



Technologies for a better world

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- State Bank of India

- HDFC Bank Limited

- The Hongkong & Shanghai Banking Corporation Limited

- Citibank N.A.

- Axis Bank Limited

- BNP Paribas

- Standard Chartered Bank

- ICICI Bank Limited

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Letter from the Chairman and Group CEO

Dear Fellow KPites,

The year that went by was a challenging year for KPIT, especially the last quarter. I would like to use this letter to explain the industry and KPIT performance, the world as we see today and our actions and plans for the subsequent years.

“The year that went by”

Overall Financial Snapshot

In FY15, our revenues grew by 10.98% in ₹ terms and the bottom line declined by 4.81%. In US Dollar terms, revenue grew by 10%. In an uncertain environment at the beginning of the year, we had issued a top line and bottom line guidance. We fell short of the top line guidance in reported USD terms by 1.84%. Almost 90% of this shortfall was contributed by cross currency fluctuations and in constant currency terms we were short by under a couple of million dollars. The shortfall was largely contributed by reduction in SAP and ES SBU revenues for FY15 due to one customer specific issue and delayed closure of deals.

In FY15, our profitability was also lower as compared to FY14. While some of the factors like cross currency movements related to the Industry as a whole, some problems have been more specific to us. During the whole of FY15, we added a lot of lateral hires and in fact the net annual addition in number of people was the highest in FY15 as compared to any other year for KPIT. Thus in a year where the growth was modest but the hiring was the highest, most of our employee related metrics viz. people utilization, span of control, employee pyramid and bench strength have suffered, thus resulting in further strain on the operating profitability for the year. In the last quarter, some of our revenues got postponed and we also had some problems with a couple of specific customers. We chose to reverse and write-off incomes relating to them rather than living with uncertainty in the future. This created a huge hit in Q4FY15. These problems are behind us now as we start the coming year with a clean slate.

During the year, we generated ₹ 2.89 Billion as Cash from Operations against a Profit after Tax of ₹ 2.4 Billion. We were able to improve our DSO by 5 days. The DSO stood at 82 days as against 87 days as at the end of last year. We will continue to work towards bringing the DSO under 80 during the current year.

Services and Products - In terms of SBU performance, we had industry leading growth in Product Engineering Services (PES, earlier A&E) of 35.3%, led by solid traction

in Intelligent Transportation Solution (ITS), whereas the Integrated Enterprise Solutions (IES) SBU grew by 11%. We had a decline of 3.5% in the revenues for SAP SBU and Enterprise Solutions (ES, earlier BTU) which contributed under 10% of the total revenue had a decline of 10%, majority of the decline coming from a single customer. We have been facing certain challenges in the SAP SBU. As we started the year, we had decent traction and the first 3 quarters of the year saw steady progress in the margins for SAP SBU. In a couple of projects we had certain issues with a lot of scope changes and estimation errors. As a prudent measure, we did not recognize any revenue from these 2 projects in Q4 and also provided for additional costs during the quarter. This affected the performance of the SAP SBU not only for the quarter but also for the year as a whole. We think we have resolved all these issues now and are ready for a fresh and steady start in SAP for FY16.

Geography - In terms of geography performance, APAC which now contributes around 18% of our total revenue, grew by 51% over the last year. Apart from the ITS traction, we also saw good growth in Japan and in India. Europe, which has been on a slower track earlier saw good growth in FY15. Europe grew by 18% and now contributes around 15% of our total revenues. US geography which is the largest contributor to our revenues, at 67%, grew just by 2%. The US geography revenue growth was affected by decline in SAP and also one specific customer, majorly serviced by ES SBU.

Industry Vertical - In terms of Industry Verticals, Energy & Utilities led the growth, registering 46.8% growth and now contributes around 20% of the revenues. We also had healthy growth of 16.3% in the Automotive vertical, whereas Manufacturing registered a decline of 4.7%, mostly due to one customer belonging to the manufacturing vertical, located in the US geography and serviced mainly by ES SBU.

Though we had modest growth in FY15, as we look back, there were certain positive areas where we had good success and have the visibility for further growth. We have invested mainly in the Products & Platforms and Automotive IBU during the last 18 months. These investments have slowly started giving us the desired returns. We had tremendous growth in the Products & Platforms area with the ITS revenues touching \$ 18.5 Million for the whole year. We also signed some significant deals in the infotainment and connectivity platform areas, some of which are royalty based non-linear revenues. We worked with the government of India and industry to complete the regulatory framework and the incentive framework for electric mobility. During the year REVOLO cleared the regulatory test. The government

also announced incentives for electric mobility, providing a potential boost for hybrid sales.

We continue to focus on R&D and fostering the culture of innovation not only across KPIT but also across the whole KPIT eco-system. We kicked off Sparkle 2015, a design and development innovation contest, in association with College of Engineering, Pune. Through this contest we seek to build a culture of innovation among engineering students by inviting their ideas and viable business plans around the theme 'Towards Better Mobility and Energy'. The contest received 424 varied ideas from over 1,100 students from more than 114 colleges across 17 states of India. The ideas were reviewed and judged by a jury comprising eminent figures from the field of science and technology. The winning idea was a solution aimed at increasing efficiency of hybrid and electric vehicles, which run on lithium-polymer battery pack, by using a novel circuitry grid using SANDY (Switching algorithm AND cell DYNAMICS) algorithm.

As of FY15 end we had 60 patents filed including 45 for which complete specifications were filed. I am glad to share the recognition for our innovative ideas in the form of granted patents. As of FY15 end, we now have 19 patents granted across different geographies. We will continue to work towards more patents and more importantly monetizing of these patents, in the years to come.

“The year ahead”

Our growth over the last 2 years has been at the lower end of the industry average growth. As a company, our DNA is growth-oriented and we have always been growing above the industry growth, barring the last couple of years. Faced with this problem, we have done our internal re-organization, have hired senior level talent across the globe and have analyzed in-depth the operations across the various SBUs of the Company.

We continue to focus and deepen our presence in the three industry verticals viz. Automotive, Manufacturing and Energy & Utilities. Major trends in the automotive industry are Clean, Safe, Efficient, Connected and Affordable, supported by expanding regulatory requirements and enhanced consumer demands. Similar to automotive industry, Industrial Internet of Things and digital technologies both in products and processes will be an important technology trend in the manufacturing industry. Most of the global discrete manufacturers will offer connected products, driving increased software content in every sold product. In the Energy & Utilities Vertical, asset utilization and management will drive the future growth as companies will largely invest in analytics to support their operations and maintenance of plant and network infrastructure.

Thus the verticals that we focus on have a large technology spend and have tremendous opportunities for specialized players like KPIT. Having said this, the immediate issue to resolve is how we quickly get back to profitability and growth in FY16. We need to change in some areas while we hold some things constant. I am convinced we have good values and have a fulfilling goal of working on technologies

for a better world. While we keep these constant, we need to change to bring back profitability and growth.

Following are the areas that we are focusing on.

Managing Profitability – It is important that we focus on profitability as the first priority for us. In the last year, our profitability has suffered through excess and high cost hiring, lower utilization, bad span of control and low focus on contract profitability. All these resulted in the reduction of our gross margins. We have now rationalized our staff. All the actions relating to this are of a onetime nature and are now largely complete. We have triggered the actions on our span of control and utilization. We are increasing our fresher hiring and reducing lateral hiring. We are reviewing profitability contract by contract and client by client, to decide which work we should do and which work we should not. We are letting some low margin non-strategic work to go. We are focusing on fresher's recruitment and greater training investment, so that as we grow and promote our own people rather than recruiting people laterally, which costs us more. We are streamlining our global operations and cutting down wasteful expenditure. We will focus on productivity increase and automation. We should see the impact of these actions from Q3 FY16 onwards.

Investments for growth – While we are cutting wasteful expenditure, we are investing in new technologies, talent and markets. We are witnessing a paradigm shift in technologies and we can certainly benefit from this shift. We are investing significantly in technologies of Digital Transformation as they relate to all our Business IT areas. We are investing in solutions in our traditional ERP areas. We are investing in Infrastructure Management Services. We are investing in Products and Platforms to leverage our strengths across Engineering and IT to create sustainable differentiators in the market. We are investing in training and recruitment of talent. As a matter of fact, we have doubled our budget for EcoDe (Education & Competency Development). We are investing in markets through additional subject matter experts and account managers. In the last one year we have strengthened our senior team across the functions and we are already seeing good traction on that account. We are investing in creation of new solutions for our target verticals.

