	124,560,013
Tax on proposed dividend		28,151,501	20,206,748
Total		**313,883,982**	**261,398,454**

Notes forming part of the Financial Statements

NOTE 12 : FIXED ASSETS - TANGIBLE AND INTANGIBLE ASSETS

	GROSS BLOCK				Depreciation / Amortization / Diminution				NET BLOCK	
Particulars	As at April 1, 2012 ₹	Additions during the Year 2012-13 ₹	Disposals during the Year 2012-13 ₹	As at March 31, 2013 ₹	Up to April 1, 2012 ₹	During Year 2012-13 ₹	On Disposals during April 1, 2012 ₹	Up to March 31, 2013 ₹	As on March 31, 2013 ₹	As on March 31, 2012 ₹
A. TANGIBLE ASSETS										
Land (Leasehold)	254,264,444	-	-	254,264,444	3,475,493	2,716,886	-	6,192,379	248,072,065	250,788,951
Building	589,518,091	8,308,794	-	597,826,885	199,125,880	44,188,726	-	243,314,606	354,512,279	390,392,211
Plant and Equipment (Refer Note ii below)	633,897,175	215,774,154	50,221,925	799,449,404	431,896,224	100,812,886	50,055,902	482,653,208	316,796,196	202,000,951
Furniture and Fixtures	232,219,038	8,262,738	41,892	240,439,884	153,119,082	31,014,017	38,240	184,094,859	56,345,025	79,099,956
Vehicles										
- Lease / Hire Purchase (Refer Note 39(i))	11,685,861	-	1,807,312	9,878,549	4,961,925	2,529,880	1,807,311	5,684,494	4,194,055	6,723,936
- Owned	2,391,272	5,571,597	-	7,962,869	1,111,011	1,148,216	-	2,259,227	5,703,642	1,280,261
Office Equipments	441,650,260	12,199,255	4,888,747	448,960,768	204,082,540	45,922,755	2,900,196	247,105,099	201,855,669	237,567,720
TOTAL TANGIBLE ASSETS	**2,165,626,141**	**250,116,538**	**56,959,876**	**2,358,782,803**	**997,772,155**	**228,333,366**	**54,801,649**	**1,171,303,872**	**1,187,478,931**	**1,167,853,986**
Previous Year	**1,636,124,950**	**569,494,195**	**39,993,004**	**2,165,626,141**	**856,840,260**	**180,076,068**	**39,144,173**	**997,772,155**	**1,167,853,986**	
B. INTANGIBLE ASSETS										
Internally Generated Intangible										
- Product Development Cost	175,255,600	-	-	175,255,600	91,853,410	26,228,511	-	118,081,921	57,173,679	83,402,190
Other Than Internally Generated Intangible Assets										
- Goodwill (Refer Note i below)	98,816,531	-	-	98,816,531	87,804,480	11,012,051	-	98,816,531	-	11,012,051
- Product Development Cost	21,603,981	-	-	21,603,981	21,603,981	-	-	21,603,981	-	-
- Rights to render Business Process Outsourcing Services	206,731,603	-	-	206,731,603	206,731,603	-	-	206,731,603	-	-
- Software (Refer Note ii below)	668,609,066	111,444,616	-	780,053,682	486,921,908	109,565,637	-	596,487,545	183,566,137	181,687,158
TOTAL INTANGIBLE ASSETS	**1,171,016,781**	**111,444,616**	**-**	**1,282,461,397**	**894,915,382**	**146,806,199**	**-**	**1,041,721,581**	**240,739,816**	**276,101,399**
Previous Year	**1,059,573,861**	**120,258,549**	**8,815,629**	**1,171,016,781**	**684,691,402**	**215,600,838**	**5,376,858**	**894,915,382**	**276,101,399**	

Note :

i) Depreciation / Amortization / Diminution during the year includes ₹ 5,385,362/- (Previous Year ₹ Nil) on account of goodwill written off for business acquired from Seven Hills Business Solutions Ltd.

ii) Includes various assets having a Gross Book Value of ₹ 78,393,766/- (Previous Year ₹ 78,393,766) used for Research and Development.

Notes forming part of the Financial Statements

NOTE 13 - NON CURRENT INVESTMENTS

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
TRADE (UNQUOTED)			
Investments in Equity Instruments of subsidiaries (At Cost)			
KPIT Infosystems Limited A wholly owned subsidiary company incorporated in UK 8,246,266 (Previous Year 6,421,170) Equity Shares of £1/- each fully paid-up.		631,702,379	482,052,879
KPIT Infosystems Inc. A wholly owned subsidiary company incorporated in USA 11,867 (Previous Year 11,092) Equity Stock at par fully paid-up.		2,151,848,985	1,310,973,985
KPIT Infosystems France SAS A wholly owned subsidiary company incorporated in France 100,000 (Previous Year: 100,000) Equity Stock of Euro 1/- each fully paid-up.		215,968,508	215,968,508
SPARTA Infotech India Private Limited A wholly owned subsidiary company incorporated in India 5,487,889 (Previous Year 10,000) shares of ₹ 10/- each fully paid-up.		271,100,000	100,000
KPIT (Shanghai) Software Technology Co. Ltd. A wholly owned subsidiary company incorporated in China 8,222,487 (Previous Year 1,626,060) Equity shares of RMB 1/- each fully paid up		69,096,000	11,242,000
SYSTIME Global Solutions Pvt. Ltd. A subsidiary company incorporated in India 7,275,114 (Previous Year 5,504,198) Equity shares of ₹ 10/- each fully paid up		1,495,960,215	1,089,994,601
KPIT Infosystems Netherlands B.V. A wholly owned subsidiary company incorporated in Netherlands 180 (Previous Year Nil) Equity shares of Euro 100/- each fully paid up		34,300,000	9,975,000
KPIT Infosystem (Brasil) Servicos De Tecnologia E Participacoes Ltda. A wholly owned subsidiary of KPIT Infosystems Inc 1,000 (Previous Year Nil) shares of Brazilian Reas 1/- each fully paid up		40,666	-
Investments in Equity Instruments of Associate (At Cost)			
Investment in GAIA System Solution Inc. 550 (Previous Year 550) Equity shares at par fully paid up	98,151,970		98,151,970
Less: - Provision for dimunition in value of Investment	(98,151,970)		-
		-	98,151,970
Investments in Equity Instruments ofJoint Ventures (At Cost)			
Impact Automotive Solutions Ltd. A Joint Venture company incorporated in India 9,904,998 (Previous Year 4,904,998) Equity shares of ₹ 10/- each fully paid-up.		99,049,980	49,049,980
Investments in Equity Instruments of Other Entities (At Cost)			
Investment in Sankalp Semiconductors Pvt. Ltd. 771,000 (Previous Year 771,000) shares of ₹ 2/- each fully paid up		117,554,370	117,554,370
Investment in preference shares of subsidiaries (at cost)			
SYSTIME Global Solutions Pvt. Ltd. A subsidiary company incorporated in India 2,781,300 (Previous Year 2,781,300) 0.01% Cumulative Redeemable Preference shares of ₹ 100/- each fully paid up		278,130,000	278,130,000
Total		**5,364,751,103**	**3,663,193,293**

Notes forming part of the Financial Statements

NOTE 14 - LONG TERM LOANS AND ADVANCES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured, considered good unless otherwise stated)		
Loans and advances to related parties (Refer Note 38)		
Loan to KPIT Systems Ltd. Employee Welfare Trust	388,763,431	380,759,353
Loan to KPIT Infosystems Inc. USA	204,215,394	283,439,795
Loans and advances to other than related parties		
Capital Advances	68,208	2,831,614
Security Deposits	71,853,117	73,732,579
Other loans and advances		
- Advance payments against taxes (Net)	182,207,816	89,154,049
- Fringe benefit tax paid in excess of provision (Net)	2,341,061	3,211,730
- Balances with government authorities	18,261,484	18,261,484
- Prepaid Expenses	12,597,884	714,877
Total	**880,308,395**	**852,105,481**

NOTE 15 -OTHER NON CURRENT ASSETS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured, considered good unless otherwise stated)		
Others :		
Balance in Group Gratuity Trust Account (Refer Note 45(6))	13,362,848	12,244,464
Fixed Deposits under Lien	15,011,361	17,224,545
Other Fixed Deposits	2,483,108	-
Interest Accrued on fixed deposits	1,013,733	1,043,341
Total	**31,871,050**	**30,512,350**

NOTE 16 -CURRENT INVESTMENTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Investments in Mutual funds (Unquoted) (Non Trade) (At cost or market value whichever is lower)		
855,486 units (Previous Year 799,374 units) - Birla Sun Life Savings Fund - Regular Plan - Daily Dividend	85,629,659	79,991,747
912,196 units (Previous Year 851,715 units) - Birla Sun Life Short Term Fund - Regular Plan - Daily Dividend	91,269,794	85,218,317
2,789,102 units (Previous Year Nil units) Birla Sun Life Cash Plus Daily Dividend- Regular Plan	279,454,066	-
14,154,921 units (Previous Year 14,069,709 units) - HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment)	150,566,949	141,140,290
27,417,144 units (Previous Year Nil units) - HDFC Liquid Fund - Dividend Daily Reinvest)	279,605,515	-
261,239 units (Previous Year 11,369 units) - Axis Liquid Fund - Daily Dividend	261,267,979	11,370,501
48,506 units (Previous Year 4,512,079 units) - IDFC Cash Fund - Daily Dividend - Regular Plan	48,517,631	45,437,980
182,799 units (Previous Year Nil units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option	279,452,500	-
278,668 units (Previous Year Nil units) S.B.I. Premier Liquid Fund - Regular Plan Daily Dividend	279,574,012	-
276,348 units (Previous Year Nil units) Kotak Floater Short Term- Daily Dividend Reinvestment	279,559,205	-
Total	**2,034,897,310**	**363,158,835**

Notes forming part of the Financial Statements

NOTE 17 -TRADE RECEIVABLES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured unless otherwise stated)		
1) Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered Good	363,916,159	164,121,910
Considered Doubtful	81,512,020	72,328,106
	445,428,179	236,450,016
2) Other Trade receivable:		
Considered Good	1,861,176,555	1,781,770,880
Considered Doubtful	1,878,606	-
	1,863,055,161	1,781,770,880
Less: Provision for Doubtful Debts	83,390,626	72,328,106
Total	**2,225,092,714**	**1,945,892,790**

NOTE 18 - CASH AND CASH EQUIVALENTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Cash on hand	51,949	67,130
Cheques in hand	6,943,564	9,674,511
Balances with banks -		
- In Current Account	351,206,599	380,622,567
- In Deposit Account	329,787,525	5,671,216
- In Unpaid Dividend Account	1,838,271	1,596,487
Total	**689,827,908**	**397,631,911**
Out of the above, the balance that meet the definition of Cash & Cash equivalents as per AS 3 - Cash Flow Statements is	662,680,693	391,960,695

NOTE 19- SHORT TERM LOANS AND ADVANCES

	₹	As at 31st March, 2013 ₹		As at 31st March, 2012 ₹
(Unsecured, considered good unless otherwise stated)				
Loans and advances to related parties (Refer Note 38)				
- Dues from Subsidiaries		121,529,855		142,946,669
- Dues from Joint Venture		4,091,758		17,002,387
Other loans and advances				
- Employee Advances				
- Considered good	19,859,047		23,322,935	
- Considered doubtful	3,500,000		8,050,000	
	23,359,047		31,372,935	
Less: Provision for doubtful advances	3,500,000		8,050,000	
		19,859,047		23,322,935
- Prepaid Expenses		55,409,308		58,220,868
- Balances with Government authorities		28,265,476		16,914,513
- Other Receivables from Customers, etc.		89,978,273		19,158,566
- Security Deposits		8,692,932		14,870,763
- Advance to Suppliers		22,388,514		7,340,949
- MAT Credit Entitlement		-		72,220,806
Total		**350,215,163**		**371,998,456**

Notes forming part of the Financial Statements

NOTE 20 - OTHER CURRENT ASSETS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Unbilled Revenue	101,135,297	53,207,846
Interest Accrued on Fixed Deposits	179,983	502,431
Total	**101,315,280**	**53,710,277**

NOTE 21 - REVENUE FROM OPERATIONS

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Income from Software Services	7,152,407,149	6,128,917,830
Total	**7,152,407,149**	**6,128,917,830**

NOTE 22 - OTHER INCOME

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Interest income	23,179,410	18,411,441
Dividend income from Current Investments (Non Trade)	54,263,116	34,397,776
Sundry Credit balances no longer required written back (Net)	-	2,639,514
Profit on sale of fixed assets (Net)	-	625,495
Other Non Operating Income (net of expenses directly attributable to such income) (including miscellaneous income)	4,134,899	3,143,277
Total	**81,577,425**	**59,217,503**

NOTE 23 - EMPLOYEE BENEFIT EXPENSE

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Salaries and wages	3,412,017,471	3,215,887,917
Contribution to provident and other funds (Refer Note 36)	106,946,678	103,425,942
Expense on Employee Stock Option Schemes (Refer Note 44)	-	3,563,859
Staff welfare expenses	17,713,018	17,184,995
Total	**3,536,677,167**	**3,340,062,713**

NOTE 24 - FINANCE COSTS

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Interest expense	80,540,836	35,207,427
Net (gain)/loss on foreign currency transactions and translations (considered as finance costs)	1,582,250	10,286,043
Total	**82,123,086**	**45,493,470**

Notes forming part of the Financial Statements

NOTE 25- OTHER EXPENSES

	₹	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Travel and overseas expenses (Net)		196,715,924	236,516,841
Travelling and conveyance		105,310,802	90,982,417
Cost of service delivery (Net)		180,985,032	206,830,202
Cost of Professional Sub-contracting (Net)		233,373,504	137,747,017
Recruitment and Training expenses		48,521,956	40,045,888
Power and fuel		74,319,027	66,465,656
Rent		112,106,810	100,936,356
Repairs and maintenance -			
Buildings	1,109,927		1,199,210
Machinery	107,882,820		102,198,671
Others	24,201,951		22,586,818
		133,194,698	125,984,699
Insurance		30,497,579	29,790,571
Rates and Taxes		1,837,958	2,608,173
Communication expenses (Net)		52,810,228	36,822,039
Professional and legal expenses		76,886,266	57,211,907
Marketing Expenses		44,089,423	31,722,327
Foreign exchange loss (Net)		411,954,509	126,184,124
Printing and Stationery		6,381,551	5,331,684
Auditors Remuneration (net of Service Tax)			
- Audit fees	6,200,000		6,700,000
(Includes ₹ Nil (Previous Year ₹ 500,000) in respect to earlier year)			
- Fees for other services	680,000		590,000
- Taxation matters	2,330,229		575,000
- Other Matters	-		669,825
- Out of pocket expenses reimbursed	403,197		315,206
		9,613,426	8,850,031
Bad debts written off		44,086,188	26,447,261
Provision for doubtful debts and advances (Net)		6,512,520	25,319,072
Loss on sale of fixed assets		226,433	-
Miscellaneous expenses (Net)		109,232,864	82,936,714
Total		**1,878,656,698**	**1,438,732,979**

Notes forming part of the Financial Statements

26. The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 173,533,679 i.e. ₹ 0.90 per share. (Previous Year – ₹ 124,560,013/- i.e. ₹ 0.70 per share). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

    In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

27. As at 31st March, 2013 the Company has received an amount of ₹ 935,432 (Previous Year ₹ 1,053,845) towards share application money for 32,898 shares (Previous Year 34,016 shares) at a premium of ₹ 869,636 (Previous Year ₹ 985,813). The share application money was received for proposed issue under the Employee Stock Option Plan of 2004 and 2006 at fair market value. The Company has sufficient authorized share capital to cover the allotment of these shares.

28. **Contingent Liabilities and Commitments:**

    (i) Contingent Liabilities:

Sr. No.	Particulars	FY 2012-13	FY 2011-12
1	Outstanding Bank Guarantees in routine course of business	137,371,181	37,543,486
2	Corporate Guarantee provided by the Company for loan taken by KPIT Infosystems Inc. USA of USD 16,000,000.	870,228,800	818,504,000
3	Income tax matters (Refer (a) below)	65,387,760	23,236,507
4	VAT matters(Refer (b) below)	4,741,566	27,673,199
5	Service Tax matters (Refer (c) below)	309,605,627	NIL

a. **Income tax Matters**

AY 2005-2006

This relates to erstwhile KPIT Cummins Infosystems(Bangalore) Private Ltd which has been merged with the company with effect from 1st April 2007.

The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT),Bangalore,against an order dated December 17,2007 from Assistant Commissioner of Income Tax for a demand of ₹ 3,055,945/-

AY 2006-07

This relates to the case of erstwhile KPIT Cummins Infosystems (Bangalore) Pvt Ltd (KPIT Bangalore). which has been merged with the Company effective 1st April 2007.

The Company has filed an appeal on 2nd November 2011,with the Income Tax Appellate Tribunal (ITAT),Bangalore against an order dated 28th July,2011 from Commissioner of Income Tax (Appeals)-I,Bangalore.The total demand raised is ₹ 5,903,204/- vide this order,which is adjusted against refund for subsequent year i.e , A.Y.2007-08.

AY 2007-08

This relates to KPIT Cummins Infosystems Ltd.

The Company proposes to file an appeal with the Commissioner of Income Tax (Appeals) Circle 11(1),Pune,against an order from Assistant Commissioner of Income Tax,Circle11(1),Pune for a demand of ₹ 4,025,020/-.

AY 2008-09

This relates to the cases of erstwhile KPIT Cummins Global Business Solutions Ltd. which has been merged with the Company effective March 1, 2011.

The Company has filed an appeal on 24th January,2013 with the Income Tax Appellate Tribunal (ITAT) against the draft assessment order passed by Dispute Resolution Panel, Pune for proposed demand of ₹ 20,407,386/-.

AY 2009-10

- This relates to KPIT Cummins Infosystems Ltd.

  The company has received the Draft Assessment Order from Assistant Commissioner Of Income Tax Circle 11(1) proposing an increase in the taxable income as per normal provisions of the Income Tax Act,1961 by ₹ 8,448,450/-.The Company has computed a reduction of ₹ 2,871,630 (tax thereon) in its MAT Credit, as a result of the said Draft Assessment Order.

Notes forming part of the Financial Statements

The Company proposes to file an appeal with Dispute Resolution Panel.

- This relates to the cases of erstwhile KPIT Cummins Global Business Solutions Ltd. which has been merged with the company effective March 1, 2011.

  The Company has received the Draft Assessment Order passed by Assistant Commissioner Of Income Tax Circle11(1) order on 1st April, 2013. The contingent liability in respect of this order is ₹ 29,124,575/- (net of provision)

  The Company proposes to file an appeal with Dispute Resolution Panel.

b. **VAT**

FY 2011-12

The Company has received a demand notice of ₹ 4,741,566/- from the Deputy Commissioner of Commercial Taxes disallowing VAT input credit. The Company has filed an appeal with the Joint Commissioner of Commercial Taxes (Appeal) – 4 on 24th January, 2013.

c. **Service Tax Case**

The Company has received a show cause cum demand notice from Commissioner of Central Excise & Service Tax, Pune I for the period October 2006 to December 2011 demanding service tax relating to :

- ₹ 172,961,546/- towards Service Tax on the amount received by branches from overseas clients on behalf of the Company,under the head 'Business Auxiliary Services'
- ₹ 136,644,081/- towards the amount of expenditure made in foreign currency in respect of category II and III services.

The Company has filed an Appeal in the Mumbai Tribunal.

(ii) Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for:-

a. Tangible Assets – ₹ 14,396,377 (Previous Year ₹ 57,543,172/-).

b. Intangible Assets – ₹ 3,536,853(Previous Year ₹ 9,122,263/-).

(iii) Other Commitments:

As per the share purchase agreement already entered into by the company the balance payout based on performance targets would be approximately ₹ 1,026,540,000/-

29. Disclosure as per the requirement of section 22 of the Micro, Small and Medium Enterprise Development Act, 2006:

a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31st March, 2013 is ₹ 508,732/- (Previous Year – ₹ 378,767/-) including unpaid amounts of ₹ 59,562/- (Previous Year – ₹ 14,442 outstanding for more than 30 days. Estimated interest due thereon is ₹ 15,188/- (Previous Year - ₹ 289/-).

b. Amount of payments made to suppliers beyond the appointed date during the year is ₹ 4,370/- (Previous year – ₹ 118,128/-). Interest paid thereon is ₹ Nil (Previous Year – ₹ Nil) and the estimated interest due and payable thereon is ₹ 127(Previous year - ₹ 2,363/-).

c. The amount of estimated interest accrued and remaining unpaid as at 31st March, 2013 is ₹ 15,315/-(Previous Year – ₹ 2,652/-)

d. The amount of estimated interest due and payable for the period from 1st April, 2013 to actual date of payment or 20th April, 2013 (whichever is earlier) is ₹ 936/-.

30. Particulars of loans and advances in nature of loans required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the listing agreement.