We believe the following avenues will provide us high potential for growth:

- Automotive Engineering – services, solutions and products
- Digital Transformation – IoT, Cloud, Analytics, Mobility, Sensor, Social
- Application and Infrastructure Management – combined AMS and IMS
- New wave of cloud based ERP – SAP and Oracle

Digital @ KPIT - I would also like to talk about the Digital Initiatives at KPIT. The digital transformation practices at KPIT are focused on Cloud, Social, Big Data & Analytics and Internet of Things (IoT) / Machine to Machine Communication (M2M). KPIT cloud solutions encompass

cloud solutions in SAP, Oracle and bespoke development and include Cloud Advisory, Cloud implementation and Application Management. Leveraging our industry expertise, we advise customers on their cloud roadmap with focus on business and IT drivers for cloud strategies. We have started working on a pilot basis with several of our strategic customers with our own social analytics platform, real-time vehicle analytics, mobility solutions and cloud connector. SAP SuccessFactors EC & BizX Suite, SAP HANA, Advanced Analytics and workforce planning, BusinessObjects, Oracle Fusion Middleware, Oracle Sales Cloud applications, Hadoop, IoT connectivity platforms, infotainment (KIVI and Konnect platforms), telematics (ITS) and vehicle diagnostics are some of the areas in the digital transformation practice at KPIT. We are also investing heavily in Digital Transformation Strategy for KPIT and have launched the "SMART Enterprise Initiative" within KPIT. In the year gone by, digital technologies contributed to around 12%+ of the total revenues for KPIT. We expect this share to move up substantially in the coming years.

We are working and will continue to work on all these areas in the first 2 quarters of the year and should see the results flowing through the financial results from the second half of the year.

"The years ahead"

The industry is on the threshold of some major changes. The traditional growth engines, majorly ERP implementation, is going through a structural change, with more movement towards the cloud offerings, pay per use & open source and progressively declining traditional on premise ERP deals. For the last one year we have been focusing on ERP on the cloud and related new technologies. We believe this focus should give us an edge.

Another traditional stronghold of Indian IT – Application Development and Maintenance (ADM) is fast changing with more and more use of tools for automation. While the overall size of these operations will shrink, the overall profitability should be much better. We are investing heavily in this area.

In engineering area there is a huge increase as products become intelligent and electronics becomes a core part of every product of any reasonable value. We see ourselves growing strongly in this area.

Newer technologies and focus areas in digital technologies like cloud, big data and analytics, social, mobility solutions, sensor technologies and Internet of Everything are the fast growing spend areas for the customer. We have invested in these areas and will see a good share of our growth aided by these newer technologies.

As a result of all these factors we are certain of sustained profitable growth in the years to come.

The world is moving towards more vertical-focused, domain-centric solutions and products rather than just services. These changes are imminent and exciting and we as a company are fast gearing up to seize these opportunities.

KPIT Mission & Purpose

At KPIT, our mission and purpose is clear. We envision a cleaner, greener, intelligent world, a world that is self-sufficient, sustainable and efficient. We provide technologies that help our customers make high quality, less costly products that use less energy or fewer materials. We strive to improve the state of the industries we serve, by making customer operations efficient using technology and thus create value for both the customer and KPIT. It is our mission to provide Technologies for a Better World.

More about KPIT's Mission & Purpose : <http://www.kpit.com/company/about-us/mission-purpose>

We have gone through rough patches before and we have always come out stronger and better. I am certain we will do this again because of a core, committed team within KPIT and continued support from stakeholders like yourself, over the years, in thick and thin, which I regard highly and appreciate thoroughly.

I know that we are going through pain now, but I would like to assure you that it is shared by all and that it is short lived. I know, with your continued support, we will return to sustainable profitability and growth and together, build a more robust KPIT.

Warm Regards,
Sincerely yours,

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

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

Dear Stakeholders,

As an organization this year has been challenging for us. We had decent growth in H1 but slower growth in H2. Slower growth in H2 coupled with strong cross currency movements negatively affected the reported USD revenues, leading to a shortfall in the yearly revenue as compared with the guidance. Our growth has been on the lower side of the industry average. We also fell short of the profit guidance for the year. The key reasons for this performance include decline in revenues in certain SBUs, mainly during H2 without any corresponding cost reductions, significant project cost overruns, higher bench both onsite and offshore, significant cross currency movements and the overall sluggishness in the ERP space. However there were some positive developments during the year as we saw good growth in our Product Engineering Services (PES) unit, largely in the Products & Platform business. From the account management perspective, our investments in strengthening the front end by adding more domain specific people have also paid off as we experienced good traction in some of our strategic accounts. We also saw certain benefits of our realigned organization structure come through, though we believe there are lot of synergies we need to benefit from, as we move into the coming years.

During the year we faced certain challenges in some of the operations and issues in our earlier contract management process. We are taking all the possible steps to ensure that these inadequacies are corrected and thus not repeated in the future. In terms of our strategic positioning we have made some progress by bringing One KPIT offerings to customers and taking some integrated offerings to our focused verticals. The objective is to bring in more specialization in terms of vertical specific solutions and products. We are at early stages of creating value added industry specific solutions going across Engineering and Business IT and it needs to be done in an accelerated pace to further mine our existing accounts.

GLOBAL ACCOUNT MANAGEMENT (GAM) UPDATE:

GAM is a framework, which is aimed to enable us achieve long-term and sustainable business growth in selected customer accounts, through a mutually beneficial association with these customers. Strategic accounts are selected based on customer's revenue size, alignment to our focused verticals & offerings and potential for our business growth. Our aim is to work with 50 strategic accounts which would contribute a lion's share of the total organization

revenue. Strategic accounts are managed by a dedicated Account Manager and sponsored by a member of our Executive Council. Delivery responsibilities are fixed with relevant delivery managers from various SBUs engaged with the customer. We would like to take our industry specific solutions to our customers.

The growth drivers for our GAM process are: cross sell and up sell across Engineering and Business IT, explore new geographies, work with new business divisions of the customer, take executive relationships to higher level, position KPIT as a technology partner, target large deals, focus on delivery excellence and with all these provide one KPIT experience across all touch points within KPIT.

BUSINESS UPDATE:

INDUSTRY BUSINESS UNIT (IBU) UPDATE:

MANUFACTURING IBU

During the year manufacturing vertical registered a decline of 5% with revenue share at 34%. In Manufacturing IBU we are focusing on three sub-verticals: Industrial Manufacturing, Hi-Tech and Life Sciences Manufacturing. We are working with customers across these industries to help them use technology to achieve more agility in their operations, reduce costs, manage product life cycles and prepare for the massive amounts of sensor data that will be available to them through intelligent and connected devices. In Industrial manufacturing, our customers are focusing on redefining the supply chain, focus on machine to machine connectivity and an increased focus on cyber security. We are working with customers on supply chain efficiency using KPIT's award winning frameworks. Our Automotive ITS expertise to capture real time data and analyze the same for machine to machine communication is accepted well by the customers. We are also offering solutions around warranty management- planning and analytics, ERP, PLM, MES and SCM combined with our expertise in engineering design. Similarly in Hi-tech industry there is growing trend of supplier integration and industry consolidation with high priority on designing and manufacturing products while moving on the servitization mode. Due to these trends there is faster adoption of cloud model. Our offering around integrated and collaborative product lifecycle management solutions helps customers in new product introductions, product planning and collaboration. The medical device industry is witnessing increase in M&A activity, growing regulatory compliances and proliferation of connected devices, patients and healthcare. Our knowledge of M&A in this space has helped our customers when they integrate or isolate their systems while helping them expedite the

transaction and integration. Our offerings around PLM, MDM, and modernization are helping them to meet the regulatory reporting and compliance requirements. There are many changes taking place in this industry and we are helping our customers to push forward in each phase of their roadmaps and collaborating with our technology partners such as SAP and Oracle on solutions development.

AUTOMOTIVE & TRANSPORTATION IBU

Our automotive and transportation vertical grew by 16% on a Y-o-Y basis and its revenue share stood at 37%. The Automotive & Transportation IBU integrates offering across multiple SBUs to offer full value solutions to our customers. In the global automotive industry there are investments being made in new technologies and adoption of advanced vehicle features. We see investments growing to build cloud infrastructure, data analytics, telematics, hybrid and EV technologies, autonomous driving features and many other exciting developments. The industry also continues to invest in R&D to build better, faster and smarter products. R&D spend is being driven by increased demand for embedded and software content. There is a big room for Technology Solutions companies like us with, the overall addressable R&D globalization and services opportunity standing at \$170 billion, out of which \$55 Billion is the addressed market, including in-house R&D centres and third party service providers. We are also pleased to have started some key partnerships with Industry leaders in areas of Diagnostics & Warranty Management, Engineering Cloud Infrastructure and Analytics. With that in mind we are aggressively pushing in the market the following themes. These would leverage the existing capabilities we have and help us building a larger value proposition for our customers.

Software Partner for OEMs & Tier Is- a much broader ownership of the overall software creation and delivery process across multiple domains including powertrain, chassis, Body and ADAS.

Warranty, diagnostics and the connected vehicle concept- we continue to invest in the offering that we have positioned in the market in the last few years and leverage the investment we have made. In addition, we are working with our partners to bring mature model-based diagnostic technology to the automotive market.

Benchmarking, Value Engineering, Enterprise cost management- we are combining Engineering, EPLM and analytics to deliver a comprehensive product cost optimization program.

We have made important people investments across geographies and have brought in expertise to be able to conceptualise and deliver on these themes. Some of our efforts have already started paying results in FY 15.

ENERGY & UTILITIES (E&U) IBU

Energy & utilities was the highest growing vertical for us this year with Y-o-Y growth of 47%, while its revenue

share stood at 20%. This year was a strong year mainly for our Energy business as we added many customers. In E&U IBU, we see a transition phase in the energy industry as there is increase in M&A activity and complex regulatory compliances. In US market there is a positive growth potential due to shale gas wave. We have been well recognized by our customers for our solutions on rentals which help to manage our customers' assets better, integrate their financial and supply chain systems better and even help them improve and optimize their business processes. The Utilities industry is heavily integrated, regulated and competitive. Focus has shifted from back office operations to customer acquisitions and from traditional power generation to clean power generation. Our prime focus has been largely on the distribution side of the business. As per the industry analysts we are amongst the leaders in Utilities when it comes to SAP. We have over 50 customers globally where we have implemented out of box solutions built around SAP – be it ERP, CRM, mobility and analysis. KPIT was named as a Leader in *IDC MarketScape: Worldwide Professional Services Firms for SAP Suite on HANA in Utilities 2015 Vendor Assessment*, (Document # EI255091), which provides a comprehensive assessment of the firms delivering services for SAP's Suite on HANA and a snapshot of their capabilities.

These IBUs have made some good progress on account management but we still need to do a lot of work in 'acquisitions of' and 'offerings to' named customers. We are also working on bringing specialized offerings relevant to IBUs.

STRATEGIC BUSINESS UNIT (SBU) UPDATE:

INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

IES SBU grew by 11% this year with revenue share of 39%. The growth in this SBU has not been very high due to the overall slowdown in ERP area, especially in Oracle. However, we won deals in JDE which showed good traction during the year. We won the **FY15 Oracle Excellence Award in the 'Growth Partner of the Year' category for India region** for having a diverse practice with proven success across Oracle Red Stack including Oracle applications, Oracle Fusion Middleware and Oracle engineered systems and were also acknowledged for implementing Oracle Exadata Database Machine on Oracle's JD Edwards. We also won the **2015 JD Edwards Partner Excellence Award for Outstanding Year-Round Success Story Nominations** by Oracle for providing success stories that complement and enhance JD Edwards applications. With emphasis on cloud we are also working with our customers to offer them the right cloud solution for their business- public, private or a hybrid solution by leveraging our expertise. We have made certain investments in the SBU during the year related to people and technology and these investments along with slow revenue growth led to marginal decline in the EBITDA margins as compared to last year.

PRODUCT ENGINEERING SERVICES (PES) SBU (erstwhile Auto & Engineering SBU)

PES SBU was the highest growing SBU for the year with Y-o-Y growth of 35% with increase in its revenue share to 30%. There is very strong momentum in the SBU also supported by significant growth in our products and platform business which delivered a unique product during the year with dominant market share. This was the first year of operation for Intelligent Transportation Solution (ITS) project and it earned revenues of around \$18.5 Million during the year. We have also been honored by Volvo buses India with Project Development Excellence Award 2014 in recognition of our quick project delivery that included hardware and software integration for the On Bus Intelligent Transportation Systems (OBITS). Our expedient deployment and integration has helped Volvo become the first OEM to complete homologation of their buses with ARAI and Central Institute of Road Transport (CIRT). Even excluding ITS there was decent traction in this SBU across practices of AUTOSAR, Infotainment, Diagnostics and Powertrain. We are also investing significantly in areas such as warranty, diagnostics and connected vehicle technologies. Our regular investments in R&D and senior level hires have led to a decline in the EBITDA margins for this SBU as compared to last year.

SAP SBU

This year was not a good year for SAP SBU as the revenues declined Y-o-Y by 4% and its revenue share came down to 22%. We faced certain issues including scope changes, estimation errors and cost overruns in two customer projects. We also experienced delay in starting a couple of new deals. Additionally we also gave some high volume discounts to some of our long term customers for their existing projects. In SAP, as a general industry feature, we are experiencing a movement towards driving more business to the cloud domain and thus leading to a decline in traditional on-premise ERP implementations. Even though we have been winning projects in HANA, SuccessFactors and other new technologies of SAP, due to lower ticket sizes of such cloud based projects, there is an overall decline in the quantum of revenues as compared to earlier years. Moving forward we have already been positioned as an experienced HANA and SuccessFactors implementation partner while we are also investing in developing our expertise and capabilities in the new technologies of SAP like Hybris, Simple Finance among others and we have also won deals in these areas. We have been working towards increasing the maintenance and support share in the revenues and we have won a few deals for AMS services but our implementation share is still higher in this SBU. Decline in revenues along with the quality of revenues have severely impacted the profitability of our SAP business during this year.

ENTERPRISE SOLUTIONS (ES) SBU (erstwhile Business Transformation Unit SBU)

The revenue share for ES SBU came down to 9% with Y-o-Y revenue decline of 10%. The SBU has structurally realigned its team to bring in a focused approach towards sales and presales actions. The field sales and presales team is now active in the US and Europe region and we are confident to leverage each other's strengths in these geographies, offering vertical specific solutions and services to the strategic customers. We see good momentum for Testing-as-a-service and digital transformation. This practice is seeing initial traction in web development, mobility apps, UX/ UI initiatives with our manufacturing and automotive customers. We have also formed several industry alliances in areas such digital manufacturing, asset lifecycle and maintenance management solutions and eProcurement & Supplier Management. The profitability for this SBU remained at similar level as compared to last year.

GEOGRAPHY UPDATE:

During this year also APAC led the growth for us with 51% Y-o-Y growth followed by Europe which grew by 18% on a Y-o-Y basis. In US the growth was marginal at 2% mainly due to the slowdown in our ERP business, mainly SAP. In APAC geography we have good traction in China and we have also taken steps to enable the KPIT Shanghai Technical center. We were able to establish 4-5 key potential GAM accounts this year with some key customer wins in ASEAN & ANZ region. We are proactively exploring the market for potential big opportunities around our Product portfolio. Offerings from Products & Platforms for this geography are also very exciting for the customer and we are working closely with SAP, ES and P&P SBUs to build an integrated Automation story for customers. In Europe we have won large deals in IT and engineering and created an improved pipeline. With more dedicated sales and SMEs on the road, our focus is now on Strategic customers and maximizing the opportunities in identified countries in Europe, mainly Germany and Scandinavia. We want to offer differentiated solutions in IoT (Internet of Things), ITS, Autosar, Mobility, Connectivity and Analytics. US is our biggest market both for ERP as well as engineering solutions. We have also made major front-end investments in the US market over the last one and half years and are seeing the returns coming our way. We will focus on further leveraging these investments in the coming years.

PEOPLE INITIATIVES:

Despite being a challenging year for the organization, there was no change in our focus on people and the required investments for their development. We continued to invest in the right people DNA at the leadership level. We are laying out a new Performance Management Framework (KPMS) which entails a complete role based approach and provides for clearer and better career growth streams. Our

focus is on fulfilling 70%+ of new positions by mapping internal employees for different and higher roles. With New KPMS framework we conducted an exhaustive exercise looking at span of control by roles and by reporting hierarchy.

We have also made significant investments in the learning and development opportunities for our employees. We have adopted a new approach to be self-sufficient and create a unique value proposition for business leaders within the company. We have strengthened the engineering academy & initiated multiple trainings for fresh graduates & laterals to bring new recruits to speed. As part of our PACE program we have partnered with 15 strategic partner institutions to address each stakeholder's need. This program gives significant visibility to quality talent from campuses. Our GENESIS program, which is executed through SBU specific academies, ensures that all the engineering trainees are sufficiently trained and skilled to take up their first project in the company. We have trained over 450+ fresh graduate engineers this year. A revamped certification program framework aligned to the SBU practices to take care of the competency development & certification across Technology, Domain, Process, Project Management, Soft Skills and Leadership areas is being designed. We launched a new program ASPIRE for enabling employees to drive their career progress. This was launched on pilot basis and as a result we saw many self-nominating employees getting promoted during this cycle. We are going to launch this program across the organization to help people plan rotations, training and promotion nominations on their own.