Name of party	FY 2012-13		FY 2011-12	
	Balance	Maximum amount outstanding	Balance	Maximum amount outstanding
KPIT Infosystems Inc. , USA	190,213,315	281,360,750	281,360,750	281,360,750
KPIT Systems Ltd. Employee Welfare Trust	388,763,431	388,763,431	380,759,353	383,991,353
Sankalp Semiconductor Pvt. Ltd.	26,728,392	26,728,392	NIL	NIL

31. CIF Value of Imports:

Particulars	FY 2012-13	FY 2011-12
Capital Goods	86,171,775	145,422,572

Notes forming part of the Financial Statements

32. Expenditure in foreign currency (on accrual basis) (net of recovery):

Particulars	FY 2012-13	FY 2011-12
Salaries and wages	139,828,234	255,919,689
Cost of service delivery	12,454,106	35,978,609
Travelling Expenses	73,568,892	88,848,665
Marketing Expenses	6,135,862	13,853,922
Professional Expenses	27,648,881	18,864,542
Rent	58,842	432,085
Financial charges	7,666,546	4,353,262
Other Expenses	7,870,740	16,306,659
	275,232,103	**434,557,433**

33. Earnings in foreign currency (on accrual basis):

Particulars	FY 2012-13	FY 2011-12
Export of Software Services	5,873,581,958	5,156,093,860
Interest on Fixed Deposits	1,305	1,178
Interest from Inter Company loans given	11,923,034	2,079,045
	5,885,506,297	5,158,174,083

34. Remittances in foreign currency to non-resident shareholders on account of dividends:

The Company remits the Dividend by way of Currency Drafts equivalent to the dividend amount in Indian Rupees to registered foreign shareholders of the Company as per mandate given by them. The details of dividend remitted during the year are:

Particulars	FY 2012-13	FY 2011-12
Year to which the dividend relates	FY 2011-12	FY 2010-11
Number of non-resident shareholders to whom remittance was made	5	5
Number of shares on which remittance was made	10,659,914	5,367,997
Amount remitted (in ₹)	7,461,940	3,757,599

35. (1)Details of Derivative Instruments (for hedging):

A. Cash Flow hedges: In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into Derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments and highly probable forecast transactions. The Management has assessed the effectiveness of its hedging contracts outstanding as on March 31, 2013 as required by AS-30 and accordingly the MTM loss of ₹ 240,009,938 /-(Previous year ₹ 479,380,362/-) is recognized in the Hedging Reserve. Further the assessment of effectiveness as performed by the management of the Company is also confirmed by an independent expert.

B. The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges as on March 31, 2013:

Type of cover	Amount outstanding at year end in Foreign currency	Fair Value Gain/(Loss) in ₹	Amount outstanding at year end in ₹	Exposure to Buy/Sell
Forward	EUR 6,900,000 EUR [14,250,000]	(14,627,505) [(37,947,607)]	484,742,565 [986,939,315]	Sell
Forward	USD 51,000,000 USD [103,550,000]	(271,418,344) [(485,546,318)]	2,595,937,500 [5,079,071,000]	Sell
Forward	GBP 3,000,000 GBP [6,150,000]	(16,834,107) [(43,170,910)]	238,910,000 [485,263,125]	Sell

The forward contracts entered have maturity between 30 days to1 year from the Balance Sheet date.

Notes forming part of the Financial Statements

(2) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	FY 2012-2013		FY 2011-2012	
	Amount in Foreign Currency	Equivalent amount in ₹	Amount in Foreign Currency	Equivalent amount in ₹
Trade Payables / Dues to Subsidiaries including payables for purchase of fixed assets				
GBP	11,882	978,137	178,304	14,527,018
EUR	2,055,538	142,949,954	1,495,979	102,235,684
USD	574,708	31,257,972	1,876,974	96,019,425
JPY	1,024,900	591,982	522,000	325,885
AUD	13,320	751,994	14,266	750,392
SEK	12,790	106,487	NIL	NIL
SGD	1,000	43,717	NIL	NIL
CHF	NIL	NIL	672	37,876
PLN	6,022	100,298	NIL	NIL
Trade Receivables / Dues from Subsidiaries				
AUD	323,144	18,243,418	203,758	10,717,689
SGD	32,897	1,438,158	47,469	1,917,735
CAD	8,614	459,994	NIL	NIL
EUR	7,604	528,780	NIL	NIL
GBP	182,255	15,003,390	75,521	6,177,521
SEK	129,340	1,076,859	NIL	NIL
CNY	10,958	94,863	3,758	30,936
USD	1,916,169	104,219,087	1,072,073	54,843,498
NZD	22,191	1,008,137	12,868	546,890
PCFC Loans				
USD	26,654,995	1,449,781,045	25,004,521	1,279,143,779
EUR	2,400,025	166,908,598	1,769,112	120,901,645
EEFC Accounts				
USD	2,445,960	133,031,862	1,363,355	69,734,097
GBP	95,698	7,877,922	87,196	7,132,511
EUR	208,572	14,504,884	1,270,073	86,797,200
PLN	NIL	NIL	2,481	39,329
Bank Deposits				
GBP	76,117	6,265,999	76,101	6,225,036
Loans - Given to Subsidiaries KPIT Infosystems Inc. USA.				
USD	3,754,698	204,215,394	5,540,641	283,439,795
External Commercial Borrowing from HSBC Bank				
USD	20,000,000	1,087,786,000	NIL	NIL

Notes:

1. The above figures exclude amounts in local currency of foreign branches.

36. Details of Employee benefits as required by Accounting Standard 15 (Revised) Employee benefits are as under :

1. Defined Contribution Plan – Provident Fund

   Amount recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 106,946,678(Previous Year ₹ 103,425,942/-)

2. Defined Benefit Plan

   i) Actuarial gains and losses in respect of defined benefit plans are recognized in the Statement of Profit and Loss.

   ii) The defined benefit plan comprises of gratuity.

Notes forming part of the Financial Statements

Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :-

Particulars	FY 2012-13	FY 2011-12
Present Value of defined benefit obligation at the beginning of the year	67,440,844	49,610,607
Adjustment on transfer of employees	-	-
Current Service cost	14,324,549	19,969,873
Interest cost	5,732,472	4,092,875
Actuarial loss / (Gain)	16,468,809	5,527,468
Benefits paid	(11,265,724)	(11,759,979)
Present Value of defined benefit obligation at the end of the year	92,700,950	67,440,844

Analysis of defined benefit obligation	FY 2012-13	FY 2011-12
Present value of obligation as at the end of the year	92,700,950	67,440,844
Fair Value of Plan Assets at the end of the year	-	-
Net (Asset) / Liability recognized in the Balance Sheet at 31st March 2013.	92,700,950	67,440,844

Components of employer expenses recognized in the Statement of Profit and Loss	FY 2012-13	FY 2011-12
Current Service cost	14,324,549	19,969,873
Interest cost	5,732,472	4,092,875
Actuarial loss / (Gain)	16,468,809	5,527,468
Expected return on plan assets	-	-
Expenses recognized in the Statement of Profit and Loss	36,525,830	29,590,216

Assumptions:	FY 2012-13	FY 2011-12
Discount rate	8.25%	8.50%
Salary Escalation	5.00%	5.00%

a. The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated terms of the obligations.

b. Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustments on plan assets & liabilities

	Year Ended March 31,			
	2013	2012	2011	2010
Defined benefit obligation	92,700,950	67,440,844	49,610,607	39,173,178
Plan Assets	-	-	-	-
Surplus / (Deficit)	(92,700,950)	(67,440,844)	(49,610,607)	(39,173,178)
Experience adjustments on plan liabilities (Gain) / Loss	13,887,718	(1,213,370)	3,916,149	(6,453,016)
Experience adjustments on plan assets (Gain) / Loss	-	-	-	-

37. Segment Information:

Where a financial report contains both consolidated financial statements and separate financial statements of the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

Notes forming part of the Financial Statements

38. Related Party Disclosures :

A. Name of the related party and nature of relationship where control exists:

Relationship	Name of related party
Subsidiary Companies (Direct Holding)	KPIT Infosystems Ltd. UK
	KPIT Infosystems Inc. USA
	KPIT Infosystems France SAS, France (formerly known as Pivolis)
	KPIT (Shanghai) Software Technology Co. Ltd.
	KPIT Infosystems Netherlands B.V.
	SYSTIME Global Solutions Pvt. Ltd.
	Sparta Infotech India Pvt. Ltd, India
Subsidiary Companies (Indirect Holding)	KPIT Infosystems GmbH, Germany
	In2soft GmbH , Germany (Upto 1st January 2013)
	CPG Solutions, LLC USA
	Sparta Consulting Inc., USA
	KPIT Infosystem (Brasil) Servicos De Technologia e Participacoes Ltda.
	KPIT SolvCentral.Com (Upto 30th September 2012)
	SYSTIME Computer Corporation, USA
	KPIT Infosystems ME FZE, United Arab Emirates (formerly known as SYSTIME ME FZCO) (From 6th February 2013)
	SYSTIME Global Solutions Ltd, Brazil
	SYSTIME Global Solutions, Inc. Canada
	SYSTIME Global Solutions PTY Ltd., Australia
	(Dissolved w.e.f. 5th June 2012)
	SYSTIME Global Solutions PTE Ltd., Singapore
	(Dissolved w.e.f. 25th September 2012)
	SYSTIME Global Solutions Ltd. (formerly known as CMS Global Solutions Ltd.), UK.
	(Dissolved w.e.f. 5th February 2013)
	SYSTIME Global Solutions Japan Ltd., Japan
	(Dissolved w.e.f. 18th June 2012)

B. List of other related parties with whom there are transactions in the current year:

Relationship	Name of related party
Associate Company	GAIA System Solution Inc
Joint Venture	Impact Automotive Solutions Ltd. (Jointly controlled entity)
Key Management Personnel (KMP)	Mr. S.B. (Ravi) Pandit
	Mr. Kishor Patil
	Mr. Sachin Tikekar (From 21.10.2011)
	Mr. Girish Wardadkar (Till 25.04.2011)
Relative of KMP	Mr. Chinmay Pandit
	Mrs. Jayada Pandit
Enterprise over which KMP has significant influence	KP Corporate Solutions Ltd.
	Kirtane & Pandit (Chartered Accountants)
	KPIT Cummins Infosystems Ltd.- Employee Welfare Trust.

Notes forming part of the Financial Statements

C. Transactions with Related Parties:

Sr. No.	Name of Related Party	FY 2012-2013		FY 2011-2012	
		Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2012 Debit/(Credit) (₹)
1	**KPIT Infosystems Ltd. UK**				
	Investment in equity	149,649,500	631,702,379	52,000,000	482,052,879
	Sales	462,165,576	204,271,151	644,957,531	345,715,581
	Reimbursement of Expenses	36,946,246	15,003,390	21,549,012	(6,187,682)
2	**KPIT Infosystems France SAS, France (Formerly Known as Pivolis)**				
	Sales	138,879,864	69,667,566	107,631,296	41,140,654
	Reimbursement of Expenses	2,128,990	(84,912,815)	3,441,140	(16,729,632)
3	**KPIT Infosystems GmbH, Germany**				
	Sales	716,138,869	443,642,692	794,921,905	313,112,534
	Reimbursement of Expenses	13,618,273	(51,393,475)	92,892,451	(78,640,240)
4	**KPIT Infosystems Inc., US**				
	Investment in equity	840,975,000	2,151,948,985	196,400,000	1,310,973,985
	Sales	3,155,250,889	942,262,616	2,564,441,619	803,424,512
	Reimbursement of Expenses	204,873,652	104,219,087	237,259,163	61,463,441
	Loan given to subsidiary	NIL	NIL	281,360,750	281,360,750
	Repayment of Loan given to subsidiary.	111,500,000	190,213,315	NIL	NIL
	Interest on Loan	11,630,720	14,002,079	2,079,045	2,079,045
5	**CPG Solutions LLC**				
	Sales	20,136,000	NIL	NIL	NIL
6	**Sparta Consulting Inc**				
	Sales	4,970,941	NIL	NIL	NIL
7	**KPIT SolvCentral.Com**				
	Reimbursement of Expenses	340,399	NIL	244,873	410,063
8	**Sparta Infotech India Pvt. Ltd**				
	Reimbursement of Expenses	NIL	NIL	46,175,177	73,781,816
9	**Sparta Consulting Inc**				
	Purchase of Equity Shares of Sparta Infotech India Pvt Ltd	271,000,000	NIL	NIL	NIL
10	**KPIT (Shanghai) Software Technology Co. Ltd.**				
	Investment in equity	57,854,000	69,096,000	11,242,000	11,242,000
	Reimbursement of Expenses	512	94,863	26,636	26,636
11	**SYSTIME Global Solutions Pvt. Ltd**				
	Investment in Equity	405,965,614	1,495,960,215	1,089,994,601	1,089,994,601
	Investment in Preference shares	NIL	278,130,000	278,130,000	278,130,000
	Reimbursement of Expenses	414,685	(414,685)	37,84,804	(3,900,487)
	Advance	310,000	310,000	NIL	NIL
	Sales	178,288	178,288	NIL	NIL
	Software Consultancy Charges	14,702,601	(51,371,902)	35,289,964	(32,648,659)
12	**SYSTIME Global Solutions Inc**				
	Sales	258,442	258,442	NIL	NIL
13	**KPIT Infosystems Netherlands B.V.**				
	Investment in Equity	24,325,000	34,300,000	9,975,000	9,975,000
	Sales	49,804,928	20,335,555	NIL	NIL
14	**KPIT Infosystem (Brasil) Servicos De Technologia e Participacoes Ltda** Investment in Equity	40,666	40,666	NIL	NIL

Notes forming part of the Financial Statements

Sr. No.	Name of Related Party	FY 2012-2013		FY 2011-2012	
		Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2012 Debit/(Credit) (₹)
15	**GAIA System Solution Inc.**				
	Investment in Equity	NIL	98,151,970	98,151,970	98,151,970
	Sales	25,229,567	19,554,527	NIL	NIL
16	**KP Corporate Solutions Ltd.**				
	Sales	3,932,600	NIL	4,631,237	12,576
	Professional Expenses	910,049	(99,136)	783,334	NIL
17	**Kirtane & Pandit Chartered Accountants**				
	Sales	NIL	NIL	361,390	61,217
	Reimbursement of expenses	NIL	NIL	84,290	NIL
	Professional Fees	291,850	NIL	226,115	5,329
18	**Mr. S. B. (Ravi) Pandit**				
	Management services fees	17,402,177	NIL	11,433,582	(1,414,249)
	Reimbursement of expenses	522,960	NIL	1,882,340	(83,538)
19	**KPIT Systems Ltd. Employee Welfare Trust**				
	Loan for rendering services to the employees for assistance in medical, housing and purchase of KPIT shares for ESOS, 1998.	8,004,078	388,763,431	232,000	380,759,353
	Principal Loan Repayment	NIL	NIL	3,232,000	NIL
20	**Impact Automotive Solutions Ltd.**				
	Investment in Equity	50,000,000	99,049,980	19,000,000	49,049,980
	Reimbursement of Expenses	14,583,731	4,091,758	24,469,209	17,002,387
	Purchase of Components	79,183	(50,773)	NIL	NIL
	Customization Fees	19,000,000	NIL	NIL	NIL
21	**Mr. Kishor Patil**				
	Salary	9,016,401	NIL	7,074,651	NIL
	Reimbursement of Expenses	2,949,187	(22,879)	2,751,270	(102,248)
22	**Mr. Girish Wardadkar (till 25.04.2011)**				
	Salary	NIL	NIL	2,216,895	NIL
	Advance	NIL	NIL	(19,074,022)	NIL
	Reimbursement of Expenses	NIL	NIL	2,746	NIL
23	**Mr. Sachin Tikekar (from 20.10.2011)**				
	Salary	8,637,181	NIL	3,542,356	NIL
	Reimbursement of Expenses	2,881,473	NIL	672,872	NIL
24	**Mr. Chinmay Pandit**				
	Salary	2,399,678	NIL	2,112,709	NIL
	Reimbursement of Expenses	396,307	NIL	234,079	NIL
25	**Mrs. Jayada Pandit**				
	Salary	1,403,983	NIL	1,167,208	NIL
	Reimbursement of Expenses	47,999	NIL	NIL	NIL

39. Lease Transactions:

1. Finance lease:

The Company has taken Vehicles under Finance Lease for a period ranging from 3 to 4 years. Upon payment of all sums due towards the agreement, the Company has the option of acquiring the Vehicles. During the lease period, the Company can neither sell, assign, sublet, pledge, mortgage, charge, encumber or part with possession of the assets, nor create or allow to create any lien on the Vehicles taken on Lease.

Notes forming part of the Financial Statements

Reconciliation between future minimum lease payments and their present values under finance lease as at March 31, 2013 is as follows.

Particulars	FY 2012-13	FY 2011-12
Minimum lease Payments		
- Not later than one year	2,496,324	2,687,258
- Later than one year and not later than five years	1,503,217	4,038,593
- Later than five years	NIL	NIL
Total minimum lease Payments	**3,999,541**	**6,725,851**
Amount representing future Interest	301,795	807,674
Present value of minimum lease Payments	**3,697,746**	**5,918,177**
- Not later than one year	2,243,654	2,219,950
- Later than one year and not later than five years	1,454,092	3,698,227
- Later than five years	NIL	NIL

2. **Operating lease:**

Obligations towards non-cancellable operating Leases:-

The Company has taken facilities on lease in Bangalore and Pune. The future lease payments for these facilities are as under:

Particulars	FY 2012-13	FY 2011-12
Minimum lease payments		
- Not Later than one year	95,883,501	95,388,622
- Later than one year and not later than five years	135,443,099	227,998,180
- Later than 5 years	NIL	NIL
Total	**231,326,600**	**323,386,802**

Rental expenses of ₹ 112,106,810/- (Previous year ₹ 100,936,356/-) in respect of obligation under operating leases have been recognized in the Statement of Profit and Loss.

40. Basic and Diluted Earnings Per Share:

Particulars		FY 2012-13	FY 2011-12
Nominal value per Equity share	₹	2.00	2.00
Profit for the period	₹	1,030,512,542	746,684,904
Profit attributable to equity shareholders	₹	1,030,512,542	746,684,904
Weighted average number of equity shares	No. of Shares	183,189,306	177,392,050
Earnings Per Share - Basic	₹	5.63	4.21
Dilutive number of shares -			
ESOP outstanding as at the year end	No. of shares	5,289,875	2,546,357
Weighted average number of diluted equity shares	No. of shares	188,479,181	179,938,407
Earnings per share - Diluted	₹	5.47	4.15

41. Research and Development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 55,225,455/-(Previous Year ₹ 73,977,401/-) has been incurred by the Company and disclosed under appropriate account heads.

42. Disclosure of interest in joint venture as per AS 27:

The Company has the following joint ventures as on 31st March, 2013 and its percentage holding is given below:

% voting power held

Sr. No.	Name of the Company	Country of Incorporation	As at March 31, 2013	As at March 31, 2012
1.	Impact Automotive Solutions Ltd (JV with Bharat Forge Ltd.)	India	50%	50%

Notes forming part of the Financial Statements

The proportionate share of assets, liabilities, income, expenditure, contingent liabilities and capital commitment of the above joint venture company are given below:

Particulars	As at March 31, 2013	As at March 31, 2012
RESERVES & SURPLUS	(37,552,636)	(10,570,905)
Current Liabilities		
(a) Trade Payables	676,035	20,316
(b) Other Current Liabilities	2,583,632	6,058,300
(c) Short Term Provisions	42,708	NIL
(d) Long Term Provisions	14,330	NIL
TOTAL LIABILITIES	**3,316,705**	**6,078,616**
Non-Current Assets		
(a) Fixed Assets	31,235,976	23,069,606
(b) Long-Term Loans and Advances	12,089,885	6,471,098
Current Assets		
(a) Inventories	8,391,249	18,137
(b) Trade Receivables	25,367	NIL
(c) Cash and Cash Equivalents	12,656,259	10,503,400
(d) Short-term Loans and Advances	415,333	4,495,470
(e) Other Current Assets	NIL	NIL
TOTAL ASSETS	**64,814,069**	**44,557,711**

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operation	90,112	NIL
Other Income	1,947,012	594,908
TOTAL REVENUE	**2,037,124**	**594,908**
Expenses :		
Cost of Material Consumed	2,462,615	NIL
Depreciation and Amortization Expense	5,723,806	9,185
Employee Benefit Expenses	2,776,968	Nil
Other Expenses	18,130,966	10,839,429
Tax Expense	75,500	NIL
TOTAL EXPENSES	**29,169,855**	**10,848,614**
Contingent Liabilities	NIL	NIL
Capital Commitments	483,818	942,892

43. Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29)

Warranty Provision:

The Company has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract, from the date of sale of license of software to Tier I suppliers. The movement in the said provision is as under:

Particulars	FY 2012-13	FY 2011-12
Carrying Amount as at the beginning of the year	11,552,000	3,706,000
Additional provision made during the year	19,166,080	11,552,000
Amount Paid/Utilized during the year	11,552,000	3,706,000
Unused amount Reversed during the year	NIL	NIL
Carrying amount at the end of the year	19,166,080	11,552,000

44. Stock Option Plans:

1. Employee Stock Option Scheme (ESOS) – 1998 (through Employee Welfare Trust)

   The ESOS was approved by the Board of Directors of the Company on November 23, 1998 and thereafter by the shareholders on November 30, 1998. A compensation committee comprising of independent directors of the Company administers the ESOS Plan. Each option carries with it the right to purchase one hundred equity share of the Company. All options have been granted at a pre-determined rate of ₹ 2.5 per share.

Notes forming part of the Financial Statements

Number of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2012-13	FY 2011-12
Options granted, beginning of the year	500	590
Granted during the year	-	250
Exercised during the year	-	737.5
Cancelled / lapsed during the year	-	(397.5)
Options granted, end of year	500	500

2. Employee Stock Option Plan– 2004

The Board of Directors and the shareholders of the Company approved the Employees Stock Option Plan at their meeting in August 2001 and in September 2001, respectively. Pursuant to this approval, the Company instituted ESOP 2004, Plan in July, 2004. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company.The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 3 years from the date of vesting.