We also conduct different other programs like ELEVATE (mentoring and coaching by leadership members), LIFT (Leadership development program), Bi-annual connect with our Chairman & Group CEO, Leaders club meeting with the MD & CEO, The Ground Zero, an interactive session where business unit heads and middle management share business updates with employees across all grades and ACCELERATE (certification program for Business Enablement Functions / support functions). There are different recreational sessions being conducted to maintain vibrancy at workplace. We also pay a lot of attention towards good health and safety of our people and organize regular health check-up camps and sessions for the same.

EXECUTIVE APPOINTMENTS:

Mr. K N S Acharya has joined us as Vice President in the people function to lead the Learning Organization and competency development across all practices. He has over 28 years of experience spanning across industry, academia and applied research.

Mr. Gurudath Narayan has joined in the Automotive & Transportation IBU as Vice President for Product Engineering Services. In this role, he will focus on expanding our technology and management leadership in the market and create a larger team of experts able to work directly with our customers in various geographies. Being an entrepreneur by nature, in the last 25 years he has

developed several successful advanced engineering service businesses with centers in North America, Europe and India.

Mr. Vincent Raveau has joined as Vice President in Automotive & Transportation IBU and he will be based in Paris looking after France and Benelux markets. We are focusing very strategically in these markets and they present significant growth opportunities with the French Auto OEMs and Tier Is as well as with broader transportation segments. He has over 20 years of experience in general management positions for large industrial groups.

Mr. Nataraj Narayan has joined as the Senior Vice President and Head of our IMS business unit. Based out of Bangalore he will work towards setting the strategy and execution plan to grow the IMS business. In his earlier experience he has served at many companies at leadership positions and as the CIO.

Besides these new additions there has also been a few internal changes in the key roles and responsibilities within the senior leadership team.

Dr. Pawan Sharma who is a member of the Executive Council of the company will now look after the entire Business IT as President Global Business IT besides heading Americas geography and Manufacturing and Energy & Utilities IBU. In this role he is responsible for the P&L of the above mentioned business units directing the planning and execution of the organizations' growth strategy. His entrepreneurial attitude and experience spans across building and managing new business, starting new country operations and setting up Consulting, IT and BPO operations across the globe.

Mr. Anand Chellam who has been part of our SAP SBU for quite some time has now been appointed as Head- SAP SBU. He has over two decades of experience in IT and a wealth of business process consulting experience across multiple industries.

Mr. Ram Indukuri has been appointed as the Head, ES SBU. With over 9 years of experience with the organization, he has performed various roles in managing the Cummins account. He will focus on transforming ES as a true solutions organization, by developing solutions that will create immediate business impact and provide high Return on Investments for our customers.

OPERATIONAL UPDATE:

We have a focused strategy on building best in class infrastructure and systems improving business productivity and customer centricity. We undertook multiple initiatives during this year such as Global rollout of Microsoft Dynamics CRM, roll out of actionable business analytics, setting up Hybrid cloud helping workload portability between KPIT Cloud and public cloud service providers. We have also completed the consolidation of IT infrastructure across all global offices, rolled out common IP telephony and collaboration solutions. With the formulation of a clear Digital Transformation Strategy we launched "SMART Enterprise Initiative". We have initiated numerous projects

to transform the business processes by use of SMACS (social intelligence, mobility, Predictive analytics, Cloud, Container and micro services and Sensors) technologies. To take IT as a Service strategy forward, we are building Software Defined Data Centre which can provide end to end data centre services such as compute, network, security, storage on demand, enabling business agility and driving innovation. Our objective is to create flexible workplace to enable employees to work from anywhere, using any device albeit in the gamut of information security. These initiatives will help in acquiring right talent, optimally utilizing physical infrastructure and bringing people closer to customers.

INFRASTRUCTURE:

As on FY15 end we have total seating capacity of 8,400+ seats in India of which 7,600+ seats are occupied. During the year, we have added three facilities across Pune and Mumbai and the total seating capacities of these facilities stand at 290+. Amongst these new facilities two are rented while one facility based in Pune is owned by us and it focuses primarily on R&D activities related to our products and platforms business.

BUSINESS OUTLOOK:

Before moving ahead we have analyzed this year's performance in great depth and realized that while

there have been challenges in some of our business and operational areas, at the same time we have started reaping benefits of some of the previous initiatives undertaken and investments made by the organization. During next year we will take certain corrective measures to bring in operational excellence and improve the quality of growth, while we will continue with our investments in the areas of future growth for the company.

This has happened to us few times in the past, with that experience and dedication, we are gearing up for next year which we believe will be the year of change for the company. This change will need lot of discipline, courage, tough decisions and adaptability for change. We believe opportunities continue to exist and grow in every area that we focus on mainly in Internet of things and Digital transformation. We are very excited about the future. We are confident with the right focus, action and mindset, we are confident of corrective action in first half of the year and bouncing back soon thereafter.

Warm Regards,
Sincerely Yours,

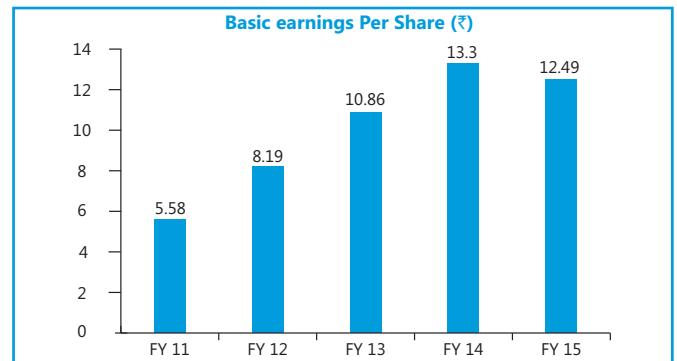
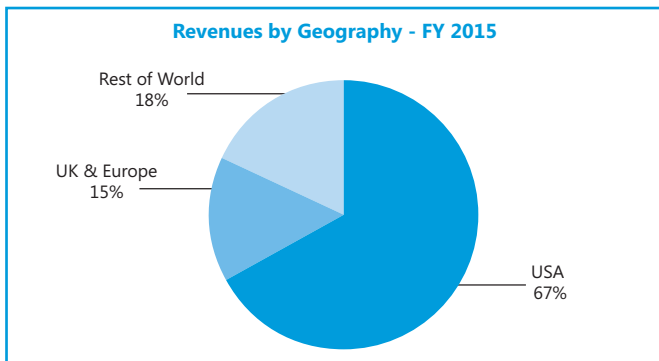
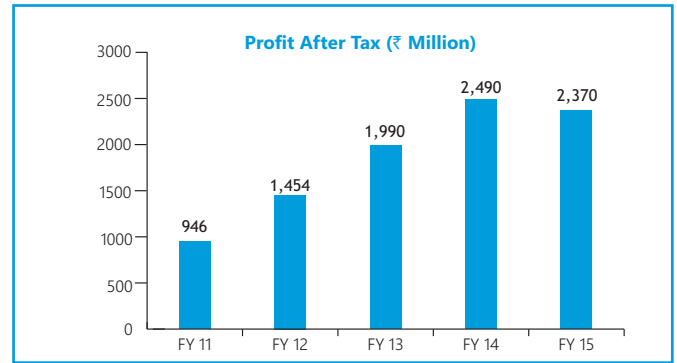
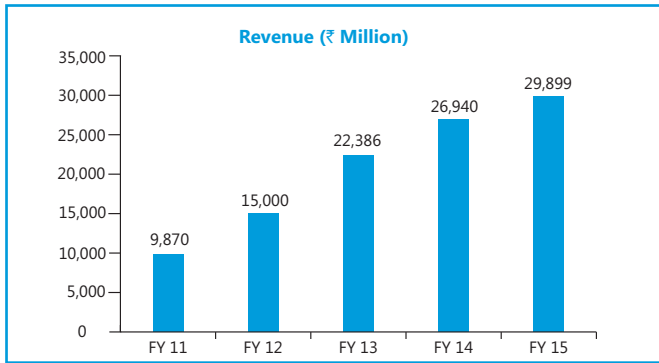
Kishor Patil
CEO & Managing Director

Sachin Tikekar
Whole-time Director

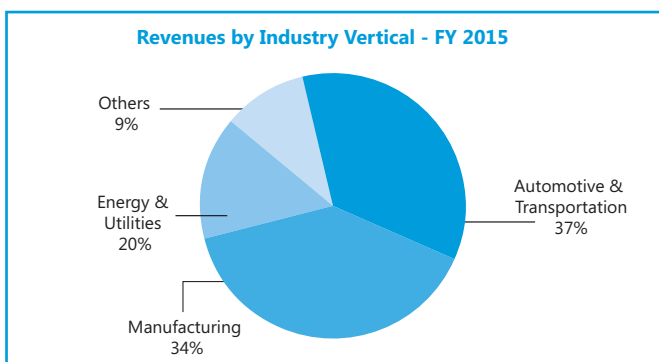
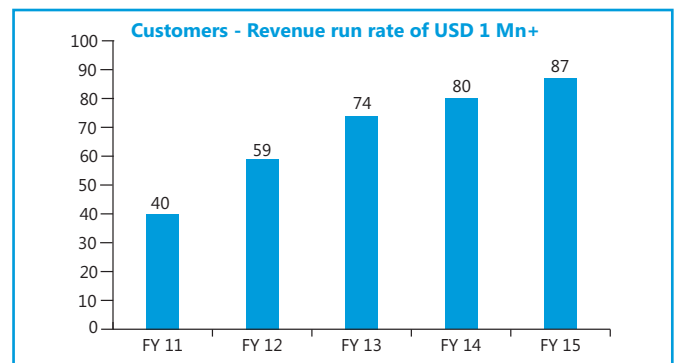
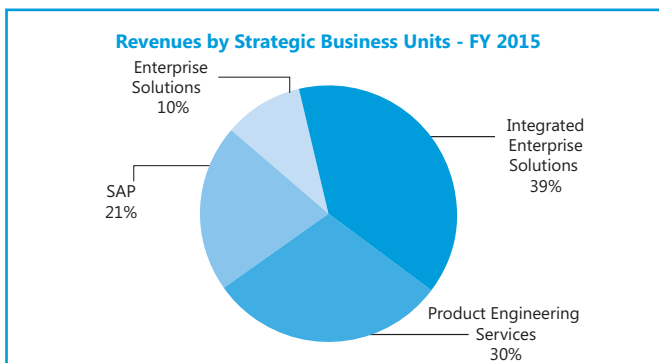
Financial highlights

| | ₹ Million | |
|--|------------------|------------------|
| | FY 2015 | FY 2014 |
| CONSOLIDATED INCOME STATEMENT | | |
| Sales (USD Million) | 489.00 | 444.32 |
| Sales | 29,899.17 | 26,940.40 |
| Gross Profit | 8,426.07 | 8,760.34 |
| EBITDA* | 3,244.07 | 4,182.75 |
| Interest | 164.69 | 181.99 |
| Depreciation/ Amortization | 851.35 | 539.53 |
| Other Income (Net of Exchange gain/loss) | 256.65 | (153.30) |
| Profit Before Tax | 2,484.67 | 3,430.33 |
| Profit After Tax | 2,369.87 | 2,489.50 |
| CONSOLIDATED BALANCE SHEET | | |
| Share Capital | 376.13 | 370.99 |
| Reserves & Surplus | 12,577.72 | 12,365.38 |
| Total Shareholder's Funds | 12,953.85 | 12,736.37 |
| Share Application Money | 7.65 | 14.84 |
| Non- Current Liabilities | 1,203.15 | 1,533.68 |
| Current Liabilities | 8,536.04 | 7,164.10 |
| Total Equity & Liabilities | 22,700.69 | 21,449.00 |
| Fixed Assets | 2,328.20 | 2,160.86 |
| Goodwill on Consolidation | 5,087.93 | 5,994.10 |
| Other non-current assets | 2,135.66 | 1,396.70 |
| Current Investments | 590.38 | 1,741.29 |
| Trade Receivables | 6,978.70 | 6,743.01 |
| Cash and cash equivalents | 3,637.54 | 1,907.89 |
| Other Current Assets | 1,942.28 | 1,505.15 |
| Total Assets | 22,700.69 | 21,449.00 |
| Key Ratios | | |
| Revenue growth | 10.98% | 20.34% |
| EBITDA Growth | (22.44%) | 14.92% |
| PAT Growth | (4.81%) | 25.10% |
| Gross Profit Margin | 28.18% | 32.52% |
| EBITDA Margin | 10.85% | 15.53% |
| PAT Margin | 7.93% | 9.24% |
| SG&A to Revenue | 17.24% | 16.99% |
| ROE | 18.45% | 21.56% |
| Return on Capital | 13.29% | 15.73% |
| Debt to Equity | 0.39 | 0.37 |
| Cash/ Total Assets | 16.02% | 8.90% |
| Basic Earnings Per Share (₹) | 12.49 | 13.30 |

*EBITDA before exchange gain/ loss and other income



* Previous year's figures have been adjusted for bonus issue.



Enterprise Risk Management

Enterprise Risk Management (ERM) Framework

In an environment of volatile global economy, constantly evolving technologies, intense competition and innovative business models, the need for an integrated risk management framework cannot be over-emphasized.

To support the Company in its pursuit of its mission, a comprehensive process to identify, measure, mitigate and monitor the risks has been implemented by the Company. This is accomplished by the following ERM framework:

Overall context for risk management process

Strategic business goals are defined and articulated by the leadership team (Board of Directors and executive management) which provide the context and the guidance for the ERM framework. The framework involves the following steps:

Identification of Risks

Once the overall business objectives and the operating environment are defined, the risks are identified by identifying events or factors that can potentially prevent the organization from realising its objectives. Individual businesses and functions are scanned to identify the factors which constitute the risks. In order to eliminate subjectivity in the assessment of the magnitude of the risks, quantitative risk metrics are established. Each risk is represented by one or more risk metrics.

Risk Measurement

Once the risk metrics are defined, the risk metrics are measured periodically. Based on the metrics, the status of the risk is determined.

Risk mitigation

Once the risks are measured based on the risk metrics and their status is determined, the mitigation actions are taken by the risk owners. Needless to mention, the exact actions, their magnitude and sweep will depend on the status of the risk.

Risk Monitoring & Reporting

Risk mitigating plans are implemented and monitored periodically for effectiveness. The status of risk mitigation actions and their results are periodically reviewed by the management in the business review meetings. Further corrective action, if required, and any required management support for the same are decided as part of the monitoring process.

Important risks identified by the company

As a result of continuous evaluation of the risks that the Company is facing, the Company added some new risks in its ERM framework and dropped some risks previously

monitored. The following are some of the risks being closely monitored and managed by the Company:

1. Customer Relationships

Since the Company's strategy is to focus on a select set of customers from chosen industry verticals, the ability of the Company to grow and manage these relationships is a critical success factor for its growth. The Company tracks this risk through growth in revenues from these customers as well as their customer satisfaction scores.

In order to manage and mitigate this risk, the Company has implemented an initiative called Global Account Management (GAM) under which a customer-wise strategy is devised for penetrating and permeating each GAM customer. These customers are managed closely by a dedicated Account Manager, guided by an Executive Sponsor. At the Customer organization, our highest level of engagement is with very senior level executives and many times, at their board member's level which ensures a partnership approach from the customer's side also.

2. Talent Management

Skilled professionals form an integral part of a knowledge-based business like ours. Our employees are our most valuable assets and attracting and retaining employee talent is extremely important for our growth and even, existence. This risk is measured by tracking the attrition of high performers and the percentage of new recruits becoming high performers within a year of joining KPIT.

The Company mitigates the risk of talent retention by offering more challenging opportunities to high performers, giving them opportunities to work in cutting edge technologies and through a mix of competitive salary and employee stock options. The Company addresses the risk of talent attraction through tie-ups with some of the top academic institutions where the Company, along with those institutions, jointly engages in skill development of the students, thereby ensuring the availability of industry-ready graduates. The Company is also making significant investments in training to ensure continuous reskilling of the existing employees to orient its talent pool to the market needs.

3. Ability to maintain gross margins

This is one of the new risks added during the year 14-15. Given the people-intensive nature of our business, employee-related costs are a major part of our cost structure. The continuously increasing employee costs exert pressure on our margins and the ability to either control the employee costs or pass on the same to the

customers through higher billing rates is key to our profitability and survival.

The Company mitigates this risk through higher employee productivity by more automation and skill upgradation. Higher productivity will enable the Company to either absorb the cost increase or pass it on to our customers without affecting our competitiveness. Increasing the proportion of higher value services in the total revenues is one more strategy being pursued by the Company.