Number of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2012-13	FY 2011-12
Options granted, beginning of the year	3,814,024	2,880,200
Granted during the year	-	1,919,162
Exercised during the year	741,247*	531,348
Cancelled / lapsed during the year	337,540	453,990
Options granted, end of year	2,735,237	3,814,024

3. Employee Stock Option Plan – 2006

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan at their meeting in July 2006 and in August 2006, respectively. Pursuant to this approval, the Company instituted ESOP 2006, Plan in October, 2006. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company.The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value.The vesting of the options is 30%, 30% and 40% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 3 years from the date of vesting.

Number of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2012-13	FY 2011-12
Options granted, beginning of the year	7,768,658	2,795,703
Granted during the year	1,046,000	5,896,457
Exercised during the year	1,250,194*	576,675
Cancelled / lapsed during the year	353,330	346,827
Options granted, end of year	7,211,134	7,768,658

* Includes 13,124 options (ESOP 2004 Plan) and 65,994 options (ESOP 2006 Plan) exercised on 31st March 2013 for which shares have been allotted on 29th April 2013

The compensation cost of stock options granted to employees has been accounted by the Company using the intrinsic value method.

Personnel expenditure includes ₹ Nil (Previous Year ₹ 3,563,859/-) being the amortization of intrinsic value for the year ending March 31, 2013.

Notes forming part of the Financial Statements

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black Scholes Options Pricing Model), the Company's Profit after Tax would be lower by ₹ 99,312,292 (Previous Year ₹ 60,549,932/-) and earnings per share as reported would be lower as indicated below:

Particulars	FY 2012-13	FY 2011-12
Net Profit after Tax	1,030,512,542	746,684,904
Add: Total Stock based compensation expense determined		
under intrinsic value based method	NIL	3,563,859
Less: Total Stock based compensation expense determined under fair value based method	99,312,292	64,113,791
Adjusted net profit	931,200,250	686,134,972
Basic Earnings per share (in ₹)		
- As reported	5.63	4.21
- Adjusted	5.08	3.86
Diluted Earnings per share (in ₹)		
- As reported	5.47	4.15
- Adjusted	4.94	3.81

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	31st March, 2013	31st March, 2012	
	ESOP 2006 scheme	ESOP 2004 scheme	ESOP 2006 scheme
1. Risk Free Interest Rate (%)	8.35%	8.28%	8.52%
2. Expected Life	3.60 years	3.54 years	3.62 years
3. Expected Volatility (%)	53.03%	59.65%	57.25%
4. Dividend Yield (%)	0.73%	0.96%	0.97%

Note: There are no options granted during the year under the ESOP 2004 scheme.

45. Other Disclosures and Explanatory Notes:

1. The Board has approved a transfer of ₹ 10,000,000/- (Previous Year ₹ 27,200,000/-) towards KPIT Cummins Infosystems Limited Community Foundation Reserve. This Reserve would be utilized for various community benefit schemes as may be approved by the Management.

   The Board has approved a transfer of ₹ 100,000,000/- (Previous Year ₹ 100,000,000/-) towards KPIT Cummins Technology Fund. This fund would be utilized to drive high end innovative technology initiatives for promoting green growth and energy conservation, which will successively benefit the Company.

   The Board has approved a transfer of ₹ 100,000,000/- (Previous Year ₹ 100,000,000/-) towards KPIT Employees' Welfare Fund. This Fund would be utilized to promote welfare of its employees in various forms such as Medical, Education, Housing, Holiday homes, Recreation facilities, Activities related to Sports, Music Research, and Artistic Pursuits etc.

2. a. The Company, during the year, has acquired additional 18.5% stake in SYSTIME Global Solutions Ltd., world's largest J D Edwards solution provider and Oracle Platinum Partner under share purchase agreement. Subsequently, total shareholding in the acquired Company is 76%.

   b. During the FY 2012-13, the Company has acquired 5,477,889 equity shares in Sparta Infotech India Private Limited, from its step-down subsidiary Sparta Consulting Inc, USA. Sparta Infotech India Private Limited has therefore become a 100% direct subsidiary of the Company.

   c. Considering the financial position of the associate and as a prudent accounting practice,the company during the year, has recognised 100% impairment on its investment in GAIA System Solution Inc amounting to ₹ 98,151,970/-which is in line with provisions of AS 13 "Accounting for Investments".

3. The Company has received approval from Department of Scientific and Industrial Research, Ministry of Science and Technology DSIR on 2nd June 2011 for its Research and Development (R&D) facility at its premise in Hinjewadi.

   Company's spend on its R & D activities is as follows:

Particulars	FY 12-13 (₹)
R&D expenditure debited to Statement of Profit and Loss - Refer Note 41	55,225,455
R&D Project- Revolo included in Intangible asset under development (Refer Note (a) below)	26,131,680
R&D Project- Infotainment included in Intangible asset under development (Refer Note (b) below)	43,926,206

Notes forming part of the Financial Statements

Note on above R&D Projects:

(a) Revolo

Revolo is an intelligent, plug-in, parallel hybrid fuel saving solution which can be installed on wide range of four wheelers with engine capacity varying from 700cc to 3000cc (both gasoline & diesel engines). The solution brings in important benefits to end consumer in terms of fuel efficiency improvement, emission reduction and travel cost reduction. The product is made of sub-systems that include the battery pack, a motor, motor controller which are controlled by intelligent algorithms to manage engine variations and help reduce fuel cost and cut down on harmful greenhouse gas emissions from IC engine powered vehicles. The product has been extensively and successfully tested at national laboratories. Revolo is the most frugal hybrid solution available at a much lower cost point.

(b) Infotainment

In-Vehicle Infotainment (or sometimes also referred to In-Car Infotainment in case of passenger cars), is hardware and software system installed into a car (or even other forms of transportation), to provide audio / video entertainment together with convenience features such as hands-free telephony, navigation, vehicle information display and vehicle function control e.g. climate control. It includes traditional tuner or radio as well as next generation digital radio and video broadcast services. The user can bring audio / video content into car via CD, USB or smartphones. Infotainment systems also include an option of Rear Seat Entertainment for the rear seat passengers. Future infotainment systems will also provide Internet connectivity to bring in content from social network services and Internet based entertainment sources (e.g. Internet radio) into the car.

4. During the FY 2011-12, the Company had transferred its diversified financial services (DFS) division in entirety to Infrasoft Technologies under the business transfer agreement. During the FY 2012-13, Company has accounted ₹ 54,700,000/- as income based on milestone achieved per terms of agreement.

   During the FY 2011-12, the company had entered into a business partnership with Sankalp Semiconductor Pvt Ltd for the Hardware Business of Semiconductor Solutions Group (SSG). This agreement has been further amended in the FY 2012-13. The Company has accounted income of ₹ 24,970,113/- in FY 2012-13 as per the terms of amended agreement.

5. The Company has allotted 12,960,000 shares to Van Dyck, CX Partners Fund 1 Limited and AAJV Investment Trust at a price of ₹125 per equity share on a preferential basis.The proceeds of the issue will be utilized for bona fide business purposes and for funding the growth and operations of the Company and/or its subsidiaries, to meet the working capital and capital expenditure requirements of the Company/ subsidiaries and for investment in subsidiaries and joint ventures.

   There has been no utilization of the proceeds till 31st March 2013. The unutilized balance of ₹ 1,620,000,000/-is invested in Mutual Funds.

6. KPIT Cummins Infosystems (Bangalore) Pvt. Ltd. (KPIT Bangalore) was merged with KPIT Cummins Infosystems Limited (the Company) in the year 2007. Employees of erstwhile KPIT Bangalore who were on the rolls at 31st March, 2007 (being the date of merger) were also transferred to the Company. The gratuity liability of these employees was funded with Kotak Mahindra Old Mutual Life Insurance Limited. This fund balance of ₹ 13,362,848/- (Previous Year ₹ 12,244,464/-) is also transferred to the Company and is disclosed separately under “Other Non-Current Assets.”

7. Final Dividend

   The Company allotted 368,182 equity shares against exercise of options by the employees, after 31st March, 2012 and before the Book closure for the Annual General Meeting held for FY 2011-12. The Company paid dividend of ₹ 258,030 on these shares and tax on dividend of ₹ 42,621 as approved by the shareholders at the Annual General Meeting held on 27th July 2012.

8. Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with current year’s classification / disclosure.

Signatories to Notes1 to 45

For and on behalf of the Board of Directors

Anil Patwardhan
Sr. Vice President &
Head – Corporate Finance & Governance

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

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Place: Pune
Date: April 29, 2013

Auditors' Report

TO THE BOARD OF DIRECTORS OF
KPIT CUMMINS INFOSYSTEMS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **KPIT CUMMINS INFOSYSTEMS LIMITED** (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financials statements of the subsidiaries and jointly controlled entity referred to below in the Other Matters Paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of 2 subsidiaries and a jointly controlled entity, whose financial statements reflect total assets (net) of ₹ 329,709,515/- as at 31st March, 2013, total revenues of ₹ 24,996,745/- and net cash outflows amounting to ₹ 27,031,536/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity is based solely on the reports of the other auditors.

The consolidated financial statements include the Group's share of net loss of ₹ 5,432,823/- for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of an associate based on its unaudited financial statements. As per Management's assessment, there should be no material impact on the consolidated financial statements consequent to any possible adjustments to such unaudited financial statements since the size of this associate in the context of the Group is not material. Our opinion, in so far as it relates to the amounts included in respect of this associate, is based solely on such unaudited financial statements.

Our opinion is not qualified in respect of these matters.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

Khurshed Pastakia
Partner
Membership No. 31544

PUNE, April 29, 2013

Consolidated Balance Sheet as at

		Note No.	₹	31st March, 2013 ₹	31st March, 2012 ₹
I	**EQUITY AND LIABILITIES**				
(1)	**Shareholder's Funds**				
	(a) Share Capital	2	385,630,398		355,885,752
	(b) Reserves and Surplus	3	9,975,375,194		6,768,475,911
				10,361,005,592	7,124,361,663
(2)	**Share application money pending allotment**	27		1,410,211	1,053,845
(3)	**Minority Interest**			270,242,037	326,005,784
(4)	**Non-Current Liabilities**				
	(a) Long-term borrowings	4	1,459,213,825		668,732,727
	(b) Deferred tax liabilities	5	-		7,739,292
	(c) Other Long term liabilities	6	820,210		263,983,855
	(d) Long term provisions	7	142,254,314		103,228,332
				1,602,288,349	1,043,684,206
(5)	**Current Liabilities**				
	(a) Short-term borrowings	8	1,753,353,477		1,470,045,429
	(b) Trade payables	9	1,904,036,027		1,756,537,329
	(c) Other current liabilities	10	1,259,729,500		998,884,310
	(d) Short-term provisions	11	695,936,957		559,946,281
				5,613,055,961	4,785,413,349
	Total			**17,848,002,150**	**13,280,518,847**
II	**ASSETS**				
(1)	**Non-current assets**				
	(a) Fixed assets				
	(i) Tangible assets	12A	1,384,944,737		1,338,827,629
	(ii) Intangible assets	12B	377,289,323		328,808,635
	(iii) Capital work-in-progress		58,780,216		92,434,547
	(iv) Intangible assets under development		183,596,580		92,618,464
			2,004,610,856		1,852,689,275
	(b) Goodwill (on consolidation)		4,423,426,343		3,622,544,438
	(c) Non-current investments	13	117,554,370		217,464,619
	(d) Deferred tax assets	5	69,171,008		35,025,749
	(e) Long term loans and advances	14	1,154,581,788		703,610,552
	(f) Other non-current assets	15	31,871,050		34,345,161
				7,801,215,415	6,465,679,794
(2)	**Current assets**				
	(a) Current investments	16	2,036,463,365		364,697,789
	(b) Trade receivables	17	4,672,802,818		4,232,570,857
	(c) Cash and Cash Equivalents	18	1,920,948,309		1,472,981,468
	(d) Short-term loans and advances	19	593,471,671		581,013,011
	(e) Other current assets	20	823,100,572		163,575,928
				10,046,786,735	6,814,839,053
	Total			**17,848,002,150**	**13,280,518,847**

See Accompanying Notes to Consolidated Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

Khurshed Pastakia
Partner

Anil Patwardhan
Sr. Vice President & Head - Corporate Finance & Governance

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

Place: Pune
Date : April 29, 2013

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Consolidated Statement of Profit and Loss for the year ended

		Note No.	31st March, 2013 ₹	31st March, 2012 ₹
I.	Revenue from operations	21	22,386,283,394	15,000,117,845
II.	Other Income	22	117,381,597	138,237,170
III.	Total Revenue		22,503,664,991	15,138,355,015
IV.	Expenses:			
	Employee benefit expense	23	11,408,062,059	7,717,837,130
	Finance costs	24	141,512,415	73,238,211
	Depreciation / Amortization / Diminution	12	471,505,750	444,857,437
	Other expenses	25	7,622,302,241	5,116,525,418
	Total Expenses		19,643,382,465	13,352,458,196
V.	Profit before Exceptional Items and tax		2,860,282,526	1,785,896,819
VI.	Exceptional Items (Refer Note 39(2) and 39(3))		(13,049,034)	100,451,233
VII.	Profit before tax		2,847,233,492	1,886,348,052
VIII.	Tax expense:			
	(1) Current tax		859,216,112	472,432,743
	(2) Short/(Excess) provision in respect of earlier years		(7,872,388)	32,500,000
	(3) MAT Credit Entitlement		(39,949,068)	(25,698,008)
	(4) Deferred tax		(45,789,833)	(42,552,616)
			765,604,823	436,682,119
IX.	Profit after tax, but before Minority Interest and Share of Profit in Associate		2,081,628,669	1,449,665,933
X.	Less: Profit to the extent of Minority Interest		86,141,414	31,464,648
XI	Add : Share of Profit/(Loss) in Assosiate		(5,432,823)	35,338,612
XII.	Profit for the year		1,990,054,432	1,453,539,897
XIII	Earning per equity share(Face Value per share ₹2/-)			
	(Refer Note 35)			
	(1) Basic		10.86	8.19
	(2) Diluted		10.56	8.08

See Accompanying Notes to Consolidated Financial Statements

In terms of our report attached to the Balance Sheet
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

Khurshed Pastakia
Partner

Anil Patwardhan
Sr. Vice President & Head - Corporate Finance & Governance

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

Place : Pune
Date : April 29, 2013

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Consolidated Cash Flow Statement for the year ended

PARTICULARS		31st March, 2013		31st March, 2012	
		₹	₹	₹	₹
A]	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit / (loss) before tax		2,847,233,492		1,886,348,052
	Adjustments for				
	(Profit) / loss on sale of fixed assets (net)	653,681		551,155	
	Depreciation / Amortization / Diminution	471,505,750		444,857,437	
	Expense on Employee Stock Option Schemes	-		3,563,859	
	Finance costs	141,512,415		73,238,211	
	Interest income	(17,913,960)		(17,190,850)	
	Dividend income	(54,263,116)		(37,039,682)	
	Provision for diminution in value of investments	94,477,426		-	
	Exchange differences on translation of foreign currency cash and cash equivalents	(4,483,680)		20,299,379	
	Unrealised foreign exchange (Gain) / Loss	(113,217,415)		(128,461,177)	
	Profit on sale of Business Assets (Refer Note 3 below)	(81,428,392)	436,842,709	(100,451,233)	259,367,099
	Operating Profit before working capital changes		3,284,076,201		2,145,715,151
	Adjustments for changes in working capital:				
	Increase / (Decrease) in Other Long Term Liabilities	(2,153,300)		(38,951,435)	
	Increase / (Decrease) in Long Term Provisions	39,025,982		(30,296,566)	
	Increase / (Decrease) in Trade Payables	147,498,698		514,916,508	
	Increase / (Decrease) in Other Current Liabilities (Refer Note 3 below)	21,232,346		(147,014,799)	
	Increase / (Decrease) in Short Term Provisions	30,678,213		94,766,206	
	(Increase) / Decrease in Long term Loans and Advances	(80,210,261)		(66,012,062)	
	(Increase) / Decrease in Other Non Current Asset	4,927,611		(7,684,302)	
	(Increase) / Decrease in Trade Recievables (Refer Note 3 below)	(440,231,961)		(1,290,741,500)	
	(Increase) / Decrease in Short term Loans and Advances	(143,948,474)		10,051,534	
	(Increase) / Decrease in Other Current Assets	(659,660,601)	(1,082,841,747)	91,212,383	(869,754,033)
	Cash generated from operations		2,201,234,454		1,275,961,118
	Contribution to / (Utilisation from) Community Foundation Reserve and Employee Welfare Fund		-		(3,050,853)
	Taxes Paid		(997,771,898)		(268,378,028)
	Net cash from operating activities		1,203,462,556		1,004,532,237
B]	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(700,672,179)		(608,976,441)	
	Proceeds from Sale of Fixed Assets	2,852,026		6,042,602	
	Investment in Equity Shares of Subsidiaries	(1,113,395,476)		(2,088,026,065)	
	Investment in Equity Shares of Assosiate	-		(98,151,970)	
	Investment in Preference Shares of Subsidiary	-		(278,130,000)	
	Purchase of shares from minority shareholders	(141,905,161)		-	
	Sale of Mutual Fund Investments	(1,671,765,576)		111,805,751	
	Proceeds from Sale of Business Assets (Refer Note 3 below)	81,428,392		64,985,000	
	Loan (given to) / repaid by Employee Welfare trust	(8,004,080)		3,000,000	
	Interest received	18,079,525		28,805,244	
	Dividend received from Mutual Fund Investments	54,263,116		37,039,682	
	Fixed Deposit with banks (net) having maturity over three months	(23,957,136)		(6,371,834)	
	Net Cash from / (used in) investing activities		(3,503,076,549)		(2,827,978,031)
C]	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Long term loan from banks	1,090,078,749		755,994,000	
	Repayment of Long term loan from banks	(111,943,395)		-	
	Proceeds from Long term loan from other than banks	106,746,088		(218,887,490)	
	Repayment of Long term loan from other than banks	(31,114,766)		-	
	Proceeds from issue of Share Capital and application money	1,705,978,352		65,006,748	
	Share Issue expenses for Preferential Allotment	(43,741,841)		-	
	Proceeds from Working Capital loan (Net)	278,686,650		665,785,536	
	Proceeds / (Repayment) of Short Term Borrowings	-		(42,970,101)	
	Dividend paid including corporate dividend tax	(144,825,628)		(71,539,331)	
	Interest and finance charges	(128,241,083)		(69,330,590)	
	Net cash from / (used in) financing activities		2,721,623,126		1,084,058,772

Cash Flow Statement for the year ended

PARTICULARS	31st March, 2013		31st March, 2012	
	₹	₹	₹	₹
D] Exchange differences on translation of foreign currency cash and cash equivalents		4,483,680		(20,299,379)
Net Increase / (Decrease) in Cash and cash equivalents (A + B+ C+ D)		426,492,813		(759,686,401)
Cash & cash equivalents at close of the year (Refer note no.1 below)		1,893,102,447		1,466,609,634
Cash & cash equivalents at beginning of the year (Refer note no.1 below)		1,466,609,634		2,079,992,330
Add: Cash & cash equivalents on acquisition of subsidiaries		-		146,303,705
Cash Surplus / (deficit) for the year		426,492,813		(759,686,401)
Note 1 :				
Cash and cash equivalents include:				
Cash on hand	173,371		286,993	
Cheques in Hand	33,909,779		9,674,511	
Balance with banks				
- In current accounts	1,541,821,949		1,412,253,201	
- In deposit account	315,202,565		42,798,442	
- In unpaid dividend account	1,994,783		1,596,487	
Total		1,893,102,447		1,466,609,634
Add: Deposits with original maturity over three months		27,845,862		6,371,834
Cash and cash equivalents at the end of the year as per Schedule VI		1,920,948,309		1,472,981,468

Note 2:

Figures in brackets represent outflows of cash and cash equivalents.

Note 3:

Adjustment made in cashflow for sale of business assets to Sankalp Semiconductor Pvt. Ltd. for a consideration other than cash:

	For the year ended on 31st March,2013 ₹	For the year ended on 31st March, 2012 ₹
Adjustments made to:		
Increase / (Decrease) in Other Current Liabilities	-	5,000,000
(Increase) / Decrease in Trade Recievables	-	77,088,137
Purchase of long-term investments in equity instruments of other entities	-	(117,554,370)
Profit on sale of business assets	-	35,466,233
	-	-

Note 4:

The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements

In terms of our report attached to the Balance Sheet

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Anil Patwardhan
Sr. Vice President & Head - Corporate Finance & Governance

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

Place : Pune
Date : April 29, 2013

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Notes forming part of the Consolidated Financial Statements

1. Significant Accounting Policies

1.1 Basis of consolidation

The Consolidated Financial Statements relate to KPIT Cummins Infosystems Limited (the Company), its subsidiary companies, joint venture and associate which constitutes “the Group”.

a. Basis of preparation of Financial Statements

i. The financial statements of the subsidiary companies / joint venture / associate, used in the consolidation, have been aligned with the parent company and are drawn up to the same reporting date as of the Company, i.e. year ended March 31, 2013

ii. The Consolidated Financial Statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (‘GAAP’) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of Companies Act, 1956.

b. Principles of Consolidation:

The Consolidated Financial Statements have been prepared on the following basis:

i. The financial statements of the Company, its subsidiary companies and joint venture have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

ii. Interest in a jointly controlled entity is reported using proportionate consolidation.

iii. The consolidated financial statements include the share of profit of an associate company which has been accounted as per the ‘Equity method’, and accordingly, the share of profit has been added to the cost of investments.

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

iv. The excess of cost to the Company of its investments in the Subsidiary Companies over its share of equity of the subsidiary companies, at the dates on which the investment in the Subsidiary Companies are made, is recognized as ‘Goodwill on Consolidation’ being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary companies on the date of investment is in excess of cost of investment of the Company, it is recognized as ‘Capital Reserve’ and shown under the head ‘Reserves and Surplus’ in the Consolidated Financial Statements.

v. Minority interest in the net assets of the consolidated subsidiary Companies consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

c. Following subsidiaries are considered in the Consolidated Financial Statements:

% voting power held

Sr. No.	Name of the Subsidiary	Country of Incorporation	As at March 31, 2013	As at March 31, 2012
	Direct Subsidiaries			
1.	KPIT Infosystems Ltd.	United Kingdom	100.00	100.00
2.	KPIT Infosystems Inc.	United States of America	100.00	100.00
3.	KPIT Infosystems France SAS (Formerly known as Pivolis)	France	100.00	100.00
4.	KPIT (Shanghai) Software Technology Co. Ltd .	China	100.00	100.00
5.	SYSTIME Global Solutions Pvt. Ltd.	India	76.00	57.50
6.	KPIT Infosystems Netherlands B.V.	Netherland	100.00	100.00
7.	Sparta Infotech India Pvt. Ltd	India	100.00	Nil
	Indirect Subsidiaries			
8.	KPIT Infosystems GmbH (Subsidiary of KPIT Infosystems Ltd., UK)	Germany	100.00	100.00
9.	In2Soft GmbH (Subsidiary of KPIT Infosystems GmbH)	Germany	Nil *	100.00
10.	KPIT SolvCentral.Com (Subsidiary of KPIT Infosystems Inc., USA)	United States of America	Nil **	100.00
11.	CPG Solutions LLC (Subsidiary of KPIT Infosystems Inc., USA)	United States of America	100.00	100.00

Notes forming part of the Consolidated Financial Statements

Sr. No.	Name of the Subsidiary	Country of Incorporation	As at March 31, 2013	As at March 31, 2012
12.	KPIT Infosystem (Brasil) Servicos De Technologia E Participcoes LtdA. (Subsidiary of KPIT Infosystems Inc., USA)	Brazil	100.00	100.00
13.	Sparta Consulting Inc. (Subsidiary of KPIT Infosystems Inc., USA)	United States of America	100.00	100.00
14.	SYSTIME Computer Corporation. (Subsidiary of SYSTIME Global Solutions Ltd., India)	United States of America	100.00	100.00
15.	SYSTIME Global Solutions Pty Limited. (Subsidiary of SYSTIME Global Solutions Ltd., India) (Dissolved w.e.f. 5th June 2012)	Australia	Nil	100.00
16.	SYSTIME Global Solutions Pte Limited. (Subsidiary of SYSTIME Global Solutions Ltd., India) (Dissolved w.e.f. 25th September 2012)	Singapore	Nil	100.00
17.	KPIT Infosystems ME FZE, United Arab Emirates (Formerly known as SYSTIME ME FZCO) (Subsidiary of SYSTIME Global Solutions Ltd., India)	United Arab Emirates	100.00	100.00
18.	SYSTIME Global Solutions Japan Limited. (Subsidiary of SYSTIME Computer Corporation. USA) (Dissolved w.e.f. 18th June 2012)	Japan	Nil	100.00
19.	SYSTIME Global Solutions Ltd. (formerly known as CMS Global Solutions Ltd.), (Dissolved w.e.f. 5th February 2013)	United Kingdom	Nil	100.00
20.	VersaPOS Inc. (Subsidiary of SYSTIME Computer Corporation. USA) (Dissolved w.e.f. 15th February 2012)	United States of America	Nil	100.00
21.	SYSTIME Global Solutions Ltd. (Subsidiary of SYSTIME Computer Corporation. USA)	Brazil	100.00	100.00
22.	SYSTIME Global Solutions, Inc. (Subsidiary of SYSTIME Computer Corporation. USA)	Canada	100.00	100.00

*During the year In2soft GmbH was merged with KPIT Infosystems GmbH, Germany w.e.f December 31, 2012.

**During the year KPIT Infosystems Inc. (SolvCentral.Com) was merged with KPIT Infosystems Inc. w.e.f. September 31, 2012.

d. The joint Venture, which is included in the Consolidated Financial Statements along with Company's holding therein, is as under:

% voting power held

Sr. No.	Name of the Company	Country of Incorporation	As at March 31, 2013	As at March 31, 2012
1.	Impact Automotive Solutions Ltd. (JV with Bharat Forge Ltd.)	India	50.00	50.00

e. The Investment in Associate is accounted for in accordance with AS-23, "Accounting for Investment in Associates in Consolidated Financial Statements". The detail of associates, ownership interest, etc. is given below:-

As at March 31, 2013:

Sr. no.	Name of the Associate and country of Incorporation	Ownership Interest (%)	Original Cost of Investment	Amount of Goodwill in original cost	Share of accumulated profit as at year end	Carrying cost of Investment
1.	GAIA Systems Solutions Inc., Japan	20%	98,151,970	117,693,356*	(3,674,544)	94,477,426

As at March 31, 2012:

Sr. no.	Name of the Associate and country of Incorporation	Ownership Interest (%)	Original Cost of Investment	Amount of Goodwill in original cost	Share of accumulated profit as at year end	Carrying cost of Investment
1.	GAIA Systems Solutions Inc., Japan	20%	98,151,970	117,693,356*	1,758,279	99,910,249

* The goodwill is higher than the cost of acquisition as GAIA System Solution Inc. had a negative networth as on the date of acquisition.

Notes forming part of the Consolidated Financial Statements

1.2 Revenue recognition

Revenue from software development and services on time and material basis is recognized based on software development, services rendered and related costs incurred based on timesheets and are billed to clients as per the contractual obligations. In case of fixed price contracts, revenue is recognized over the life of contract based on the milestone/s achieved as agreed upon in the contract on proportionate completion basis and where there is no uncertainty as to the measurement or collectability of the consideration. Revenue from the sale of software products is recognized when the sale is completed with the passing of the ownership.

Interest income is recognized on time proportion basis.

Dividend income is recognized when the Company's right to receive dividend is established.

1.3 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the Statement of Profit and Loss.

1.4 Trade receivables and advances

Specific debts and advances identified as irrecoverable or doubtful are written off or provided for, respectively.

1.5 Fixed Assets, Intangible Assets

(a) Fixed Assets are stated at the cost of acquisition, less depreciation /amortization /diminution. Costs comprises of the purchase price and other attributable costs.

(b) Product development cost are recognised as fixed assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future benefits.

1.6 Depreciation / Amortization / Diminution

Depreciation on tangible fixed assets is provided for on the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except in respect of the following assets where the rates are higher:

Type of asset	Rate/Period
Certain Buildings	7.50%/Lease Period of Land
Plant and Equipment (Computers)	20% to 33.33% as applicable
Certain Office Equipments	10% to 100% as applicable
Certain Furniture and Fixtures	10% to 100% as applicable
Certain Vehicles	20%

Leasehold land and vehicles taken on lease are amortized over the period of the lease.

Intangible Assets are amortized on the straight line method at the following rates:

Goodwill	Amortized over period of 3/5 years
Product Development Cost	Amortized over period of 4 years

Perpetual Software licenses are amortized over 4 years. However, time-based software licenses are amortized over the license period.

Certain subsidiary companies of KPIT Cummins Infosystems Limited follow different accounting policy in respect of certain fixed assets. These fixed assets are depreciated on written down value method instead of the Company's accounting policy of the straight-line method. No adjustment has been made for the said difference in accounting policy as the said difference is not expected to have a material impact on the accounts of the Company.

1.7 Impairment of Fixed Assets

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use. For the purpose of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

1.8 Investments

Current investments are carried at lower of cost and fair value.

Long term Investments are stated at cost less provision for diminution, other than temporary, in the value of such investments.

1.9 Leases

Assets acquired under Finance leases are recognized at the lower of the fair value of the leased assets at inception of the lease and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to periods during the lease terms at a constant periodic rate of interest on the remaining balance of the liability.

Notes forming part of the Consolidated Financial Statements

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognized as Operating Leases. Lease Rentals under operating leases are recognized in the Statement of Profit and Loss on straight line basis over the term of the lease.

1.10 Earnings per share:

The Company reports its basic and diluted earnings per share in accordance with Accounting Standard (AS) -20 on "Earnings Per Share".

Basic earnings per share are computed by dividing the profit for the period after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

1.11 Foreign currency transactions

a. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items are translated at the year-end rates and the exchange differences so determined as also the realized exchange differences are recognized in the Statement of Profit and Loss.

Premiums or discount on forward exchange contracts are amortized and recognized in the Statement of Profit and Loss over the period of the contract. Forward exchange contracts outstanding at the balance sheet date, other than designated cash flow hedges, are stated at fair values and any gains or losses are recognized in the Statement of Profit and Loss.

b. **Derivative instruments and hedge accounting**

The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" of the Institute of Chartered Accountants of India (ICAI).

The use of hedging instruments is governed by the Company's policy approved by the Board of Directors, which provides written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. The counter party to the Company's foreign currency forward contracts is generally a bank.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholder's fund and the ineffective portion, if any is recognized immediately in Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions any cumulative gain or loss on the hedging instrument recognized in shareholder's fund is retained there until, the forecast transaction occurs. When a hedged transaction occurs or is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to the Statement of Profit and Loss.

1.12 Foreign Operations:

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself. In translating the financial statements of a non-integral foreign operation, the assets and liabilities, both monetary and non-monetary are translated at the closing rate, income and expense items are translated at average exchange rates and all resulting exchange difference are accumulated in a foreign currency translation reserve until disposal of the net investment in the non integral foreign operation.

1.13 Retirement benefits to employees

Employee benefits includes gratuity, provident fund and leave encashment benefits under the approved schemes of the Company.

In respect of defined contribution plans, the contribution payable for the year is charged to the Statement of Profit and Loss.

In respect of defined benefit plans, the employee benefit costs are accounted for based on actuarial valuation as at the Balance Sheet date.

The liability for leave carried forward has been accounted for on actual basis for all eligible employees except for employees at the Bangalore location, where the leave liability is calculated on the basis of an actuarial valuation as of the Balance Sheet date, as per the policy of the Company.

1.14 Accounting for Taxes on Income

Tax expense comprises current and deferred tax.

Notes forming part of the Consolidated Financial Statements

a. Income Tax Provision

Current tax is computed on taxable income determined in accordance with the provisions of the applicable tax rates and tax laws. Current tax is net of credit for entitlement for Minimum Alternative tax (MAT).

b. Deferred Tax Provision

Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is virtual certainty with respect to the reversal of the same in future years.

1.15 Provisions, Contingent Liabilities and Contingent Assets

As per Accounting Standard (AS) 29, 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provisions is recognized for –

a. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

b. Present obligations that arise from past events but are not recognized because-

   1. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   2. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

1.16 Research and Development:

Costs incurred during the research phase of a project are expensed when incurred. Costs incurred in the development phase are recognized as an intangible asset in accordance with policy defined in 1.5(b). Capitalized costs are amortized over a period of 4 years.

1.17 Provision for Warranty:

The Company has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost of service delivery. The Company estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

1.18 Employee Stock Option:

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

1.19 Use of Estimates:

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenditure during the year. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

Notes forming part of the Consolidated Financial Statements

NOTE 2- SHARE CAPITAL

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Authorised:		
375,000,000 equity shares (Previous Year 375,000,000) of ₹ 2/- each.	750,000,000	750,000,000
	750,000,000	750,000,000
Issued Subscribed and Fully Paid up:		
192,815,199 equity shares (Previous Year 177,942,876) of ₹ 2/- each fully paid up	385,630,398	355,885,752
Total	**385,630,398**	**355,885,752**

(i) Reconciliation of the number of equity shares outstanding:

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares outstanding at the beginning of the year	177,942,876	355,885,752	87,863,415	175,726,830
Add: Shares issued on exercise of employee stock options	1,912,323	3,824,646	1,108,023	2,216,046
Add : Issue of bonus shares	-	-	88,971,438	177,942,876
Add: Shares issued on preferential basis	12,960,000	25,920,000	-	-
Number of shares outstanding at the end of the year	192,815,199	385,630,398	177,942,876	355,885,752

(ii) The company has only one class of shares referred to as equity shares having a par value of ₹ 2/- Each shareholder of equity shares is entitled to one vote per share.

(iii) Number of equity shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	Number of shares as at 31st March, 2013	% of shares held	Number of shares as at 31st March, 2012	% of shares held
Proficient Finstock LLP	17,769,657	9.22%	-	*
Warhol Limited	16,987,858	8.81%	16,987,858	9.55%
Proficient Trading & Investment Private Limited	-	*	14,391,740	8.09%
ICICI Prudential Life Insurance Company Limited	-	*	11,853,692	6.66%
Cummins India Limited	-	*	10,182,660	5.72%
Cummins Inc.	-	*	10,063,994	5.66%
KPIT Systems Ltd.- Employees Welfare Trust	-	*	8,994,144	5.05%

* Less than 5%

(iv) 10,025,489 equity shares (Previous Year 11,582,682) of ₹ 2/- each are reserved for issuance towards outstanding employee stock option granted (Refer note 38)

(v) Aggregate number of equity shares alloted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date - 88,971,438 (Previous Year 88,971,438)

(vi) Also refer note 26

Notes forming part of the Consolidated Financial Statements

NOTE 3 - RESERVES AND SURPLUS

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Capital Reserve			
Opening Balance	21,023,691		21,023,691
Add: Additions during the year	2,837,726		-
		23,861,417	21,023,691
Amalgamation Reserve			
Opening Balance	51,398,256		51,398,256
Add: Additions during the year	-		-
		51,398,256	51,398,256
Securities Premium Account			
Opening Balance	2,015,341,248		1,944,724,404
Add : Premium on issue of shares under ESOP scheme	81,797,340		64,346,619
Add : Amount transferred from outstanding Employees Stock Options	-		6,270,225
Add : Premium on issue of Preferential Allotment	1,594,080,000		-
Less : Share issue expenses on Preferential Allotment	43,741,841		-
		3,647,476,747	2,015,341,248
Employees Stock Options Outstanding			
Opening Balance	2,143,155		4,849,521
Add : Amotized during the year	-		3,563,859
Less : Amount transferred to Securities Premium	-		6,270,225
		2,143,155	2,143,155
General Reserve			
Opening Balance	325,885,333		428,828,209
Add : Transferred from Statement of Profit and Loss	103,052,000		75,000,000
Less: Transferred for bonus issue	-		177,942,876
Less : Adjustment under the scheme of amalgamation (Refer Note 39(6))	350,250,998		-
		78,686,335	325,885,333
Hedging Reserve			
Opening Balance	(477,263,394)		(136,241,095)
Less : Gain/(Losses) transferred to the Statement of Profit and Loss on occurence of forecasted hedge transaction	(275,456,518)		(76,899,940)
Add : Change in fair value of effective portion of outstanding cash flow hedges	(58,604,781)		(417,922,239)
		(260,411,657)	(477,263,394)
Surplus/(Deficit) in Statement of Profit and Loss			
Opening Balance	4,307,630,057		3,301,213,135
Add: Profit/(Loss) for the period	1,990,054,432		1,453,539,897
Less : Final Dividend paid	258,030		134,410
Less : Dividend Tax on final dividend paid	42,621		21,804
Less : Proposed dividend	173,533,679		124,560,013
Less : Dividend Tax on proposed dividend	28,151,501		20,206,748
Less : Amount transferred to KPIT Cummins Infosystems Limited Community Foundation Reserve	10,000,000		27,200,000
Less : Amount transferred to KPIT Cummins Technology Fund	100,000,000		100,000,000
Less : Amount transferred to KPIT Employees' Welfare Fund	100,000,000		100,000,000
Less : Amount transferred to General Reserve	103,052,000		75,000,000
		5,782,646,658	4,307,630,057
KPIT Cummins Infosystems Limited Community Foundation Reserve Account			
Opening Balance	64,370,096		40,060,871
Add : Contribution received from Employees	-		2,769,225
Add : Transferred from Statement of Profit and Loss	10,000,000		27,200,000
Less : Utilisation during the period	-		5,660,000
		74,370,096	64,370,096

Notes forming part of the Consolidated Financial Statements

NOTE 3 - RESERVES AND SURPLUS (Contd.)

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
KPIT Cummins Technology Fund			
Opening Balance	199,321,371		99,321,371
Add : Transferred from Statement of Profit and Loss	100,000,000		100,000,000
Less : Utilisation during the period	-		-
		299,321,371	199,321,371
KPIT Employees' Welfare Fund			
Opening Balance	199,839,922		100,000,000
Add : Transferred from Statement of Profit and Loss	100,000,000		100,000,000
Less : Utilisation during the period	-		160,078
		299,839,922	199,839,922
Foreign Currency Translation Reserve			
Opening Balance	58,786,176		(1,608,836)
Add : Foreign Exchange Gain/(Loss) during the year	(82,743,282)		60,395,012
		(23,957,106)	58,786,176
Total		**9,975,375,194**	**6,768,475,911**

NOTE 4 - LONG TERM BORROWINGS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Term Loans		
- From banks (Secured)		
External Commercial Borrowing (ECB) (Refer Note i below)	951,812,750	-
Other loan (Refer Note ii below)	2,505,622	-
- From other than banks (Secured) (Refer Note iii below)	41,132,311	-
- From banks (Unsecured)	462,309,050	665,034,500
(Against Corporate Guarantee issued by the holding Company) (Refer Note iv below)		
Long term maturities of finance lease obligations (Secured)	1,454,092	3,698,227
(Secured against fixed assets obtained under finance lease arrangements) (Refer Note 34(1))		
Total	**1,459,213,825**	**668,732,727**

Notes:

(i) The ECB loan is secured by pari pasu charge over Company's Land and Building located at Plot No. 35,36 & 45, MIDC area of Rajiv Gandhi Infotech Park, Phase I, Hinjawadi excluding charge over R&D Centre developed in the premises. The term loan carries interest rate of 6 months LIBOR + 300 basis points. The ECB is with the average maturity of 3.25 years, repayable in eight equal semi-annual installments, with a moratorium of 1 year.

(ii) Secured against fixed assets obtained under the loan arrangement. The loan carries interest at 10.25 % p.a. and is repayable in equated monthly installments upto August 2016.

(iii) Secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repayable in quarterly equated installments upto April 2015.

(iv) The term loan from Bank carries interest rate of 6 months LIBOR + 150 basis points and is repayable over a period of 5 years.

(v) There is no default as on the balance sheet date in repayment of loans and interest.

Notes forming part of the Consolidated Financial Statements

NOTE 5 -DEFERRED TAX

Classified on Company-wise basis

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
a. Deferred Tax Liability	-	7,739,292
b. Deferred Tax Asset	69,171,008	35,025,749
Net Deferred Tax Liability / (Asset)	**(69,171,008)**	**(27,286,457)**

Major Components of Deferred tax arising on account of timing differences

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(i) Break-up of deferred tax liabilities as at year end		
Nature of timing difference		
Provision for Depreciation	37,689,188	50,750,830
Others	-	274,352
Total	**37,689,188**	**51,025,182**
(ii) Break-up of deferred tax assets as at the year end		
Nature of timing difference		
Provision for doubtful debts and advances	61,309,873	38,597,819
Provision for leave encashment	30,137,922	28,237,685
Others	15,412,401	11,476,135
Total	**106,860,196**	**78,311,639**
(iii) Deferred Tax Liablity/(Asset) Net	**(69,171,008)**	**(27,286,457)**

NOTE 6 -OTHER LONG TERM LIABILITIES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Other than Trade Payables :		
Mark to market loss on cash flow hedges (Refer Note 30(1)(A))	820,210	261,830,555
Other Payables	-	2,153,300
Total	**820,210**	**263,983,855**

NOTE 7 - LONG- TERM PROVISIONS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Provision for employee Benefits (Refer Note 31)	137,779,108	89,021,591
Other Provisions :		
Provision for Warranty (Refer Note 37)	4,475,206	14,206,741
Total	**142,254,314**	**103,228,332**

NOTE 8 - SHORT TERM BORROWINGS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Loans Repayable on demand		
- Working Capital Loans from Banks (Secured) (Secured by hypothecation of Trade Receivables)	1,616,689,643	1,470,045,429
- Working Capital Loans from Banks (Secured) (Secured by local charge on current assets and Corporate Guarantee from KPIT Infosystems Inc.)	135,973,250	-
Other Loans and Advances		
- Term Loans from banks (Secured) (Secured by hypothecation of respective vehicle obtained under the loan arrangement)	690,584	-
Total	**1,753,353,477**	**1,470,045,429**

(i) There is no default as on the balance sheet date in repayment of loans and interest.