4. Currency Appreciation

The Company continues to be exposed to the impact of changes in foreign currency exchange rates, as a significant part of revenues of the company are earned in foreign currency while a major portion of its costs are incurred in Indian Rupee. This risk is measured by the movement of the actual exchange rates vis-à-vis the targeted exchange rates (based on our annual operating plan).

To address this risk, company has put in place a forex hedging policy based on a consistent approach to hedging. This policy is reviewed periodically by the Management and the Board.

5. Business concentration

Since the Company's strategy is based on focusing on a select number of industry verticals, customers and offerings, there is always a possibility of business being concentrated in a particular industry vertical, customer or offering with consequential volatility. The Company measures this risk by monitoring the percentage of overall revenues contributed by each industry vertical, customer, geography or offering.

The company mitigates this risk by maintaining a balance between various industry verticals, customers, geographies or offerings and making special efforts to

grow the emerging businesses, without compromising on its focus.

6. Operational Liability

Since the Company's engagement with its customers affect the core operational areas of our customers, any deficiency in the services or products of the Company may lead to higher costs or lower revenues for our customers which may result in claims for damages from the customers. The Company measures this risk based on data relating to defects reported by the customers, delay in deliveries and low scores of customer satisfaction.

The Company mitigates this risk by putting in place a robust governance mechanism involving sound development process supported by stringent review process and good project management practices. The Company has also insured some of these risks.

7. Large deal delivery management

This is one of the new risks that was added in the last year. As part of its growth strategy, the Company is executing some large deals for its customers. These large deals are much more complex compared to other deals in that, these call for superior project/program management capabilities, seamless co-ordination between the onsite team and the offshore team and working with multiple locations/units of customer organization at the same time. Inability to execute these deals according to plan may result in erosion of margins and lower growth. The Company measures this risk by comparing the actual margins on these deals with the targeted margins.

This risk is mitigated by accurate scoping of the deals, meticulous execution, proactive approach to change control, adoption of best project management practices and periodic review of such projects by senior management.

Board's Report

Dear Shareholders,

The Directors are pleased to present the Twenty Fourth Annual Report together with the Audited Accounts of the Company for the Financial Year that ended on March 31, 2015.

Performance of the Company

(In Million)

| Particulars | Standalone 2014-15 | | Consolidated 2014-15 | |
|-------------------------|--------------------|-----------|----------------------|-----------|
| | USD | ₹ | USD | ₹ |
| Revenue from operations | 203.75 | 12,457.47 | 489.03 | 29,899.17 |
| Profit before Tax (PBT) | 28.03 | 1,714.02 | 40.64 | 2,484.67 |
| Profit after Tax (PAT) | 24.87 | 1,520.44 | 38.76 | 2,369.87 |

Result of Operations

During the year under review, the total revenues from operations (consolidated) increased to ₹ 29,899.17 Million, a growth of 10.98% over the previous year. Earnings before interest, tax, depreciation and amortization was ₹ 3,244.07 Million on consolidated basis. Net profit after tax (consolidated) decreased by 4.81% to ₹ 2,369.87 Million.

In US Dollar terms, revenues from operations for the year on consolidated basis was 489.03 Million as against 444.32 Million during the previous year, a growth of 10.03%. Average realization rate was ₹ 61.14 per US Dollar.

Standalone sales for the fiscal year 2014-15 grew by 33.92% to reach ₹ 12,457.47 Million. Net profit after tax increased by 1.94 % to ₹ 1,520.44 Million.

Dividend

The Directors are pleased to recommend a dividend of ₹ 1.10/- per equity share of face value of ₹ 2/- each (55%) for the year under review. The total pay-out will amount to ₹ 259.58 Million including dividend distribution tax.

Transfer to Reserves

Your Directors propose to transfer ₹ 152.00 Million to the General Reserve. An amount of ₹ 5,873.56 Million is proposed to be retained in the Profit & Loss Account.

Share Capital

The Company issued and allotted 2,589,906 equity shares of ₹ 2/- each, to the eligible employees on exercise of options under the employee stock option schemes during the financial year 2014-15.

Consequently, the outstanding issued, subscribed and paid-up capital of the Company as on March 31, 2015 is ₹393.32 Million, consisting of 196,662,113 equity shares of ₹ 2/- each.

CRISIL Ratings

For the 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

Our focus on quality, productivity and innovations has helped us deliver increased value to our customers. During the year, the Company achieved recertification for ISO 9001:2008 (Quality Management System). Further, our Systems Integration Facility was recommended for certification to ISO/TS-16949:2009 and ISO 20000-1:2011 (Information Technology Service Management System) by TUV Nord Cert GmbH for providing software development, product engineering, product support and enabling services. The Company continues to maintain the highest maturity level 5 for CMMI-DEV® V1.3 (Development) as well as Automotive SPICE®. The Company is also certified for ISO 27001:2005 (Information Security Management Systems) and ISO 22301:2012 (Business Continuity Management System).

A number of initiatives were introduced during the year in line with the focus on quality and productivity improvement. In an effort to ensure that our delivery teams are well informed of the automation trends and are ahead of the technology curve, the Company launched the

Tools Symposium event. As part of this event, our vendor partners and internal practice teams showcased the latest technology trends, tools and accelerators through an exhibition as well as through detailed technical tutorials for the delivery teams.

We continue to strengthen our software delivery through Strategic Business Unit (SBU) specific quality and productivity improvement strategies defined in line with the technology advancements, customer expectations and business direction. As part of its ERP strategy, the Company further reduced the ERP implementation time by creating industry vertical specific accelerators which come fully equipped with industry best practices. The Product Engineering Services (PES) SBU continues to leverage the Continuous Build Automation platform to further strengthen the quality of software delivery. The Products and Platforms SBU further strengthened its production processes during the year under review.

Our process improvement drive continues to be strengthened by Six Sigma and lean process improvement projects being completed successfully, benefiting both KPIT and its customers. During the year, the Company has also helped its customers in implementing data analytics and Six Sigma based process improvements with more opportunities in the pipeline. As a result, 92% of our strategic customers have endorsed their satisfaction with our services and products.

Institutional Shareholding

As on March 31, 2015, the total Institutional shareholding in the Company was 59.17% of the total share capital.

Information about the Subsidiary Companies

As on March 31, 2015, the Company had 17 subsidiaries, including step-down subsidiaries.

During the year, under review, KPIT Global Solutions Limited was merged with the Company with effect from September 26, 2014.

Impact Automotive Solutions Limited, previously an associate company, became a 100% subsidiary of the Company with effect from July 01, 2014, consequent to the acquisition of its entire share capital by the Company.

Integrated Industrial Information, Inc., a US based company specializing in Product Lifecycle Management (PLM) software business, was acquired through KPIT Infosystems Inc., USA, effective from May 09, 2014. HD Solutions GmbH, a German Company specializing in PLM space, was acquired through KPIT Technologies GmbH with effect November 01, 2014 and was subsequently rechristened as KPIT Solutions GmbH.

During the year under review, the names of various overseas subsidiaries were changed as a part of the branding strategy of KPIT Technologies Limited.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements along with its subsidiary companies, which is forming a part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is also included in the Annual Report as "Annexure 1".

In accordance with Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing the standalone and the consolidated financial statements and all other documents required to be attached thereto has been placed on the website of the Company, www.kpit.com. Further, a report on the performance and financial position of each of the subsidiaries has also been placed on the website of the Company. Shareholders interested in obtaining a printed copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Mr. Sachin Tikekar retires by rotation at the forthcoming annual general meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment.

During the year, Mr. Anant Talaulicar and Ms. Elizabeth Carey resigned as Cummins nominee directors consequent upon Cummins Inc. divesting its investment in the Company. Further, upon their resignations, their alternate directors, Mr. Dwayne Allen and Mr. Cariappa Chenanda respectively also ceased to be alternate directors w.e.f. October 20, 2014.

Subsequently, Mr. Anant Talaulicar was appointed as an additional director w.e.f. October 21, 2014, to hold office up to the forthcoming annual general meeting. Further, Mr. Dwayne Allen was appointed as an alternate director of Mr. Anant Talaulicar w.e.f. October 21, 2014. A proposal is being put up for the approval of the shareholders at the forthcoming annual general meeting for the appointment of Mr. Anant Talaulicar as an independent director of the Company.

Owing to his other business commitments and preoccupations, Mr. Amit Kalyani resigned from the directorship of the Company w.e.f. February 20, 2015.