Notes forming part of the Consolidated Financial Statements

NOTE 9 - TRADE PAYABLES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Trade payables	1,904,036,027	1,756,537,329
Total	**1,904,036,027**	**1,756,537,329**

NOTE 10 - OTHER CURRENT LIABILITIES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Current maturities of long term debt		
- From Banks (Secured)	136,842,332	-
(Refer Note 4 (i) and 4(ii) - Term loan from banks for details of security and repayment terms)		
- From Others (Secured)	34,499,011	-
(Refer Note 4 (iii) - Term loan from other than banks for details of security and repayment terms)		
- From Banks (Unsecured)	244,751,850	153,469,500
(Refer Note 4 (iv) - Term loan from banks for repayment terms)		
- Current maturities of finance lease obligations (Refer Note34(1))	2,243,654	2,219,950
Interest Accrued and due	1,497,690	4,735,438
Interest Accrued and not due	16,509,080	-
Unearned Revenue	56,371,441	41,434,562
Unclaimed Dividend	1,838,271	1,596,487
Other Payables :		
Statutory Remittances	396,890,628	275,390,686
Payables in respect of Fixed Assets	39,654,575	120,360,852
Advances from Customer	3,326,734	103,865,633
Mark to Market Loss on cash flow hedges (Refer Note 30(1)(A))	259,591,447	215,432,839
Others (Disputed matters, etc)	65,712,787	80,378,363
Total	**1,259,729,500**	**998,884,310**

NOTE 11 - SHORT-TERM PROVISIONS

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Provision for employee benefits (Refer Note 31)		218,068,680	203,514,871
Provision others :			
For Current Tax (Net of advance tax)	357,536,979		337,222,619
Less : MAT Credit utilised	105,791,806		133,101,497
		251,745,173	204,121,122
For Fringe Benefit Tax (Net of advance tax)		4,308,120	3,538,127
Provision for Warranty (Refer Note 37)		20,129,804	4,005,400
Proposed Dividend		173,533,679	124,560,013
Tax on proposed dividend		28,151,501	20,206,748
Total		**695,936,957**	**559,946,281**

NOTE 12 : FIXED ASSETS - TANGIBLE AND INTANGIBLE ASSETS

Particulars	GROSS BLOCK						Depreciation / Amortization / Diminution						NET BLOCK	
	As at April 1, 2012	Additions on account of Acquisitions	Additions during the Year 2012-13	Adjustment on account of FE translation during the year	Deletions during the Year 2012-13	As at March 31, 2013	Up to April 1, 2012	Additions on account of Acquisitions	During the Year 2012-13	Adjustment on account of FE translation during the year	On Deletions during the year 2012-13	Up to March 31, 2013	As on March 31, 2013	As on March 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
A. TANGIBLE ASSETS														
Land (Leasehold)	255,823,288	-	21,822,582	24,502	-	277,670,372	3,825,089	-	7,149,962	(1,104)	-	10,973,947	266,696,425	251,998,199
Building	676,926,562	-	8,308,794	89,996	-	685,325,352	225,895,741	-	50,141,510	14,266	-	276,051,517	409,273,835	451,030,821
Plant and Equipment	751,678,111	-	260,025,388	9,352,583	53,574,368	967,481,714	499,132,866	-	131,541,362	5,277,740	52,872,783	583,079,185	384,402,529	252,545,245
Furniture and Fixtures	303,648,780	-	15,247,157	708,783	(2,209,020)	321,813,740	186,386,783	-	36,874,504	88,466	(2,236,112)	225,585,865	96,227,875	117,261,997
Vehicles														
- Lease / Hire Purchase (Refer Note 34(i))	13,005,671	-	-	34,358	1,807,312	11,232,717	4,543,386	-	3,572,346	34,374	1,807,311	6,342,795	4,889,922	8,462,285
- Owned	10,323,781	-	6,417,932	-	-	16,741,713	6,471,765	-	1,232,126	-	-	7,703,891	9,037,822	3,852,016
Offfice Equipment	513,194,634	-	24,011,024	101,759	13,735,269	523,572,148	266,448,098	-	55,290,247	46,707	10,958,240	310,826,812	212,745,336	246,746,536
Leasehold Improvement	13,666,658	-	-	-	-	13,666,658	6,736,128	-	5,259,537	-	-	11,995,665	1,670,993	6,930,530
TOTAL TANGIBLE ASSETS	**2,538,267,485**	**-**	**335,832,877**	**10,311,981**	**66,907,929**	**2,817,504,414**	**1,199,439,856**	**-**	**291,061,594**	**5,460,449**	**63,402,222**	**1,432,559,677**	**1,384,944,737**	**1,338,827,629**
Previous Year	**1,842,336,618**	**118,490,313**	**616,885,290**	**6,545,562**	**45,990,298**	**2,538,267,485**	**951,530,524**	**63,887,773**	**222,138,962**	**4,717,909**	**42,835,312**	**1,199,439,856**	**1,338,827,629**	**890,806,094**
B. INTANGIBLE ASSETS														
Internally Generated Intangible Assets														
- Product Development Cost	255,410,921	-	31,276,260	-	-	286,687,181	85,155,866	-	43,608,153	-	-	128,764,019	157,923,162	170,255,055
Other Than Internally Generated Intangible Assets														
- Goodwill (Refer Note i below)	111,044,754	-	38,958,216	-	-	150,002,970	100,335,224	-	11,012,051	(812,719)	-	110,534,556	39,468,414	10,709,530
- Product Development Cost	21,603,981	-	-	-	-	21,603,981	21,603,981	-	-	-	-	21,603,981	-	-
- Rights to render Business Process Outsourcing Services	206,731,603	-	-	-	-	206,731,603	206,731,603	-	-	-	-	206,731,603	-	-
- Software	689,322,544	-	157,858,538	364,672	(5,115,616)	852,661,370	541,478,494	-	125,823,952	345,561	(5,115,616)	672,763,623	179,897,747	147,844,050
TOTAL INTANGIBLE ASSETS	**1,284,113,803**	**-**	**228,093,014**	**364,672**	**(5,115,616)**	**1,517,687,105**	**955,305,168**	**-**	**180,444,156**	**(467,158)**	**(5,115,616)**	**1,140,397,782**	**377,289,323**	**328,808,635**
Previous Year	**1,099,032,482**	**13,686,874**	**176,036,493**	**4,173,583**	**8,815,629**	**1,284,113,803**	**726,521,710**	**7,271,308**	**222,718,475**	**4,170,533**	**5,376,858**	**955,305,168**	**328,808,635**	

Note :

(i) Depreciation / Amortization / Diminution during the year includes ₹ 5,385,362/- (Previous Year ₹ Nil) on account of goodwill written off for business acquired from Seven Hills Business Solutions Ltd.

(ii) Deletions and Depreciation on deletions include adjustments made for correcting wrong classification of assets made in earlier years:

	₹
Furniture and Fixtures	2,302,036
Office Equipment	(7,417,652)
Software	5,115,616
	-

Notes forming part of the Consolidated Financial Statements

NOTE 13- NON CURRENT INVESTMENTS

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
TRADE (UNQUOTED)			
Investments in Equity Instruments of Associate (At Cost)			
Investment in GAIA System Solution Inc.	94,477,426		99,910,249
550 (Previous Year 550) Equity shares at par fully paid up			
Less : Provision for diminution in value of investment	94,477,426		-
(Includes ₹ 117,693,356 (Previous Year ₹ 117,693,356) of goodwill arising on acquisition of associate.) (Refer Note 1 (1.1) (e) and note below)		-	99,910,249
Investments in Equity Instruments of Other Entities (At Cost)			
Investment in Sankalp Semiconductors Pvt Ltd.		117,554,370	117,554,370
771,000 (Previous Year 771,000) shares of ₹ 2 each fully paid up			
Investment in shares of Findant Inc.			
A company incorporated in USA			
1,651,179 (Previous Year 1,651,179) Equity shares at par	17,431,829		17,431,829
Less: Provision for diminution in the value of investments	17,431,829		17,431,829
		-	-
Total		**117,554,370**	**217,464,619**

Note :
The goodwill is higher than the cost of acquisition as GAIA System Solutions Inc. had a negative net worth as on the date of acquisition

NOTE 14 - LONG TERM LOANS AND ADVANCES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured, considered good unless otherwise stated)		
Loans and advances to related parties (Refer Note 33)		
Loan to KPIT Systems Ltd. Employee Welfare Trust	388,763,433	380,759,353
Loans and advances to other than related parties		
Capital Advances	68,208	3,572,413
Security Deposits	147,974,599	84,455,332
Other loans and advances		
- Advance payments against taxes (Net)	491,730,370	190,959,097
- Fringe benefit tax paid in excess of provision (Net)	3,791,061	3,948,310
- MAT Credit Entitlement	65,647,076	-
- Balances with government authorities	34,720,450	18,261,484
- Prepaid Expenses	21,886,591	21,654,563
Total	**1,154,581,788**	**703,610,552**

NOTE 15 -OTHER NON CURRENT ASSETS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured, considered good unless otherwise stated)		
Others :		
Balance in Group Gratuity Trust Account	13,362,848	12,244,464
Fixed Deposits under lien	15,011,361	21,057,356
Other Fixed Deposits	2,483,108	-
Interest Accrued on fixed deposits	1,013,733	1,043,341
Total	**31,871,050**	**34,345,161**

Notes forming part of the Consolidated Financial Statements

NOTE 16 -CURRENT INVESTMENTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Investments in Mutual funds (Unquoted) (Non Trade)		
(At cost or market value whichever is lower)		
855,486 units (Previous Year 799,374 units) - Birla Sun Life Savings Fund - Regular Plan - Daily Dividend	85,629,659	79,991,747
912,196 units (Previous Year 851,715 units) - Birla Sun Life Short Term Fund - Regular Plan - Daily Dividend	91,269,794	85,218,317
2,789,102 units (Previous Year Nil units) Birla Sun Life Cash Plus Daily Dividend- Regular Plan	279,454,066	-
14,154,921 units (Previous Year 14,069,709 units) - HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	150,566,949	141,140,290
27,417,144 units (Previous Year Nil units) - HDFC Liquid Fund - Dividend Daily Reinvest	279,605,515	-
261,239 units (Previous Year 11,369 units) - Axis Liquid Fund - Daily Dividend	261,267,979	11,370,501
48,506 units (Previous Year 4,512,079 units) - IDFC Cash Fund - Daily Dividend - Regular Plan	48,517,631	45,437,980
182,799 units (Previous Year Nil units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option	279,452,500	-
278,668 units (Previous Year Nil units) S.B.I. Premier Liquid Fund - Regular Plan - Daily Dividend	279,574,012	-
276,348 units (Previous Year Nil units) Kotak Floater Short Term- Daily Dividend Reinvestment	279,559,205	-
Mutual Funds at KPIT Infosystems France SAS, France	1,566,055	1,538,954
Total	**2,036,463,365**	**364,697,789**

NOTE 17 -TRADE RECEIVABLES

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured unless otherwise stated)		
1) Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered Good	32,428,931	120,673,481
Considered Doubtful	178,342,132	274,364,588
	210,771,063	395,038,069
2) Other Trade receivable:		
Considered Good	4,640,373,887	4,111,897,376
Considered Doubtful	8,897,382	2,566,099
	4,649,271,269	4,114,463,475
Less: Provision for Doubtful Debts	187,239,514	276,930,687
Total	**4,672,802,818**	**4,232,570,857**

NOTE 18 - CASH AND CASH EQUIVALENTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Cash on hand	173,371	286,993
Cheques in hand	33,909,779	9,674,511
Balances with banks -		
- In Current Account	1,541,821,949	1,412,253,201
- In Deposit Account	343,048,427	49,170,276
- In Unpaid Dividend Account	1,994,783	1,596,487
Total	**1,920,948,309**	**1,472,981,468**
Out of the above, the balance that meet the definition of Cash & Cash equivalents as per AS 3 - Cash Flow Statements is	1,893,102,447	1,466,609,634

Notes forming part of the Consolidated Financial Statements

NOTE 19 - SHORT TERM LOANS AND ADVANCES

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(Unsecured, considered good unless otherwise stated)			
Other loans and advances			
Employee Advances			
- Considered good	53,594,340		78,676,230
- Considered doubtful	3,500,000		10,872,101
	57,094,340		89,548,331
Less: Provision for doubtful advances	3,500,000		10,872,101
		53,594,340	78,676,230
Prepaid Expenses		114,589,256	126,847,483
Balances with Government Authorities		64,315,379	89,186,833
Other Receivables from Customers, etc.		151,301,940	19,839,130
Security Deposits		20,114,522	84,452,168
Claims Recoverable		-	8,592,305
Advance to Suppliers		40,621,232	41,929,048
MAT Credit Entitlement		-	131,489,814
Advance against other commitments		148,935,002	-
Total		**593,471,671**	**581,013,011**

NOTE 20 - OTHER CURRENT ASSETS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Unbilled revenue	817,625,383	162,909,073
Interest Accrued on fixed deposits	530,898	666,855
Others (Includes balances with bank held as margin money, etc.)	4,944,291	-
Total	**823,100,572**	**163,575,928**

NOTE 21 - REVENUE FROM OPERATIONS

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Income from Software Services	22,386,283,394	15,000,117,845
Total	**22,386,283,394**	**15,000,117,845**

NOTE 22 - OTHER INCOME

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Interest income	17,913,960	17,190,850
Dividend income from Current Investments (Non Trade)	54,263,116	37,039,682
Sundry Credit balances no longer required written back (Net)	-	2,639,514
Foreign exchange gain (net)	-	77,605,724
Other Non Operating Income (net of expenses directly attributable to such income) (including miscellaneous income)	45,204,521	3,761,400
Total	**117,381,597**	**138,237,170**

Notes forming part of the Consolidated Financial Statements

NOTE 23 - EMPLOYEE BENEFIT EXPENSE

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Salaries and wages	11,228,462,292	7,558,729,643
Contribution to provident and other funds (Refer Note 31)	137,211,343	113,836,443
Expense on Employee Stock Option Schemes (Refer Note 38)	-	3,563,859
Staff welfare expenses	42,388,424	41,707,185
Total	**11,408,062,059**	**7,717,837,130**

NOTE 24 - FINANCE COSTS

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Interest expense	139,930,165	62,952,168
Net (gain)/loss on foreign currency transactions and translations (considered as finance costs)	1,582,250	10,286,043
Total	**141,512,415**	**73,238,211**

NOTE 25 - OTHER EXPENSES

	₹	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Travel and overseas expenses (Net)		912,959,455	714,524,485
Travelling and conveyance		160,224,903	102,259,712
Cost of service delivery (Net)		355,860,043	400,476,295
Cost of Professional Sub-contracting (Net)		3,959,890,934	2,582,742,553
Recruitment and Training expenses		86,793,622	60,492,602
Power and fuel		93,933,103	72,643,921
Rent		229,224,106	166,188,147
Repairs and maintenance -			
Buildings	5,022,995		2,699,598
Machinery	114,727,631		104,664,100
Others	38,700,919		29,340,218
		158,451,545	136,703,916
Insurance		90,768,172	44,860,471
Rates & Taxes		12,426,190	10,433,673
Communication expenses (Net)		140,458,689	86,879,451
Professional and legal expenses		197,495,468	129,420,762
Marketing Expenses		544,938,735	375,781,353
Foreign exchange loss (Net)		285,521,710	-
Printing & Stationery		11,793,939	10,874,838
Auditors Remuneration (Net of Service Tax)			
- Audit fees	6,200,000		6,700,000
(Includes ₹ Nil (Previous Year ₹ 500,000) in respect to earlier year)			
- Fees for other services	780,000		590,000
- Taxation matters	2,605,229		575,000
- Other Matters	3,000,000		3,159,825
- Out of pocket expenses reimbursed	420,131		315,206
		13,005,360	11,340,031
Bad debts written off		208,299,608	38,133,551
Provision for doubtful debts and advances (Net)		(88,641,285)	29,600,870
Loss on sale of fixed assets (Net)		653,681	551,155
Miscellaneous expenses (Net)		248,244,263	142,617,632
Total		**7,622,302,241**	**5,116,525,418**

Notes forming part of the Consolidated Financial Statements

26. The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 173,533,679/- i.e ₹ 0.90 per share. (Previous Year – ₹ 124,560,013/- i.e. ₹ 0.70 per share). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

27. As at 31st March, 2013 the Company has received an amount of ₹ 1,410,211/- (Previous Year ₹ 1,053,845) towards share application money for 32,898 shares (Previous Year 34,016 shares) at a premium of ₹ 869,636/- (Previous Year ₹ 985,813/-). The share application money was received for proposed issue under the Employee Stock Option Plan of 2004 and 2006 at fair market value. The Company has sufficient authorized share capital to cover the allotment of these shares.

28. Contingent Liabilities and Commitments:

(i) Contingent Liabilities:

Sr. No.	Particulars	FY 2012-13	FY 2011-12
1	Outstanding Bank Guarantees in routine course of business	142,290,751	41,936,985
2	Income tax matters (Refer (a) below)	66,793,419	24,642,166
3	VAT matters (Refer (b) below)	4,741,566	27,673,199
4	Service Tax matters (Refer (c) below)	399,575,581	NIL

a. Income tax Matters

AY 2005-2006

This relates to erstwhile KPIT Cummins Infosystems (Bangalore) Private Ltd which has been merged with the Company with effect from 1st April, 2007.

The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT),Bangalore,against an order dated December 17, 2007 from Assistant Commissioner of Income Tax for a demand of ₹ 3,055,945/-

AY 2006-07

- This relates to the case of erstwhile KPIT Cummins Infosystems (Bangalore) Pvt Ltd (KPIT Bangalore). which has been merged with the Company effective 1st April 2007.

  The Company has filed an appeal on 2nd November 2011,with the Income Tax Appellate Tribunal (ITAT),Bangalore against an order dated 28th July,2011 from Commissioner of Income Tax (Appeals)-I,Bangalore.The total demand raised is ₹ 5,903,204/- vide this order,which is adjusted against refund for subsequent year i.e , A.Y.2007-08.

- This relates to the cases of erstwhile SYSTIME Computer Systems Limited, which has been merged with the Company, SYSTIME Global Solutions Private Limited, with effect from April 2008-2009.

  The Company has received notice of demand u/s 156 of the Income Tax Act, 1961 for ₹ 756,209 dated 3rd February, 2010 against which the Company had filed a rectification application with the Assistant Commissioner of Income Tax, Mumbai.

AY 2007-08

- This relates to erstwhile KPIT Cummins Infosystems (Bangalore) Private Ltd which has been merged with the Company with effect from 1st April 2007.

  The Company is proposing to file an appeal with the Commissioner of Income Tax (Appeals),Bangalore, against an order from Assistant Commissioner of Income Tax,Circle11(1),Pune for a demand of ₹ 4,025,020/-

- This relates to the cases of erstwhile SYSTIME Computer Systems Limited, which has been merged with the company, SYSTIME Global Solutions Private Limited, with effect from April 2008-2009.

  The Company has received notice of demand u/s 156 of the Income Tax Act,1961 for ₹ 649,450 dated 6th May, 2009 against which the Company has filed a rectification application on 5th February 2010 with the Assistant Commissioner of Income Tax, Mumbai.

AY 2008-09

This relates to the cases of erstwhile KPIT Cummins Global Business Solutions Ltd. which has been merged with the Company effective 1st March, 2011.

The Company has filed an appeal on 24th January,2013 with the Income Tax Appellate Tribunal (ITAT) against the draft assessment order passed by Dispute Resolution Panel, Pune for proposed demand of ₹ 20,407,386/-.

Notes forming part of the Consolidated Financial Statements

AY 2009-10

- This relates to KPIT Cummins Infosystems Ltd.

  The company has received the Draft Assessment Order from Assistant Commissioner Of Income Tax Circle 11(1) proposing an increase in the taxable income as per normal provisions of the Income Tax Act,1961 by ₹ 8,448,450/-. The Company has computed a reduction of ₹ 2,871,630 (tax thereon) in its MAT Credit, as a result of the said Draft Assessment Order.

  Company proposes to file an appeal with Dispute Resolution Panel.

- This relates to the cases of erstwhile KPIT Cummins Global Business Solutions Ltd. which has been merged with the Company effective 1st March, 2011.

  The Company has received the Draft Assessment Order passed by Assistant Commissioner Of Income Tax Circle11(1) order on 1st April, 2013. The contingent liability in respect of this order is ₹ 29,124,575/- (net of provision)

  Company proposes to file an appeal with Dispute Resolution Panel.

b. VAT

FY 2011-12

The Company has received a demand notice of ₹ 4,741,566/- from the Deputy Commissioner of Commercial Taxes disallowing VAT input credit. The Company has filed an appeal with the Joint Commissioner of Commercial Taxes (Appeal) – 4 on 24th January 2013.

c. Service Tax Case

- This relates to KPIT Cummins Infosystems Ltd.

  The Company has received a show cause cum demand notice from Commissioner of Central Excise & Service Tax, Pune I for the period October 2006 to December 2011 demanding service tax relating to :

- ₹ 172,961,546/- towards Service Tax on the amount received by branches from overseas clients on behalf of the Company,under the head ‘Business Auxiliary Services’
- ₹ 136,644,081/- towards the amount of expenditure made in foreign currency in respect of category II and III services.

  The Company has filed an Appeal in the Mumbai Tribunal.

- This relates to SYSTIME Global Solutions Private Ltd.

  The Company has received a show cause cum demand notice from Directorate General of Central Excise Intelligence Mumbai for the period October 2006 to September 2010 challenging the correctness of service tax input credit availed and correctness of discharge of service tax liability.

  The contingent liability in respect of this notice is ₹ 89,969,954/-

(ii) Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for:-

a. Tangible Assets – ₹ 93,346,862/- (Previous Year ₹ 64,871,506/-)

b. Intangible Assets – ₹ 3,536,853/- (Previous Year ₹ 45,168,548/-)

(iii) Other Commitments:

Based on the deals already entered by the Company, the balance payout based on performance and other considerations would be approximately ₹ 1,351,760,000/-.

29. Particulars of loans and advances in nature of loans required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the listing agreement.

Name of party	FY 2012-13		FY 2011-12	
	Balance	Maximum amount outstanding	Balance	Maximum amount outstanding
KPIT Systems Ltd. Employee Welfare Trust	388,763,431	388,763,433	380,759,353	383,991,353
Sankalp Semiconductor Pvt. Ltd.	26,728,392	26,728,392	NIL	NIL

30. (1) Details of Derivative Instruments (for hedging)

A) Cash Flow hedges: In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into Derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company’s foreign currency contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments and highly probable forecast transactions. The Management has assessed the effectiveness of its hedging contracts outstanding as on March 31, 2013 as required by AS-30 and accordingly the MTM loss of ₹ 260,411,657/- (Previous year ₹ 477,263,394/-)is recognized in the Hedging Reserve. Further the assessment of effectiveness as performed by the management of the Company is also confirmed by an independent expert.