The Board places on record its appreciation of the valuable services provided by Ms. Elizabeth Carey, Mr. Amit Kalyani and Mr. Cariappa Chenanda during their tenure.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board at its meeting held on April 28, 2014, had noted the Whole-time Key Managerial Personnel (KMP) of the Company as below:

1. Mr. Kishor Patil - Chief Executive Officer (CEO) and Managing Director;

2. Mr. Anil Patwardhan - Chief Financial Officer (CFO);
3. Mr. R. Swaminathan - Company Secretary.

Auditors

Pursuant to the provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company in the last Annual General Meeting held on July 25, 2014, for a period of five years, subject to ratification by the members in every Annual General Meeting. Based on the recommendation of the audit committee, the Board recommends ratification of the appointment of B S R & Co. LLP, as the statutory auditors of the Company, at the forthcoming annual general meeting.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

The Board of Directors of the Company appointed Dr. K. R. Chandratre, Practicing Company Secretary, as the Secretarial Auditor to conduct Audit for the year under review. The Secretarial Auditor's report for the year under review is appended to this Report as "Annexure 2". The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Corporate Governance

A separate section on Corporate Governance with a detailed compliance report thereon forms a part of this 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 attached.

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.

Awards & Recognition

- KPIT won 2015 Oracle JD Edwards Partner Excellence Award for Outstanding Year-Round Success Story Nominations;
- Ms. Vaishali Vaid, VP & Head, Global HR, KPIT honored with the '100 Most Talented Global HR Leaders Award' by CHRO Asia;
- KPIT won FY15 Oracle Excellence Award in Growth Partner of the Year Category – India;
- KPIT honored by Volvo Buses India with Project Development Excellence Award 2014;
- Mr. Kishor Patil, CEO & MD, KPIT honored with CA Business Leader Award - Corporate at the 8th ICAI Awards, 2014 by the Institute of Chartered Accountants of India (ICAI);

- Infor India recently awarded KPIT with the Promising Partner of the Year 2014 award for the Indian Subcontinent for implementing Infor solutions that create value for customers and generate new business opportunities;
- KPIT Chairman & Group CEO Mr. Ravi Pandit and CEO & MD, Mr. Kishor Patil, honored with Maharashtra Corporate Excellence (MAXELL) Awards 2014 for Excellence in Entrepreneurship.

Particulars of Employees

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 lakh or more, or employed for part of the year and in receipt of ₹ 5 lakh or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as "Annexure 3(a)" to the Board's report.

The ratio of the remuneration of each director to the median employee's remuneration and other details prescribed in sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached to this report as "Annexure 3(b)".

Employees Stock Option Plan (ESOP)

Information relating to stock option plans of the Company is provided in "Annexure 4" of this report. The information is being provided in compliance with Clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place, a policy on prevention of sexual harassment and has put in place a redressal mechanism for resolving complaints received with respect to sexual harassment and discriminatory employment practices. No case of sexual harassment and discriminatory employment was reported during the financial year under review.

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 on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated

under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014

Conservation of Energy

The Company always endeavors to reduce energy consumption and achieve conservation of resources. Some of the initiatives taken by the Company in this connection have been detailed in the previous years' Directors' Reports which the Company continues to implement. Apart from those initiatives, the following measures were undertaken to reduce energy consumption resulting in saving of 27% for Pune facility, 12% for Bangalore facility and 19% for Mumbai facility over the period of last 5 years:

- Revamping of AC chillers at Mumbai;
- Regulation of timings for AC operations and setting of standard temperatures at all locations in India;
- Installation of AC remote controls at all meeting rooms and cabins;
- Replacing T5 lights (56W) with LED lights (14W);
- Regulation of UPS and Capacitors as per load requirement.

Green Initiatives

The following initiatives were undertaken at company level to create awareness about importance of environmental protection and reducing Traffic/Pollution:

- "Greenathon" awareness run for zero garbage organized on June 14, 2014.
- Company's initiative for launch of HIA MIDC Joint Transport Initiative (Metro-zip) on September 01, 2014 to reduce traffic congestion.
- Tree plantation drive conducted on August 09, 2014 during which 1,000 trees were planted.

Occupational Health and Safety Assessment Series (OHSAS)

The following activities were carried out by the Company under OHSAS during the year:

- Free Dental and Eye checkup conducted on May 28, 2014.
- Awareness Session on Tobacco Cessation was organized on June 25, 2014.
- Propel 2014 (Health week) in November-2014 which included:
 - Yoga Sessions
 - Complete Body Checkup (Total approx. 400 employees participated)
 - Laughter session
 - Health Sessions (Hair & Skin, Healthy Heart, Diabetes, Ergonomics, Hormonal Imbalances in women)
 - Zumba

- Health Related Games like running, Brisk walk, step climbing
- First Aid training and certification session for employees on December 16, 2014
- Road Safety awareness rally organized on February 5, 2015.

Technology Absorption

In the financial year 2014-15, we have successfully rolled out Microsoft Dynamics CRM across all SBUs and Industry Business Units (IBUs) globally. This has helped us in bringing uniformity and better visibility on opportunity to order processes. We have also launched Analytics platform using SAP, giving users self-service capabilities for analyzing data enabling data driven decision making culture. SAP reimplementation project is underway in the Company which will help in simplifying the business processes. We have seamlessly integrated IT infrastructure of all KPIT global offices helping to give ONE KPIT experience to customers and improving collaboration across the organization. Other Key initiatives planned in the coming year are rollout of Enterprise Digital Transformation called SMART Enterprise, where we are building digital platform for transforming business processes using SMACS technologies, implementation of Software defined data center including automation and self service provisioning of network, security & storage infra in addition to computing infrastructure.

Research and Development (R&D) Activity

Innovation forms the core of the Company. 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 strive towards co-innovation, where we work with our customers to jointly develop solutions and create value for the end consumer, who would be our customers' customer. The Company has been continuously investing in research and development with these goals in mind. These investments are made not just at the corporate level, but also in each Strategic Business Unit (SBU). These Research & Development expenses are being incurred under respective SBUs by setting up various cost projects. The Company has constructed a new R&D center in its Hinjewadi campus, and the building is home to the Center for Research in Engineering, Science and Technology (CREST) as well as other teams working on R&D projects. We have been re-certified by the Department of Scientific and Industrial Research as a recognized R&D center.

During the year, the Company successfully conducted research assignments for its customers which included technical consultations on electronics optimization in vehicles for a vehicle maker. We also conducted joint R&D with an automotive customer to deploy our technology for automatically converting software code to behavioral models. We have also been successful in getting customer projects based on the R&D work we have conducted in the area of Driver Status Monitoring for Advanced Driver

Assistance Systems. Discussions are on with a customer for yet another project related to an around view system based on our previous R&D work.

The Company has been investing into an affordable & Innovative Plug-in Hybrid Electric Vehicle Technology and the same is branded as "Revolo" to take it to the market place. Revolo is a technology that can be incorporated in existing vehicle to convert it to a plug-in hybrid electric vehicle and also as an original equipment fitment. The technology increases fuel efficiency by around 35% and reduces CO₂ emission by around 30%. These performance parameters are tested at Automotive Research Association of India (ARAI). The solution is applicable from a small car of 800 cc to commercial vehicle up to 3000 cc. The benefit arising out of performance improvement, results in net energy saving of over 25%.

The R&D employed for the development of Revolo was based on the school of thought of frugal innovation.

KPIT R&D - Expenses for the year ended March 31, 2015

| Asset | A&E SBU | | IES SBU | | Total |
|--|--------------------------|------------------------|--------------------------|--------------------|--------------------------|
| | Amount (In ₹ Million) | Details | Amount (In ₹ Million) | Details | Amount (In ₹ Million) |
| Expensed in the statement of profit and loss (Refer Note 1) | 105.77 | A&E Crest Projects | 18.83 | IES Crest Projects | 124.60 |
| Capital Work in Progress | 72.73 | Products and Platforms | - | | 72.73 |
| Assets capitalized on new Research and Development facility (Refer Note 2) | - | | - | | 94.27 |
| Total | 178.50 | | 18.83 | | 291.60 |

Notes:

- During the year, the Company has set up a state of the art facility for its R&D Activities, construction of which is complete as of March 31, 2015. The Company has incurred a capital expenditure of ₹ 94.27 million during the year for this facility. The company has been granted recognition of this of facility with the Department of Science & Industrial Research which is valid up to March 31, 2018. The eligible capital expenditure for 200 % weighed deduction is ₹ 37.55 million.
- Out of balance R&D spend of ₹ 197.33 million , eligible R&D revenue expenditure under Section 35(2AB) of the Income Tax Act, 1961 for KPIT Technologies Limited is ₹ 78.21 Million. The weighted deduction is equal to 200% of such expenditure incurred.

A separate section on R&D activities undertaken by the Company has also been included in the annual report.