Notes forming part of the Consolidated Financial Statements

B) The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges as on March 31, 2013:

Type of cover	Amount outstanding at year end in Foreign currency	Fair Value Gain/(Loss)	Amount outstanding at year end in ₹	Exposure to Buy / Sell
Forward	EUR 6,900,000	(14,627,505)	484,742,565	Sell
	EUR [14,250,000]	[(37,947,607)]	[986,939,315]	
Forward	USD 69,760,000	(291,916,067)	3,632,201,200	Sell
	USD [125,150,000]	[(478,445,150)]	[6,184,051,400]	
Forward	GBP 3,000,000	16,834,107	238,910,000	Sell
	GBP [6,150,000]	[43,170,910]	[485,263,125]	

The forward contracts entered have maturity between 30 days to 1 year from the Balance Sheet date.

(2) Details of foreign currency exposures those are not hedged by a derivative instrument or otherwise:

Particulars	FY 2012-2013		FY 2011-2012	
	Amount in Foreign Currency	Equivalent amount in ₹	Amount in Foreign Currency	Equivalent amount in ₹
Trade Payables including payables for purchase of fixed assets				
AUD	13,471	760,519	43,754	2,301,460
CAD	355,093	18,962,215	12,522	605,252
CHF	NIL	NIL	672	37,876
EUR	140,416	9,765,093	100,465	6,865,812
GBP	380,412	31,315,858	13,400	1,096,109
JPY	1,024,900	591,982	622,094	388,373
MYR	34,995	626,061	NIL	NIL
NZD	285	12,785	NIL	NIL
SEK	12,790	106,487	NIL	NIL
SGD	9,632	421,082	53,524	2,162,370
USD	1,248,068	67,881,551	2,166,198	110,815,102
PLN	6,022	100,298	NIL	NIL
Trade Receivables				
AED	NIL	NIL	16,525	228,855
AUD	323,144	18,243,418	208,558	10,970,169
CAD	85,550	4,568,430	213,767	10,891,192
CHF	4,657	266,134	NIL	NIL
EUR	NIL	NIL	NIL	NIL
JPY	NIL	NIL	NIL	NIL
NZD	22,191	1,008,137	12,828	546,890
SGD	39,879	1,743,390	54,451	2,199,820
PCFC Loans				
EURO	2,400,025	166,908,598	1,769,112	120,901,645
USD	26,654,995	1,449,781,045	25,004,521	1,279,143,779
EEFC Accounts				
EUR	230,236	16,011,503	1,365,715	93,333,391
GBP	95,698	7,877,922	87,195	7,132,511
PLN	NIL	NIL	2,481	39,329
USD	3,701,090	201,299,766	2,491,594	127,298,655
Bank Deposits				
GBP	76,117	6,265,999	76,101	6,225,036
External Commercial Borrowings HSBC Bank -				
USD	20,000,000	1,087,786,000	NIL	NIL

Notes forming part of the Consolidated Financial Statements

31. Details of Employee benefits as required by Accounting Standard 15 (Revised) Employee benefits are as under:

1. Defined Contribution Plan – Provident Fund

   Amount recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 137,211,343/- (Previous Year ₹ 113,836,443/-)

2. Defined Benefit Plan

   i) Actuarial gains and losses in respect of defined benefit plans are recognized in the Statement of Profit and Loss.

   ii) The defined benefit plans comprises of gratuity.

Gratuity is a benefit to an employee based on 15 days of last drawn salary for each completed year of service.

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :-

Particulars	**FY 2012-13**	**FY 2011-12**
Present value of defined benefit obligation at the beginning of the year	92,121,476	51,231,660
Add : Liabilities added on acquisition of SYSTIME	-	26,731,581
Current Service cost	19,605,943	27,273,445
Interest cost	7,869,457	6,369,191
Actuarial loss / (Gain)	21,290,626	(2,568,042)
Benefits paid	(16,333,544)	(16,916,359)
Present Value of defined benefit obligation at the end of the year	124,553,958	92,121,476

Analysis of defined benefit obligation	**FY 2012-13**	**FY 2011-12**
Present value of obligation as at the end of the year	124,553,958	92,121,476
Fair Value of Plan Assets at the end of the year	-	-
Net (Asset) / Liability recognized in the Balance Sheet at 31st March 2013.	124,553,958	92,121,476

Components of employer expenses recognized in the statement of Profit and Loss	**FY 2012-13**	**FY 2011-12**
Current Service cost	19,605,943	27,273,445
Interest cost	7,869,457	6,369,191
Actuarial loss / (Gain)	21,290,626	(2,568,042)
Expected return on plan assets	-	-
Expenses recognized in the Statement of Profit and Loss	48,766,026	31,074,594

Assumptions:	**FY 2012-13**	**FY 2011-12**
For Sparta Infotech India Pvt. Ltd.		
Discount rate	8.00%	8.50%
Salary Escalation	5.50%	6.00%
For SYSTIME Global Solutions Pvt. Ltd.		
Discount rate	8.00%	8.75%
Salary Escalation	5.00%	5.00%
For Impact Automotive Solutions Ltd.		
Discount Rate	8.25%	0.00%
Salary Escalation	5.00%	0.00%
KPIT Cummins Infosystems Ltd.		
Discount rate	8.25%	8.50%
Salary Escalation	5.00%	5.00%

a. The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated terms of the obligations.

b. Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustments on plan assets & liabilities

	Year Ended March 31,			
	2013	**2012**	**2011**	**2010**
Defined benefit obligation	124,553,958	92,121,476	51,231,660	41,697,354
Plan Assets	-	-	-	-
Surplus / (Deficit)	(124,553,958)	(92,121,476)	(51,231,660)	(41,697,354)
Experience adjustments on plan liabilities (Gain) / Loss	9,800,959	(10,827,636)	3,825,998	(6,173,621)
Experience adjustments on plan assets (Gain) / Loss	-	-	-	-

Notes forming part of the Consolidated Financial Statements

32. Segment Information

The Company is engaged in providing software and IT enabled services globally. The Company has identified geographical segments as its primary segment and business segments as its secondary segment. The information on geographical segments is given below:-

A) Primary segment - Geographical segments

Segment information is based on geographical location of customers.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses incurred in India on behalf of other segments which are not directly identifiable to each reportable segment have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

	March 31, 2013				March 31, 2012			
	USA ₹	UK & Europe ₹	Rest of World ₹	Total ₹	USA ₹	UK & Europe ₹	Rest of World ₹	Total ₹
a) Segment Revenue								
Revenue from External customers	16,995,128,766	2,899,636,198	2,491,518,430	22,386,283,394	10,434,650,238	2,729,569,902	1,835,897,705	15,000,117,845
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Segment Revenue	16,995,128,766	2,899,636,198	2,491,518,430	22,386,283,394	10,434,650,238	2,729,569,902	1,835,897,705	15,000,117,845
b) Segment Results	4,569,820,432	987,162,367	539,715,637	6,096,698,436	2,560,619,266	1,011,329,771	380,485,962	3,952,434,999
Unallocated Corporate expenses (Net)				(3,167,080,571)				(2,147,530,501)
Finance Cost				(141,512,415)				(73,238,211)
Interest income				17,913,960				17,190,850
Dividend income				54,263,116				37,039,682
Exceptional Items				(13,049,034)				100,451,233
Profit / (Loss) before tax				2,847,233,492				1,886,348,052
Tax Expense				(765,604,823)				(436,682,119)
Profit/ (Loss) after Tax				2,081,628,669				1,449,665,933
c) Segment Assets	4,036,508,074	776,121,252	677,798,875	5,490,428,201	3,128,968,508	698,327,858	568,183,564	4,395,479,930
Unallocated Segment Assets				1,058,884,014 *				879,875,051 *
Unallocated Corporate Assets				11,298,689,935				8,005,163,866
Total Assets				17,848,002,150				13,280,518,847
d) Segment Liabilities	39,697,262	1,905,987	18,094,926	59,698,175	100,900,759	15,123,641	29,275,795	145,300,195
Unallocated Segment Liabilities				2,324,143,400 *				2,185,389,022 *
Unallocated Corporate Liabilities				5,103,154,983				3,825,467,967
Total Liabilities				7,486,996,558				6,156,157,184
e) Cost incurred during the period to acquire Segment fixed assets				585,906,474 #				123,515,861 #
f) Depreciation/ Amortisation/ Diminution				471,505,750 #				444,857,437 #
g) Non-cash expenses other than depreciation/amortisation/diminution				94,477,426 #				29,600,870 #

B) Secondary segment - Business segments

	March 31, 2013					March 31, 2012				
	Auto ₹	IES ₹	SAP ₹	Others ₹	Total ₹	Auto ₹	IES ₹	SAP ₹	Others ₹	Total ₹
a) Segment Revenue	5,400,151,715	9,966,771,605	6,453,942,456	565,417,618	22,386,283,394	3,885,030,522	6,007,547,197	4,720,537,086	387,003,040	15,000,117,845
b) Segment Assets	-	-	-	-	6,549,312,215 *	-	-	-	-	5,275,354,981 *

* These segment assets and liabilities are not identifiable separately to any reportable segment as these are used interchangeably between segments.

\# The cost incurred during the year to acquire Segment fixed assets, Depreciation/Amortisation/Diminution and non-cash expenses are not attributable to any reportable segment.

Notes forming part of the Consolidated Financial Statements

33. Related Party Disclosure:

A. Name of the related party and nature of relationship where control exists:

Relationship	Name of related party
None	

B. List of other related parties with whom there are transactions in the current year:

Associate Company	GAIA System Solution Inc
Joint Venture	Impact Automotive Solutions Ltd. (Jointly controlled entity)
Key Management Personnel (KMP)	Mr. S.B.(Ravi) Pandit
	Mr. Kishor Patil
	Mr. Sachin Tikekar (From 20.10.2011) Mr. Girish Wardadkar (Till 25.04.2011)
Relative of KMP	Mr. Chinmay Pandit
	Mrs. Jayada Pandit
Enterprise over which KMP has significant influence	KP Corporate Solutions Ltd. Kirtane & Pandit (Chartered Accountants) KPIT Cummins Infosystems Ltd.- Employee Welfare Trust.

c. Transactions with Related Parties:

Sr. No.	Name of Related Party	FY 2012-2013		FY 2011-2012	
		Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2012 Debit/(Credit) (₹)
1.	**Mr. S. B. (Ravi) Pandit**				
	Management services fees	17,402,177	NIL	11,433,582	(1,414,249)
	Reimbursement of expenses	639,577	NIL	1,889,170	(83,538)
2.	**Mr. Kishor Patil**				
	Salary	9,108,467	NIL	8,357,365	NIL
	Reimbursement of Expenses	4,880,837	(22,879)	3,106,106	(102,248)
3.	**Mr. Sachin Tikekar (From 20.10.2011)**				
	Salary	8,637,181	NIL	3,542,356	NIL
	Reimbursement of Expenses	3,213,864	NIL	1,552,852	NIL
4.	**Mr. Girish Wardadkar (till 25.04.2011)**				
	Salary	NIL	NIL	2,216,895	NIL
	Advance	NIL	NIL	19,074,022	NIL
	Reimbursement of Expenses	NIL	NIL	2,746	NIL
5.	**Mr. Chinmay Pandit**				
	Salary	2,399,678	NIL	2,112,709	NIL
	Reimbursement of Expenses	437,995	NIL	234,079	NIL
6.	**Mrs. Jayada Pandit**				
	Salary	1,403,983	NIL	1,167,208	NIL
	Reimbursement of Expenses	47,999	NIL	27,223	NIL
7.	**KP Corporate Solutions Ltd.**				
	Sales	3,932,600	NIL	4,631,237	12,576
	Professional Expenses	910,049	(99,136)	783,334	NIL
8.	**Kirtane & Pandit Chartered Accountants**				
	Sales	NIL	NIL	361,390	61,217
	Reimbursement of expenses	NIL	NIL	84,290	NIL
	Professional Fees	291,850	NIL	226,115	5,329
9.	**GAIA System Solution Inc.**				
	Investment in Equity	NIL	98,151,970	98,151,970	98,151,970
	Sales	25,229,567	19,554,527	NIL	NIL

Notes forming part of the Consolidated Financial Statements

Sr. No.	Name of Related Party	FY 2012-2013		FY 2011-2012	
		Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2012 Debit/(Credit) (₹)
10.	**KPIT Systems Ltd. Employee Welfare Trust**				
	Loan for rendering services to the employees for assistance in medical, housing and purchase of KPIT shares for ESOS, 1998.	8,004,078	388,763,433	232,000	380,759,353
	Principal Loan Repayment	NIL	NIL	3,232,000	NIL

Notes:

1. Managerial remuneration excludes provision for gratuity as separate actuarial valuation for the directors is not available.

34. Lease Transactions

1) **Finance lease:**

The Company has taken Vehicles under Finance Lease for a period ranging from 3 to 4 years. Upon payment of all sums due towards the agreement, the Company has the option of acquiring the Vehicles. During the lease period, the Company can neither sell, assign, sublet, pledge, mortgage, charge, encumber or part with possession of the assets, nor create or allow to create any lien on the Vehicles taken on Lease.

Reconciliation between future minimum lease payments and their present values under finance lease as at March 31, 2013 is as follows.

Particulars	FY 2012-13	FY 2011-12
Minimum lease Payments		
- Not later than one year	2,496,324	2,687,258
- Later than one year and not later than five years	1,503,217	4,038,593
- Later than five years	NIL	NIL
Total minimum lease Payments	**3,999,541**	**6,725,851**
Amount representing future Interest	301,795	807,674
Present value of minimum lease Payments	**3,697,746**	**5,918,177**
- Not later than one year	2,243,654	2,219,950
- Later than one year and not later than five years	1,454,092	3,698,227
- Later than five years	NIL	NIL

2) Operating lease :

Obligations towards non-cancellable operating Leases:-

The Company has taken facilities and office premises on lease. The future lease payments for these facilities are as under:

Particulars	FY 2012-13	FY 2011-12
Minimum lease payments		
- Not Later than one year	147,376,735	130,137,240
- Later than one year and not later than five years	186,574,577	241,931,548
- Later than 5 years	NIL	NIL
Total	**333,951,312**	**372,068,788**

Rental expenses of ₹ 229,224,106/- (Previous year ₹ 166,188,147/-) in respect of obligation under operating leases have been recognised in the Statement of Profit and Loss.

Notes forming part of the Consolidated Financial Statements

35. Basic and Diluted Earnings per Share

Particulars		FY 2012-13	FY 2011-12
Nominal value per Equity share	₹	2.00	2.00
Profit for the period	₹	1,990,054,432	1,453,539,897
Profit attributable to equity shareholders	₹	1,990,054,432	1,453,539,897
Weighted average number of equity shares	No. of Shares	183,189,306	177,392,050
Earnings Per Share - Basic	₹	10.86	8.19
Dilutive number of shares			
ESOP outstanding as at the year end	No. of shares	5,289,875	2,546,357
Weighted average number of diluted equity shares	No. of shares	188,479,181	179,938,407
Earnings per share - Diluted	₹	10.56	8.08

36. Disclosure of interest in joint venture as per AS 27:

The Company has the following joint ventures as on 31st March, 2013 and its percentage holding is given below:

% voting power held

Sr. No.	Name of the Company	Country of Incorporation	As at March 31, 2013	As at March 31, 2012
1.	Impact Automotive Solutions Ltd. (JV with Bharat Forge Ltd.)	India	50%	50%

The proportionate share of assets, liabilities, income, expenditure, contingent liabilities and capital commitment of the above joint venture company are given below:

Particulars	As at March 31, 2013	As at March 31, 2012
RESERVES & SURPLUS	(37,552,636)	(10,570,905)
Current Liabilities		
(a) Trade Payables	676,035	20,316
(b) Other Current Liabilities	2,583,632	6,058,300
(c) Short Term Provisions	42,708	NIL
(d) Long Term Provisions	14,330	NIL
TOTAL LIABILITIES	**3,316,705**	**6,078,616**
Non-Current Assets		
(a) Fixed Assets	31,235,976	23,069,606
(b) Long-Term Loans and Advances	12,089,885	6,471,098
Current Assets		
(a) Inventories	8,391,249	18,136
(b) Trade Receivables	25,367	NIL
(c) Cash and Cash Equivalents	12,656,259	10,503,400
(d) Short-term Loans and Advances	415,333	4,495,471
(e) Other Current Assets	NIL	NIL
TOTAL ASSETS	**64,814,069**	**44,557,711**

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operation	90,112	NIL
Other Income	1,947,012	594,908
TOTAL REVENUE	**2,037,124**	**594,908**
Expenses :		
Cost of Material Consumed	2,462,615	NIL
Depreciation and Amortization Expense	5,723,806	9,185
Employee Benefit Expenses	2,776,968	NIL
Other Expenses	18,130,966	10,839,429
Tax Expense	75,500	NIL
TOTAL EXPENSES	**29,169,855**	**10,848,614**
Contingent Liabilities	NIL	NIL
Capital Commitments	438,818	942,892

Notes forming part of the Consolidated Financial Statements

37. Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29)

Warranty Provision:

The Company has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract, from the date of sale of license of software to Tier I suppliers. The movement in the said provision is as under:

Particulars	FY 2012-13	FY 2011-12
Carrying Amount as at the beginning of the year	18,212,141	8,171,000
Additional provision made during the year	24,605,010	18,212,141
Amount Paid/Utilized during the year	18,212,141	8,171,000
Unused amount Reversed during the year	NIL	NIL
Carrying amount at the end of the year	24,605,010	18,212,141

38. Stock Option Plans

1. Employee Stock Option Scheme (ESOS) – 1998 (through Employee Welfare Trust)

The ESOS was approved by the Board of Directors of the Company on November 23, 1998 and thereafter by the shareholders on November 30, 1998. A compensation committee comprising of independent directors of the Company administers the ESOS Plan. Each option carries with it the right to purchase one hundred equity share of the Company. All options have been granted at a pre-determined rate of ₹ 2.5 per share.

Number of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2012-13	FY 2011-12
Options granted, beginning of the year	500	590
Granted during the year	-	250
Exercised during the year	-	737.5
Cancelled / lapsed during the year	-	(397.5)
Options granted, end of year	500	500

2. Employee Stock Option Plan– 2004

The Board of Directors and the shareholders of the Company approved the Employees Stock Option Plan at their meeting in August 2001 and in September 2001, respectively. Pursuant to this approval, the Company instituted ESOP 2004, Plan in July, 2004. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 3 years from the date of vesting.

Number of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2012-13	FY 2011-12
Options granted, beginning of the year	3,814,024	2,880,200
Granted during the year	-	1,919,162
Exercised during the year	741,247*	531,348
Cancelled / lapsed during the year	337,540	453,990
Options granted, end of year	2,735,237	3,814,024

3. Employee Stock Option Plan – 2006

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan at their meeting in July 2006 and in August 2006, respectively. Pursuant to this approval, the Company instituted ESOP 2006, Plan in October, 2006. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The vesting of the options is 30%, 30% and 40% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 3 years from the date of vesting.

Number of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2012-13	FY 2011-12
Options granted, beginning of the year	7,768,658	2,795,703
Granted during the year	1,046,000	5,896,457
Exercised during the year	1,250,194*	576,675
Cancelled / lapsed during the year	353,330	346,827
Options granted, end of year	7,211,134	7,768,658

* Includes 13,124 options (ESOP 2004 Plan) and 65,994 options (ESOP 2006 Plan) exercised on 31st March 2013 for which shares have been allotted on 29th April 2013

Notes forming part of the Consolidated Financial Statements

The compensation cost of stock options granted to employees has been accounted by the Company using the intrinsic value method.

Personnel expenditure includes ₹ NIL/- (Previous Year ₹ 3,563,859/-) being the amortization of intrinsic value for the year ending March 31, 2013.

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black Scholes Options Pricing Model), the Company's Profit after Tax would be lower by ₹ 99,312,292/- (Previous Year ₹ 60,549,932/-) and earnings per share as reported would be lower as indicated below:

Particulars	FY 2012-13	FY 2011-12
Net Profit after Tax	1,990,054,432	1,453,539,897
Add: Total Stock based compensation expense determined		
under intrinsic value based method	NIL	3,563,859
Less: Total Stock based compensation expense determined under fair value based method	99,312,292	64,113,791
Adjusted net profit	1,890,742,140	1,392,989,965
Basic earnings per share (in ₹)		
- As reported	10.86	8.19
- Adjusted	10.32	7.85
Diluted Earnings per share (in ₹)		
- As reported	10.56	8.08
- Adjusted	10.03	7.73

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	31st March, 2013	31st March, 2012	
	ESOP 2006 scheme	ESOP 2004 scheme	ESOP 2006 scheme
1. Risk Free Interest Rate (%)	8.35%	8.28%	8.52%
2. Expected Life	3.60 years	3.54 years	3.62 years
3. Expected Volatility (%)	53.03%	59.65%	57.25%
4. Dividend Yield (%)	0.73%	0.96%	0.97%

Note: There are no options granted during the year under the ESOP 2004 scheme.

39. Other Disclosures and Explanatory Notes:

1. The Company during the year has acquired additional 18.5% of SYSTIME Global Solutions Ltd, world's largest J D Edwards solution provider and Oracle Platinum Partner under share purchase agreement. Subsequently, total shareholding in the acquired company is 76%.

2. Considering the financial position of the associate and as a prudent accounting practice, the company during the year, has recognised 100% impairment on its investment in GAIA System Solution Inc amounting to ₹ 94,477,426 which is in line with provisions of AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

3. During the FY 2011-12, the Company had transferred its diversified financial services (DFS) division in entirety to Infrasoft Technologies under the business transfer agreement. During the FY 2012-13, Company has accounted ₹ 54,700,000/- as income based on milestone achieved per terms of agreement.

   During the FY 2011-12, the Company had entered into a business partnership with Sankalp Semiconductor Pvt. Ltd. for the Hardware Business of Semiconductor Solutions Group (SSG). This agreement has been further amended in FY 2012-13.The Company has accounted income of ₹ 26,728,392/- in FY 2012-13 as per the terms of amended agreement.

4. The Company has allotted 12,960,000 shares to Van Dyck, CX Partners Fund 1 Limited and AAJV Investment Trust at a price of ₹ 125/- per equity share on a preferential basis. The proceeds of the issue will be utilized for bona fide business purposes and for funding the growth and operations of the Company and/or its subsidiaries, to meet the working capital and capital expenditure requirements of the Company/subsidiaries and for investment in subsidiaries and joint ventures.

   There has been no utilization of the proceeds till 31st March 2013. The unutilized balance of ₹ 1,620,000,000/- is invested in Mutual Funds.

5. KPIT Cummins Infosystems (Bangalore) Pvt. Ltd. (KPIT Bangalore) was merged with KPIT Cummins Infosystems Limited (the Company) in the year 2007. Employees of erstwhile KPIT Bangalore who were on the rolls at 31st March, 2007 (being the date of merger) were also transferred to the Company. The gratuity liability of these employees was funded with Kotak Mahindra Old Mutual Life Insurance Limited. This fund balance of ₹ 13,362,848/- (Previous Year ₹ 12,244,464/-) is also transferred to the Company and is disclosed separately under "Other Non-Current Assets."

6. **In2Soft GmbH:**

   During the year, In2Soft GmbH, Germany (In2Soft) was merged with KPIT Infosystems GmbH, Germany ('KPIT Germany'), its holding Company, in terms of the Merger Contract filed with the Local Court Munich, Germany. In2Soft was an expert in diagnostics and

Notes forming part of the Consolidated Financial Statements

telematics for the automotive industry. Consolidation of the operations of In2Soft and KPIT Germany was undertaken with the aim of improving operational efficiencies.

The effective date of merger as per the contract was December 31, 2012. Further in line with Section B- Contract of Merger, Article VIII, all assets and liabilities of the transferring entity i.e. In2Soft as on the effective date have been entered at book value in the books of receiving entity i.e. KPIT Germany. The accounting of the merger has been done using pooling of interest method.

SolvCentral.Com Inc.

During the year SolvCentral.Com Inc. (SolvCentral) merged with KPIT Infosystems Inc., USA (KPIT USA), its holding company, in terms of the articles of merger filed with State Corporation Commission, Commonwealth of Virginia, USA. SolvCentral was focused in the Business Intelligence space in the US market. Consolidation of the operations of SolvCentral and KPIT USA was undertaken with the aim of improving operational efficiencies.

The effective date of merger as per the agreement was September 30, 2012. Further in line with Clause 1.4 of the Agreement and Plan of Merger, all assets and liabilities of SolvCentral as on the effective date have been recorded at book value in the books of KPIT US i.e. the Surviving Corporation. The accounting of the merger has been done using pooling of interest method. The reserves appearing in the books of SolvCentral were merged with those of KPIT US.

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and the cost of investment:

Particulars **Assets :-**	**SolvCentral** ₹	**In2Soft** ₹
Fixed Assets (net of accumulated depreciation)	23,377	4,043,921
Trade Receivable	NIL	41,605,812
Cash and Cash Equivalent	12,376,654	91,930,227
Loans and Advances	20,827,335	16,177,609
Total	**33,227,366**	**153,757,569**

Liabilities :-	₹	₹
Current Liabilities	NIL	41,565,147
Provisions	12,994,214	5,013,134
Surplus in Statement of Profit and Loss	(18,427,341)	66,053,566
Total	**(5,433,127)**	**112,631,847**

Difference between cost of investment and equity capital as adjusted	₹	₹
Cost of Investment	256,177,713	173,859,500
Less : Equity share Capital	134,377	3,477,190
Less : Reserves	38,526,116	37,648,532
Adjusted in Reserves	**217,517,220**	**132,733,778**

7. **Final Dividend**

The Company allotted 368,182 equity shares against exercise of options by the employees, after 31st March, 2012 and before the Book closure for the Annual General Meeting held for FY 2011-12. The Company paid dividend of ₹ 258,030/- on these shares and tax on dividend of ₹ 42,621/- as approved by the shareholders at the Annual General Meeting held on 27th July 2012.

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/ disclosure.

Signatories to Note 1 to 39

For and on behalf of the Board of Directors

Anil Patwardhan
Sr. Vice President &
Head – Corporate Finance & Governance

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

R. Swaminathan
Company Secretary

Kishor Patil
CEO & Managing Director

Place: Pune
Date: April 29, 2013

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	KPIT Infosystems Limited, UK	KPIT Infosystems Inc., USA	KPIT Infosystems GmbH, Germany	KPIT Infosystems France SAS (Formerly Pivolis SAS)	Sparta Consulting Inc., USA	Sparta Infotech India Pvt. Ltd., Noida	CPG Solutions LLP , US	KPIT (Shanghai) Software Technology Co. Ltd.	KPIT Infosystems Netherlands B.V.	KPIT Infosystem (Brasil) Servicos De Tecnologia E Participacoes Ltda.	SYSTIME Global Solutions Pvt Ltd.	KPIT Infosystems ME FZE	SYSTIME Computer Corporation USA	SYSTIME Global Solutions Inc. Canada	SYSTIME Global Solution Brazil
Financial Year of the Subsidiary Company	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013	Ended on March 31,2013
Holding Company's Interest	100%	100%	100%(through KPIT Infosystems Ltd.,UK)	100%	100%(through KPIT Infosystems Inc.,USA)	100%	100%(through KPIT Infosystems Inc.,USA)	100%	100%	100% (99.83 % through KPIT Infosystems Inc.,USA)	76.00%	100% (through SYSTIME Global Solutions Pvt. Ltd)	100% (through SYSTIME Global Solutions Pvt. Ltd)	100% (through SYSTIME Computer Corporation, USA)	100% (through SYSTIME Computer Corporation, USA)
Number of Shares held by KPIT Cummins Infosystems Limited in the Subsidiary Company	8,246,266 Ordinary shares of 1/- GBP each fully paid up	11,867 Ordinary Stock at par fully paid up	Shares of Euro 31,68,747 held through KPIT Infosystems Ltd., UK	100,000 Shares of Nominal value of Euro 1 each fully paid up	5,105,200 Equity shares of Nominal Value USD 1 each (held through KPIT Infosystems Inc, USA)	5,487,889 Equity shares of Nominal Value of Rs 10 each fully paid up	780,000 shares of USD 1 each (through KPIT Infosystems Inc, USA)	8,222,487 Shares of Nominal value of RMB 1 each fully paid up	180 Shares of Nominal value of Euro 100 each fully paid up	1,000 shares of Brazilian Reas 1 each fully paid up and 600,000 shares of Brazilian Reas 1 each fully paid up (through KPIT Infosystems Inc, USA)	7,275,114 Equity shares of Nominal Value ₹ 10 each fully paid up	1 share of AED 1,000,000 (through SYSTIME Global Solutions Pvt. Ltd)	204,082 shares of USD 1 each (through SYSTIME Global Solutions Pvt. Ltd)	1 common share of CAD 1 each (through SYSTIME Computer Corporation, USA)	1,000 shares of BRL 1 each (through SYSTIME Computer Corporation)
The net aggregate of Profit/ (Loss) for the current financial year of Subsidiary Company, so far it concerns to the members of the Company:															
Dealt with in accounts of Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Not dealt with in the accounts of Holding Company	Profit: GBP 138,594	Profit : USD 2,476,396	Loss : EUR 383,538	Profit : EUR 301,505	Profit : USD 5,330,892	Profit : ₹ 204,892,074	Profit : USD 2,067,776	Profit : RMB 334,309	Profit : EUR 8,722	Loss : BRL 41,118	Profit : INR 237,004,758	Loss : AED 1,560,571	Profit : USD 2,939,928	Profit : CAD 291,786	Profit : BRL 278,385
The net aggregate of Profit/ (Loss) for the previous financial years of the Subsidiary Company, so far it concerns to the members of the Holding Company:															
Dealt with in the accounts of Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Not dealt with in the accounts of Holding Company	Loss : GBP 746,470	Loss : USD 3,109,090	Loss : EUR 189,048	Profit: EUR 491,732	Profit : USD 5,088,312	Profit : INR 476,709,365	Profit : USD 5,227,625	Loss : RMB 853,011	Profit : EUR 8,722	Loss : BRL 41,118	Profit : INR 350,419,937	Loss : AED 1,777,243	Profit : USD 1,522,678	Profit : CAD 697,604	Profit : BRL 2,383,683

Statement pursuant to general exemption under section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

(Amount in ₹ Million)

Sr. No.	Name of the Subsidiary	% of Holding	Share Capital	Reserves & Surplus	Total Assets	Total liabilities [excl. (3) & (4)]	Investment (except in case of investment in subsidiaries)	Sales	Other Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend (incl. dividend tax)
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	KPIT Infosystems Limited, UK	100%	631.70	(14.60)	917.21	300.11	-	982.89	49.20	58.25	-	58.25	-
2	KPIT Infosystems Inc., USA	100%	2,151.85	152.03	5,249.51	2,945.63	-	6,992.21	224.27	622.52	262.78	359.74	-
3	KPIT Infosystems France SAS (Formerly Pivolis SAS)	100%	6.95	35.24	322.51	281.87	1.57	375.94	0.70	29.71	8.56	21.15	-
4	KPIT Infosystems GmbH, Germany (a)	100%	356.59	(37.68)	851.20	532.29	-	932.70	4.38	23.35	7.87	15.48	-
5	Sparta Consulting Inc., USA (b)	100%	277.67	276.75	1,902.33	1,347.92	-	5,560.59	190.87	293.38	2.95	290.42	-
6	Sparta Infotech India Pvt. Ltd., Noida	100%	54.88	472.47	614.73	87.38	-	535.72	8.66	205.73	0.84	204.89	-
7	CPG Solutions LLC, USA (b)	100%	42.42	360.59	678.33	275.31	-	1,543.56	1.88	112.65	-	112.65	-
8	KPIT (Shanghai) Software Technology Co. Ltd.	100%	71.41	(7.38)	75.70	11.67	-	80.10	(0.74)	2.88	-	2.88	-
9	KPIT Infosystems Netherlands B.V.	100%	34.77	0.61	69.31	33.93	-	84.11	-	0.76	0.15	0.61	-
10	KPIT Infosystem (Brasil) Serviços De Tecnologia E Participações Ltda., Brazil (b)	100%	16.17	(0.63)	23.36	7.82	-	22.86	0.03	0.69	1.79	(1.11)	-
11	SYSTIME Global Solutions Pvt. Ltd	76%	373.86	863.21	1,492.07	255.00	-	1,065.23	74.68	336.16	99.15	237.01	0.03
12	KPIT Infosystems ME FZE (formerly known as SYSTIME ME FZE) (c)	100%	17.52	11.79	42.91	13.60	-	44.81	(0.23)	(23.12)	-	(23.12)	-
13	SYSTIME Global Solutions Inc. Canada (d)	100%	-	56.73	146.73	90.00	-	194.70	(2.70)	21.37	5.56	15.81	-
14	SYSTIME Global Solution Brazil (d)	100%	0.03	59.71	80.32	20.58	-	376.31	2.11	30.00	22.52	7.48	-
15	SYSTIME Computer Corporation USA (c)	100%	5.98	39.89	1,064.70	1,018.83	-	2,770.14	18.02	201.28	41.12	160.16	-

a. 100% owned by KPIT Infosytems Limited, UK

b. 100% owned by KPIT Infosystems Inc., USA

c. 100% owned by SYSTIME Global Solutions Pvt. Ltd.

d. 100% owned by SYSTIME Computer Corporation, USA

Notice

NOTICE is hereby given that the Twenty Second Annual General Meeting of KPIT Cummins Infosystems Limited will be held on Friday, the 12th day of July 2013, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjawadi, Pune – 411 057, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended as on that date together with the reports of the Directors and the Auditors thereon.

2. To declare dividend for the financial year ended March 31, 2013.

   The Board has recommended dividend @ 45% [₹ 0.90 per equity share of ₹ 2/- each].

3. To appoint a Director in place of Mr. Anant Talaulicar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Amit Kalyani, who retires by rotation and being eligible, offers himself for re-appointment.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

   "RESOLVED THAT subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. B S R & Co, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s. Deloitte, Haskins and Sells, Chartered Accountants, to audit the accounts of the Company for the financial year 2013-14 at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee of the Board of Directors".

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT Mr. Sanjay Kukreja who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 by the Board of Directors of the Company on January 28, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received notice under Section 257 of the Companies Act,1956 from a member proposing the appointment of Mr. Sanjay Kukreja for the office of Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation.

   RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized, to take all necessary steps expedient or desirable to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT Mr. B V R Subbu who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 by the Board of Directors of the Company on April 29, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received notice under Section 257 of the Companies Act,1956 from a member proposing the appointment of Mr. B V R Subbu for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

   RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized, to take all necessary steps expedient or desirable to give effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to Section 21 of the Companies Act, 1956 or any corresponding provision of any re-enactment of the Companies Act, 1956 and subject to the approvals, if any, as may be required in this regard from statutory authorities, approval of the members be and is hereby accorded, for change of the name of the Company from 'KPIT Cummins Infosystems Limited' to 'KPIT Technologies Limited'.

   RESOLVED FURTHER THAT approval be and is hereby accorded for alteration of the Memorandum of Association of the Company such that the words 'KPIT Cummins Infosystems Limited' wherever they occur in the Memorandum of Association be substituted with the words 'KPIT Technologies Limited'.

   RESOLVED FURTHER THAT any Director of the Company and the Company Secretary be and are hereby severally authorized, to take all necessary steps expedient or desirable to give effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, provisions of the Securities Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 and the listing agreements entered into by the Company with stock exchanges where the equity shares of the Company are listed and subject to such approvals, consents and sanctions as may be required from appropriate authorities including the Ministry of Company Affairs, Securities Exchanges Board of India, stock exchanges and subject further to such conditions and modifications as may be imposed or prescribed by any of them while granting such approvals, consents and sanctions, alteration of Articles of Association of the Company by adoption of the new set of articles as per the draft placed before this meeting and initialed by the Chairman for the purpose of identification, in place of the existing set of articles, be and is hereby approved and that any Director of the Company and the Company Secretary be and are hereby severally authorized, to take all necessary steps expedient or desirable to give effect to this resolution."

10. (a) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

    "RESOLVED THAT pursuant to the provisions of SEBI Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 read with clarification thereto dated May 13, 2013 ("Circular"), the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI

Guidelines") as applicable and amended till date, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to offer, issue and allot at any time under Employee Stock Option Scheme of 2013 (ESOS 2013), Employee Stock Option Scheme of 2006 (ESOP 2006) approved by the Company in its Annual General Meetings vide resolutions dated August 28, 2006 and July 8, 2011 and Employee Stock Option Scheme of 2004 (ESOP 2004) approved by the Company in its Annual General Meeting vide resolution dated September 28, 2001 to or to the benefit of such person(s) who are in permanent employment of the Company or of a Subsidiary, in India or out of India including any Director of the Company, except an employee/director who is a promoter or belongs to the promoter group as defined in SEBI Guidelines, options exercisable into not more than 8,287,424 Equity Shares of the Company which have been acquired by the Employee Welfare Trust through market purchase till January 17, 2013, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority; each option would be exercisable for one equity share of a face value of ₹ 2/- each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 8,287,424 Equity Shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such equity shares shall rank *pari passu* in all respects with the then existing equity Shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹2/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient in this regard at any stage without requiring the Board to secure any further consent or approval of the members of the Company in this regard."

(b) "RESOLVED THAT pursuant to the provisions of SEBI Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 read with clarification thereto dated May 13, 2013 ("Circular"), the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") as applicable and amended till date, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to offer, issue and allot at any time under Employee Stock Option Scheme of 2013 (ESOS 2013), Employee Stock Option Scheme of 2006 (ESOP 2006) approved by the Company in its Annual General Meetings vide resolutions dated August 28, 2006 and July 8, 2011 and Employee Stock Option Scheme of 2004 (ESOP 2004) approved by the Company in its Annual General Meeting vide resolution dated September 28, 2001, to or to the benefit of such person(s) who are in permanent employment of the subsidiaries of the Company, existing or that may be created in future, including any Director of such subsidiary(ies), or such other persons who may from time to time be allowed from time to time under prevailing laws, except an employee/director who is a promoter or belongs to the promoter group as defined in SEBI Guidelines, options exercisable into not more than 2,000,000 Equity Shares of the Company within the total ceiling of 2,000,000 Equity Shares of the Company which have been acquired by the Employee Welfare Trust through market purchase till January 17, 2013, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority; each option would be exercisable for one equity share of a face value of ₹ 2/- each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 8,287,424 Equity Shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such equity shares shall rank *pari passu* in all respects with the then existing equity Shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 2/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient in this regard at any stage without requiring the Board to secure any further consent or approval of the members of the Company in this regard".

By Order of the Board of Directors
For **KPIT Cummins Infosystems Limited**

Place : Pune
Date : June 5, 2013

R. Swaminathan
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. UNDER THE COMPANIES ACT, 1956, VOTING IS BY A SHOW OF HANDS UNLESS A POLL IS DEMANDED BY A MEMBER(S) PRESENT IN PERSON, OR BY PROXY, HOLDING ATLEAST ONE-TENTH OF THE TOTAL SHARES ENTITLED TO VOTE ON THE RESOLUTION OR BY THOSE HOLDING PAID-UP CAPITAL OF ATLEAST ₹ 50,000. A PROXY SHALL NOT VOTE EXCEPT ON A POLL. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company will remain closed from, July 6, 2013 to July 12, 2013 (both days inclusive).

4. ₹ 152,336/-, being the unclaimed dividend required to be transferred to the General Revenue Account of the Central Government under Section 205A (5) of the Companies Act, 1956, during the year 2012-13, was transferred to such Account.

5. Members holding shares in physical form are requested to communicate immediately any change in address to the Registrar & Share Transfer agents of the Company. Members holding shares in dematerialized form are requested to notify change in address, if any, to their respective Depository Participants (DPs).

6. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Sr. Vice President & Head - Corporate Finance and Governance at anil.patwardhan@kpitcummins.com or to the Company Secretary at swaminathan.r@kpitcummins.com so as to reach at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

7. **SEBI has made it mandatory to distribute dividends through Electronic Clearing Service (ECS); now National Electronic Clearing System (NECS). Members holding shares in electronic form may kindly note that their Bank account details, as furnished by their DPs to the Company, will be printed on their dividend warrants as per the applicable regulations of the DPs. Members are requested to notify change in their Bank account details, if any, to their DPs immediately and not to send the requests for the change in their Bank account details directly to the Company or to its Registrar & Share Transfer Agent.**

   Members holding shares in physical form are requested to intimate to the Registrar & Share Transfer Agent of the Company under the signature of the sole/first joint holder(s), the following information to be incorporated on dividend warrants.

   i. Name of the sole/first joint holder(s) and the folio number.

   ii. Particulars of Bank account like name of the bank, name of branch, bank account number allotted by the bank, complete address of the bank with pin code.

8. Members are requested to:

   - quote Registered Folio numbers in their correspondence(s) to the Company.
   - direct all correspondence related to shares to the Registrar & Share Transfer Agent of the Company at Link Intime India Private Limited (Mr. Bhagwant Sawant) Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune - 411 001. Telefax: 91- 20-26163503 E-mail: bhagavant.sawant@linkintime.co.in or to the Registered Office of the Company.
   - approach the Company for consolidation of folios, if shareholdings are under multiple folios.
   - **bring copies of the Annual Report and the Attendance Slip duly filled in at the Annual General Meeting.**
   - **take note that SEBI had included the securities of the Company in the list of companies for compulsory settlement of trades in dematerialized form for all the investors effective June 26, 2000. Accordingly, shares of the Company can be traded only in dematerialized form with effect from June 26, 2000. Members holding shares in physical form are, therefore, requested to get their shares dematerialized at the earliest.**

9. The certificate from Auditors of the Company certifying that the Company's Employee Stock Option Scheme 1998, Employee Stock Option Plan 2004 and Employee Stock Option Plan 2006

are being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution passed at the general meeting(s) will be available for inspection by the members at the meeting.

10. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary at swaminathan.r@kpitcummins.com or at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF).

11. Register of Directors' Shareholding and Register of Contracts are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

12. Members interested in availing transport facility are requested to register themselves at least five days before the meeting by contacting at tejashree.tadwalkar@kpitcummins.com or at +91 20 6652 5000 (Extn.: 5245).

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Clause 49.IV(G) of Listing Agreement with Stock Exchanges]

Item No. 3

Mr. Anant Talaulicar, holds a B.E. Mechanical degree from Mysore University, a M.S. degree from the University of Michigan in Ann Arbor and a MBA from Tulane University, USA. He has worked for Cummins for 17 years in the U.S. in varied fields like Finance, Manufacturing, Product Management, Strategy, Marketing and General Management. He has led the USD 300 Million North & South American Commercial Power Generation business.

Mr. Anant Talaulicar does not hold any equity shares in the Company.

The details of his directorship and membership of committees in other Indian companies are as follows:

Sr. No.	Name of Company	Nature of Interest
1	Cummins India Ltd.	Chairman & Managing Director
2	Valvoline Cummins Ltd.	Director
3	Cummins Research & Technology India Ltd.	Director
4	Cummins Technologies India Ltd.	Director
5	Cummins Generator Technologies India Ltd.	Chairman
6	Tata Cummins Ltd.	Managing Director
7	Remex Finance Pvt. Ltd.	Director
8	Trihans Trading Pvt. Ltd.	Director

Sr. No.	Name of Company	Nature of Committee	Whether Chairman/ Member
1	Cummins India Ltd.	Finance and Audit Committee Shareholders/Investor Grievance Committee	Member Member
2	Valvoline Cummins Ltd.	Audit Committee	Member
3	Tata Cummins Ltd.	Audit Committee	Member
4	Cummins Technologies India Limited	Audit Committee	Member
5	Cummins Research and Technology India Limited	Share Transfer Committee	Member

The board of directors recommends the appointment of Mr. Talaulicar. None of the directors, other than Mr. Talaulicar, is concerned or interested in the proposed resolution.

Item No. 4

Mr. Amit Kalyani, received his Bachelors in Mechanical Engineering from Bucknell University, Pennsylvania, USA. He joined Kalyani Steels Limited in 1997 and was deputed to Carpenter Technology Corporation, USA for technical training and to oversee technology transfer to the new joint venture viz. Kalyani Carpenter Special Steels Limited. On successful completion of the assignment, he returned to India to join Bharat Forge Limited, in 1998 as Vice-President & Chief Technology Officer. Mr. Amit Kalyani is currently the Executive Director of Bharat Forge Ltd., the flagship company of Kalyani Group. He is involved in the Company's strategic planning and global business development initiatives and contributes significantly across functions such as manufacturing, marketing, exports and technology upgradation of the Company. He chairs the HR & Compensation (Remuneration) Committee of the Company.

The details of his directorship and membership of committees in other Indian companies are as follows:

Sr. No.	Name of Company	Nature of Interest
1	Bharat Forge Ltd.	Director
2	Kalyani Forge Ltd.	Director
3	Kalyani Investments Co. Ltd.	Director
4	BF Utilities Ltd.	Director
5	Nandi Economic Corridor Enterprises Ltd.	Director
6	Nandi Infrastructure Corridor Enterprise Ltd.	Director
7	BF-NTPC Energy Systems Ltd.	Director
8	BF Investments Ltd.	Director
9	Kalyani Alstom Power Ltd.	Director
10	BF Infrastructure Ltd.	Director
11	Hikal Limited	Director
12	Impact Automotive Solutions Limited	Director
13	Epicentre Technologies Pvt. Ltd.	Director
14	Khed Economic Infrastructure Pvt. Ltd.	Director
15	Kalyani Mining Ventures Pvt. Ltd.	Director
16	Khed Textile Park Pvt. Ltd.	Director
17	BF Elbit Advanced Systems Pvt. Ltd.	Director

Sr. No.	Name of Company	Nature of Committee	Whether Chairman/ Member
1	BF Utilities Ltd.	Audit Committee Shareholders/Investor Grievance Committee	Member Member
2	Nandi Economic Corridor Enterprises Ltd.	Audit Committee	Member
3	Nandi Infrastructure Corridor Enterprise Ltd.	Audit Committee	Member
4	BF Investments Ltd.	Audit Committee	Member

Mr. Amit Kalyani holds 40,000 Equity Shares in the Company.

The board of directors recommends the appointment of Mr. Amit Kalyani. None of the directors, other than Mr. Amit Kalyani, is concerned or interested in the proposed resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 6

Mr. Sanjay Kukreja, joined ChrysCapital in April 2000. He manages the business services sector and has assumed additional responsibilities for the manufacturing sector. Mr. Sanjay Kukreja graduated from Delhi University with a bachelor degree in Economics and completed his MBA from the Indian Institute of Management, Bangalore. Currently, he is Managing Director of Nuvo Chrys capital Advisors Pvt. Ltd.

Under the share subscription agreement with the Company, Van Dyck, a strategic investor, has a right to nominate a director on the board of the Company and such a nominee is not liable to retire by rotation. Van Dyck has nominated Mr. Sanjay Kukreja as a director accordingly on the Company' board.

The Company has received notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Mr. Sanjay Kukreja for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

The details of his directorship and membership of committees in other Indian companies are as follows:

Names of the Companies	Nature of Interest
Nuvo ChyrsCapital Investment Advisors Pvt. Ltd.	Managing Director
Titagarh Wagons Ltd.	Director
Magical Methods School Solutions Pvt. Ltd.	Director
JMT Auto Ltd.	Director

Mr. Sanjay Kukreja does not hold membership in any Committees of the Board, of the companies in which he is director.

Mr. Sanjay Kukreja holds 32,400 Equity Shares in the Company.

The Directors recommend the ordinary resolution set forth as Item No. 6 of the Notice for the approval of the shareholders.

None of the Directors, other than Mr. Sanjay Kukreja, is concerned or interested in the proposed resolution.

Item No. 7

Mr. B V R Subbu is an automotive industry expert and thought leader. Mr. B V R Subbu holds a post graduate degree in Economics from Jawaharlal Nehru University and a post graduate diploma from Indian Institute of Foreign Trade. He was president of Hyundai India earlier. He was also extensively involved with Tata Group holding various responsibilities, including responsibilities in Tata Motors' Light Commercial Vehicles and Multi Utility Vehicles business.

The Company has received notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Mr. B V R Subbu for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

The details of his directorship and membership of committees in other Indian companies are as follows:

Name of the Companies	Nature of Interest
Larsen & Toubro Ltd. (MIPC)	Director
Eurofinance Training & Publishing Pvt. Ltd.	Director
Altius Automotive Technologies Pvt. Ltd.	Director
Altius Trucks Sales & Service Pvt. Ltd.	Director
NMC Automotive Infrastructure Pvt. Ltd.	Director
Altius Autoworld Pvt. Ltd.	Director

Mr. B V R Subbu does not hold membership in any Committees of the Board, of the companies in which he is director.

Mr. B V R Subbu does not hold any share of the Company.

The Directors recommend the ordinary resolution set forth as Item No. 7 of the Notice for the approval of the shareholders.

None of the Directors, other than Mr. B V R Subbu, is concerned or interested in the proposed resolution.

Item No. 8

Over the years, the Company has emerged as a major technology service provider, catering to customers in the automotive, manufacturing, energy & utilities sectors. With its technology focus, the Company has attained technology leadership position in the industry. The Directors believe that the name of the Company also should reflect the Company's technology focus & leadership and help differentiate it as a specialist. Hence, the Directors propose to change the name of the Company as 'KPIT Technologies Limited' and seek shareholders' approval for the same. The Company has received a communication from the Registrar of Companies, Pune, confirming the availability of the name.

Consequent to change of name of the Company, it is necessary to amend the Memorandum of Association of the Company.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

The Directors recommend the special resolution set forth as Item No. 8 of the Notice for the approval of the shareholders.

Item No. 9

In order to raise additional capital to fund the business operations of the Company, the Company had issued and allotted equity shares of the Company to (i) Van Dyck, a company incorporated under the laws of Mauritius, (ii) CX Partners Fund 1 Limited, a company incorporated under the laws of Mauritius and (iii) AAJV Investment Trust, a trust registered under the Registration Act, 1908 (collectively, the "Investors"). Under the agreements with the Investors, certain rights have been accorded to the Investors for the protection of their interests. These rights have to be incorporated in the articles of association of the Company.

The current articles of association of the Company also contain certain provisions for the protection of interests of LB I Group Inc. and International Finance Corporation as per the agreements with them. These agreements have expired and such rights have become redundant. The articles containing such rights need to be removed from the articles.

Further, the Articles also need to be altered to reflect the change of name of the Company as 'KPIT Technologies Limited.'

Therefore, it is proposed to alter the Articles of Association of the Company by adopting a new set of articles in place of the current articles.

The summary of the important changes made in the articles of association is given below:

New clauses inserted:

i. Clause 66.4 & 66.5 – Van Dyck, CX Partners Fund 1 Limited and its affiliates shall not transfer their Shares to any KPIT competitor. Any bona fide transfer on the stock exchanges is exempted from this restriction.

ii. Clause 67 - The promoters have undertaken to maintain a minimum shareholding of 27,000,000 shares for a period of two years, subject to an exception that they may sell up to 2% of the total shares in the Company in any twelve month period.

iii. Clause 68 & 69 - After the lock-in period of two years, if the promoters transfer any of their shareholding (beyond 2% in any twelve month period), Van Dyck & CX Partners Fund 1 Limited and their affiliates have the tag-along right to sell their shares along with the promoters on pro rata basis.

iv. Clause 73 - If the Company makes a fresh issue of shares to any person other than a strategic investor, Van Dyck & CX Partners Fund 1 Limited and their affiliates have to be given a right to subscribe to such issue so as to enable them maintain their shareholding percentage at the same level as the pre-issue level.

v. Clause 75 – In case the Company offers rights to any investor (other than a strategic investor) which are more favourable than the rights provided to Van Dyck, CX Partners Fund 1 Limited and its affiliates, such favourable rights shall also be provided to Van Dyck, CX Partners Fund 1 Limited and its affiliates.

vi. Clause 76 – In case the Company makes an offer for sale of equity securities through a public offering, Van Dyck, CX Partners Fund 1 Limited and its affiliates shall be given a right to participate pro rata in such offer for sale.

vii. Clause 116 – Van Dyck shall have a right to nominate one non-executive director on the board of the Company who shall not be liable to retire by rotation.

viii. Clause 117 – CX Partners Fund 1 Limited shall have a right to nominate one invitee to attend the Board meetings of the Company.

ix. Clause 158 – Termination clause – The rights given to CX Partners Fund 1 Limited and its affiliates shall be valid for 4 years subject to maintenance of minimum pre-agreed shareholding.

x. Clause 159 – The rights given to Van Dyck shall be valid for a maximum of 7 years subject to maintenance of minimum pre-agreed shareholding.

Existing clauses removed:

All clauses containing special rights and obligations for International Finance Corporation and LB I Group Inc. are deleted from the new set of Articles of association as the investment agreements with such investors have expired.

Copies of the proposed new set of Articles of Association can be obtained on request by writing to the Company Secretary at the registered office. A copy of the same would also be available for inspection at the registered office as well as during the 22nd Annual General Meeting.

Mr. Sanjay Kukreja, Director, will be deemed to be concerned or interested in the resolution to the extent the alteration in the articles confer additional rights on Van Dyck, which has nominated him as a Director on the Company's board. No other director is, in any way, concerned or interested in the resolution.

The Directors recommend the special resolution set forth as Item No. 9 of the Notice for the approval of the shareholders.

Item No. 10

The SEBI has vide its Circular No.CIR/CFD/DIL/3/2013 dated January 17, 2013 has amended the SEBI Guidelines, 1999 and has prohibited the issue of ESOPs through secondary market purchase of shares. The Company seeks ratification of the shareholders to issue the shares outstanding in the Employee Welfare Trust, under the existing ESOP Schemes of the Company approved by the shareholders. The Company has formulated ESOS 2013 Scheme to grant and issue the shares purchased by the Employee Welfare Trust with the intent of granting the benefit to the employees and also to align and confirm with the regulations of SEBI.

The main features of the employee stock option schemes are as under:

1. **Total number of options to be granted:**

   A total number of options equal to 8,287,424 equity shares would be available for being granted to eligible employees of the Company and its subsidiary(s) under ESOP Schemes of the Company. Each option when exercised would be converted into one equity share of ₹ 2/- each fully paid-up.

   Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

   SEBI guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 8,287,424 Equity Shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. **Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):**

   All permanent employees of the Company and its present and future subsidiaries including Directors, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

   An employee/director who is a promoter or who belongs to the promoter group as defined in the SEBI Guidelines and employees holding 10% of the outstanding share capital of the Company's share capital at any time after the commencement of this Scheme will not be eligible for grant of options under the Scheme(s).

3. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company or the subsidiary, as the case may be. The Compensation Committee may, at its discretion, lay down certain performance criteria on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than four years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

5. Exercise Price:

The options would be granted at an exercise price equal to the latest available closing market price (at a stock exchange as stipulated in SEBI Guidelines) on the date prior to the date on which the Compensation Committee finalizes the specific number of options to be granted to an employee.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of three years from the date of vesting of options.

The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal Process for determining the eligibility of the employees to ESOS:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as role/designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the Scheme shall be less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options. The aggregate number of options to be granted under one or more Employee Stock Option Schemes(s) shall not exceed 8,287,424.

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines.

10. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

The Directors recommend the special resolution set forth as Item No.10 of the Notice for the approval of the shareholders.

By Order of the Board of Directors
For **KPIT Cummins Infosystems Limited**

Place: Pune
Date : June 5, 2013

R. Swaminathan
Company Secretary

KPIT Cummins Infosystems Limited

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase 1, MIDC, Hinjawadi, Pune - 411 057, INDIA.

PROXY FORM

I/We .... of ...., being member(s) of the above named Company hereby appoint .... of .... or failing him/her .... of .... as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Friday, July 12, 2013, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411 057, INDIA.

Signed this .... day of 2013

Folio No.	
DP ID No.	
Client ID No.	
No. of shares	

Affix ₹ 1 revenue stamp and sign across it

NOTE:

Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and the proxy need not be a member. The proxy form duly completed should be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the meeting.

KPIT Cummins Infosystems Limited

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase 1, MIDC, Hinjawadi, Pune - 411 057, INDIA.

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the meeting venue)

I/We hereby record my/our presence at the Annual General Meeting of the Company held on Friday, July 12, 2013, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411 057, INDIA.

Folio No.		Signature
DP ID No.		
Client ID No.		
Full Name of Shareholder (in BLOCK LETTERS)		
Full Name of Proxy (in BLOCK LETTERS)		Signature

NOTES:

1. Interested Joint Members may obtain Attendance Slips from the Registered/Corporate office of the Company.
2. **Members/Joint Members/Proxies are requested to bring the Attendance Slip with them. Duplicate Attendance Slips will not be issued at the entrance of meeting room.**

KPIT Cummins Infosystems Limited

Registered Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase – 1, MIDC, Hinjawadi, Pune – 411 057, India.
Tel.: +91–20–6652 5000 www.kpitcummins.com

Dear Shareholders,

Green Initiative in Corporate Governance
Delivery of copies of documents in Electronic Form

Your Company is a firm believer of and has always been fostering Green and Inclusive growth. Co-innovation for green growth is now a quintessential part of your Company's values. Your Company has been taking major initiatives all along in Green growth. Our work in areas of hybrid cars, reducing emissions from engines, alternate fuel vehicles, to name a few, is all directed towards green end-products. We would like to inform you that the Ministry of Corporate Affairs (MCA) has issued circular Nos. 17/2011 dt.21-04-2011 & 18/2011 dt.29-04-2011 propagating "Green Initiative", by allowing paperless compliances by the companies and thus encouraging companies to serve documents to shareholders of the Company through electronic mode.

Following MCA's campaign, it is now proposed to send all future shareholders' correspondence like Annual Reports, Notices, etc. through electronic mode.

In the light of the same and to enable us e-mail the Annual Reports, Notices, etc. to you, we request you to register your e-mail address with our Registrar and Share Transfer Agent, Link Intime Pvt. Ltd. at: bhagavant.sawant@linkintime.co.in. Alternatively, you may register your e-mail address with the Company by writing an e-mail to investorassist@kpitcummins.com with the subject - 'Green Initiative'. If you have already registered your e-mail address, you are not required to re-register the same unless there is a change in your e-mail address.

We request you to join us in this noble initiative and look forward to your consent to receive the documents as stated above in electronic format. Please give your consent, in the format given below, to any of the two e-mail ids mentioned above.

Dear Sir,

Subject: Consent to receive communication in Electronic Form.

Name: ____

Folio No. /DP ID/ Client ID: ___________________________

E-mail ID: ____

Kindly note that members will be entitled to be furnished a printed copy of the Annual Report and all other communication that is required to be sent, as per law, free of cost, upon request.

We believe that by subscribing to the Green Initiative, you would be contributing your bit for protection of the environment as a whole, like saving trees, etc. We request your concurrence so as to enable us e-mail the Annual Reports, Notices, etc. to you.

Thanking you.

For KPIT Cummins Infosystems Limited

R. Swaminathan
Company Secretary

Corporate Leadership Team

S. B. (Ravi) Pandit	Chairman & Group CEO
Kishor Patil	CEO & Managing Director
Sachin Tikekar	Whole-time Director, President – Strategic Relationships & Business Transformation
Pawan Sharma	President & Head – Integrated Enterprise Solutions
Pankaj Sathe	Chief People & Operations Officer
Anup Sable	Sr. Vice President & Head, Automotive & Allied Engineering
Anil Patwardhan	Sr. Vice President & Head – Corporate Finance & Governance
G. B. Prabhat	Principal – Business Transformation
Melissa Womack	Head – Global Corporate Marketing

Registered office, Corporate Office and Software Development Centre

KPIT Cummins Infosystems Ltd.
Plot No. 35 & 36,
Rajiv Gandhi Infotech Park,
Phase 1, MIDC, Hinjawadi,
Pune - 411057, India
Phone: +91-20-6652 5000
Fax: +91-20-6652 5001

Software Development Centres

Customs Wings,
SEEPZ, Andheri (E),
Mumbai - 400 096, India

RMZ Ecoworld Infrastructure Pvt. Ltd. (Adarsh SEZ)
No. 20 & 21, SEZ, Sarjapur Outer
Ring Road, (Near Intel Campus),
Devarabesanahalli,
Bangalore-560103, India
Phone: +91-80-3028 7500
Fax: +91-80-3028 7439

Regus Citi Centre,
Level 6,Chennai Citi Centre,
10/11, Dr. Radhakrishnan Salai,
Chennai - 600 004, India
Phone: +91-44-4221 8232
Fax: +91-44-4221 8222

34 & 35, Noida Special Economic Zone,
Phase II, Noida 201 305,
Uttar Pradesh, India
Phone: +91-120-3073555

5th Floor, Three Cube Towers,
No. 2-93/8 & 2-93/9,
Survey no. 9, Kondapur (v) Ser
Lingampally (Mandal),
RR district, Hyderabad - 500 081

155, Millenium Business Park,
MIDC, Mahape,
Navi Mumbai - 400 710
Phone: +91-22-2778 3110
Fax: +91-22-2778 2291

SEZ Premises
SEZ Unit, 3rd Floor, IT - 3, Flagship,
Rajiv Gandhi Infotech Park,
MIDC Phase I, Hinjewadi,
Pune - 411 057, India

OVERSEAS OFFICES
USA

a) 3 Wood Avenue South
Suite 720
Iselin, NJ 08830,
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Phone: +732 - 321 - 0921
Fax: +732 - 321 - 0922

b) 1266 Washington Street
Columbus, IN 47201,
USA
Phone: +812-379-1811/1816/1308/1319
Fax: +812-379-1812

c) 9720 Cypresswood Dr, Suite # 226
Houston, TX 77070
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Fax: +1 - 281 - 720 - 0293

d) 111 Woodmere Road, Suite 200,
Folsom, California 95630,
USA
Phone: +1-916-985-0300

e) 34705 West 12 Mile RD, STE 301
Farmington Hills, MI 48331
USA
Phone: 248-987-6094

f) 1515 S. Federal Hwy
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Fax: +1-877-201-7402

g) 595 Market ST
STE 2400
San Francisco, CA 94105
Office: 405-369-9900
Fax: 415-284-0300

Canada
8120-128 Street, Surrey BC V3W 1R1
Canada.

Brazil
a) Rua Geraldo Flausino Gomes,
n.° 42, 4° andar - Conjunto 41, sala 3,
Brooklin Novo,
São Paulo - SP, CEP 04575-060
Phone: +55 11 975435591

b) 726, Avenida Paulista
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KPIT Cummins

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FORM – A – Standalone Financial Statements

Covering letter of the annual report to be filed with the stock Exchange as per Clause 31 (a)

1.	**Name of the Company**	KPIT Cummins Infosystems Limited
2.	**Annual Standalone Financial Statements for the year ended**	March 31, 2013
3.	**Type of Observations**	Unqualified
4.	**Frequency of observations**	Unqualified, hence not applicable

Refer our Audit Report dated April 29, 2013 on the Standalone financial statements of the Company

For Deloitte Haskins & Sells
Chartered Accountants
Registration No: 117 366W

Khurshed Pastakia
Partner
Membership No: 31544

Pune, 17/6/2013

Kishor Patil
CEO & Managing Director

Anil Patwardhan
Sr. Vice President & Head Corporate Finance & Governance

Lila Poonawala
Chairman - Audit Committee

FORM – A – Consolidated Financial Statements

Covering letter of the annual report to be filed with the stock Exchange as per Clause 31 (a)

1.	Name of the Company	KPIT Cummins Infosystems Limited
2.	Annual Consolidated Financial Statements for the year ended	March 31, 2013
3.	Type of Observations	Unqualified
4.	Frequency of observations	Unqualified, hence not applicable

Refer our Audit Report dated April 29, 2013 on the Consolidated financial statements of the Company

For Deloitte Haskins & Sells
Chartered Accountants
Registration No: 117 366W

Khurshed Pastakia
Partner
Membership No: 31544

Pune, 17/6/2013

Kishor Patil
CEO & Managing Director

KPIT Cummins Infosystems Limited

Anil Patwardhan
Sr. Vice President & Head Corporate Finance & Governance

Lila Poonawala
Chairman - Audit Committee