Foreign Exchange Earnings and Outgo

Given the global nature of the business of the Company, exports always form its thrust. Total foreign exchange earnings during the year were ₹ 8,783.50 Million (previous year ₹ 5,955.68 Million) and foreign exchange outgo (including imports) was ₹ 564.07 Million (previous year ₹ 492.92 Million).

Board Meetings

Six meetings of the Board of Directors were held during the year. More details about the meetings are available in the report on Corporate Governance, which forms a part of this Report.

Committees of Board

The details regarding Committees of the Board of Directors of the Company are given in the Report on Corporate Governance, which forms a part of this Report.

Such an innovation would serve to be more affordable for the consumers at large. Revolo would go a long way in promoting clean energy technology that would protect the environment from harmful Green House Gases. Revolo employs electric power with an objective to improve the efficiency of existing powertrain. Currently 15 patents have been filed globally for the technology developed for Revolo.

The technology investment has been done by the Company with focus on building engineering solution for the automotive engines having capacity from 800 cc to 3000 cc applicable on both diesel as well as petrol driven vehicles. The homologation certification of Revolo aftermarket solution for one of the vehicle models has been completed and launch preparation is in process. KPIT continues to focus on building this technology and Impact Automotive Solutions Limited (wholly owned subsidiary of KPIT), will drive commercial use of this technology.

The total amount spent on R&D activities is given below:

Independence of the Board

The Board of Directors of the Company comprises of optimum number of Independent Directors. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013.

- Dr. R. A. Mashelkar
- Ms. Lila Poonawalla
- Prof. Alberto Sangiovanni Vincentelli
- Mr. Adi Engineer
- Mr. Anant Talaulicar
- Mr. Dwayne Allen
(Alternate Director to Mr. Anant Talaulicar)

Company's Policy on Directors' appointment and remuneration

Pursuant to the provisions of Section 134 (3) (e) of the Companies Act, 2013, the policy of the Company on the appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section 178 (3), is appended as "Annexure 5" to this report.

Particulars of loans, guarantees or investments under Section 186

Particulars of loans, guarantees or investments made during the year under review, pursuant to the provisions of Section 186 of the Companies Act, 2013 are as below:

| Sr. No. | Name of the subsidiary | Nature of transaction | Duration | Rate of Interest (%) | Amount (₹ in Million) | Purpose |
|---------|---|-----------------------|------------------------------|----------------------|-----------------------|---|
| 1 | KPIT Infosystems Inc. | Investment | - | - | 727.32 | For funding the acquisition of Integrated Industrial Information Inc. |
| 2 | Impact Automotive Solutions Limited | Investment | - | - | 107.84 | Payment to Bharat Forge Limited for acquisition of 50% of the outstanding shares of Impact Automotive Solutions Limited |
| 3 | KPIT (Shanghai) Software Technology Co. Limited | Investment | - | - | 27.74 | For funding working capital requirements of KPIT (Shanghai) Software Technology Co. Limited |
| 4 | KPIT Technologies (UK) Limited | Investment | - | - | 195.38 | For funding the acquisition of HD Solutions GmbH |
| 5 | KPIT Technologies (UK) Limited | Loan | 36 Months | 7.752 | 74.00 | For funding working capital requirements of KPIT Technologies (UK) Limited |
| 6 | KPIT Infosystems ME FZE | Guarantee | Valid till December 31, 2015 | - | 62.59 | For setting up credit facilities for KPIT Infosystems ME FZE |

Particulars of contracts or arrangements with related parties referred to in Section 188(1)

Pursuant to the provisions of Section 134 (3) (h) of the Companies Act, 2013, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, and prescribed in Form AOC - 2 of Companies (Accounts) Rules, 2014, are appended as "Annexure 6" to this report.

Material changes and commitments affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Risk Management Policy

A mechanism to identify, assess, monitor and mitigate various risks to key business objectives of the Company is in place. A write-up on enterprise risk management is included elsewhere in this annual report.

Internal Control Systems and Adequacy of Internal Financial Controls

The internal control systems of the Company are adequate considering the nature of its business, size and complexity. The Statutory Auditors as well as Internal Auditors of the Company review the same on periodical basis. Further, significant observations, if any, and action taken reports on the same are considered by Audit Committee at their meeting.

Audit Committee Recommendations

During the year, all the recommendations of the Audit Committee were accepted by the Board. The Composition of the Audit Committee is as described in the Corporate Governance Report.

Corporate Social Responsibility

The Policy on Corporate Social Responsibility (CSR) of the Company and the details about the development of CSR Policy and initiatives taken by the Company on CSR during

the year as per Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as "Annexure 7" to this Report.

Formal Annual Evaluation by the Board

A separate meeting of the Independent Directors of the Company was held for formal evaluation of performance of the Board, Committees and the individual Directors. The performance evaluation was conducted based on the criteria specified in the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The feedback based on evaluation was given to the directors.

Vigil mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. The details of the same are explained in the Corporate Governance Report. The Policy on Vigil Mechanism may be accessed on the Company's website at the link: <http://www.kpit.com/company/investors/corporate-governance>.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure 8" to this Report.

Responsibility Statement of the Board of Directors

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors state:

- i) that in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual financial statements have been prepared on a going concern basis;

- v) that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- vi) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CEO & CFO Certification

Certificate by Mr. Kishor Patil, CEO & Managing Director and Mr. Anil Patwardhan, Chief Financial Officer, pursuant to the provisions of Clause 49 (IX) of the Listing Agreement, for the year under review was placed before the Board of Directors of the Company at its meeting held on April 28, 2015.

A copy of such certificate is annexed to this report.

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 KPIT group for their valuable contribution to the Company.

We further place on record our gratitude to 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 Bengaluru, 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

Sd/-

Pune,
April 28, 2015

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

Annexure 1 FORM NO. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part 'A': Subsidiaries

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|------------|---------------------------------|---|---------------------------|---|---|--|--|--|--|--|--|--|---|---|---|-------------|
| Serial No. | Name of the subsidiary | KPIT Technologies (Shanghai) Software Technology Co. Limited, China | KPIT Infosteams Inc., USA | KPIT Technologies Netherlands B.V. (Erstwhile KPIT Infosteams Netherlands B.V.) | CPG Solutions LLC, USA (Refer note b below) | Sparta Consulting Inc., USA (Refer note b below) | Impact Automotive Solutions Limited (Refer note h below) | KPIT Infosteams UAE (Refer note g below) | KPIT medini Technologies AG (Refer note e below) (Erstwhile IKV++ Technologies AG) | Solutions GmbH, Germany (Refer note e below) (Erstwhile HD Solutions GmbH) | Technologies Informatica Ltda. (Erstwhile Infosteams De Technologie Participacoes Ltda) (Refer Note c below) | Integrated Industrial Information Inc (Refer note b below) | Global Solutions LTA, Brazil (Refer note d below) | SYSTEME Global Solutions LTA, Brazil (Refer note d below) | KPIT Technologies Corporation (Erstwhile SYSTEME Global Solutions Inc., Canada) | |
| 1 | 111355,051 | 6,751,040 | 2,879,168,985 | 33,755,200 | 6,884,988 | 5,43,787,500 | 48,820,824 | 319,538,552 | 318,100,000 | 16,937,000 | 7,902,092 | 1,687,760 | 21,875,095 | 5,507,677 | 19,494 | 49 |
| 2 | (62,919,626) | 130,548,534 | 144,782,327 | 12,195,688 | 663,083,130 | (3,849,953) | (423,820,781) | (213,605,170) | (169,836,000) | (169,836,000) | 24,776,029 | 27,682,463 | 57,899,792 | 60,903,726 | 21,612,627 | 241,967,323 |
| 3 | 112,578,922 | 369,087,995 | 1,597,313,425 | 100,276,396 | 2,284,473,379 | 940,562,118 | 391,872,174 | 2,036,020,219 | 110,648,476 | 363,354,545 | 75,001,689 | 149,012,287 | 127,461,149 | 209,964,893 | 6,565,423 | 360,895,991 |
| 4 | 64,143,497 | 231,788,421 | 2,950,259,291 | 54,325,509 | 1,614,505,261 | 400,624,471 | 190,547,573 | 2,140,302,448 | 6,153,646 | 516,253,545 | 42,323,568 | 119,642,065 | 47,686,262 | 143,553,489 | (15,066,698) | 118,928,619 |
| 5 | 135,610,604 | 705,019,861 | 8,502,914,545 | 188,149,195 | 5,589,464,304 | 1,334,786,982 | 1,448,081,150 | 4,143,581,317 | 203,014 | 359,374,226 | 169,678,533 | 210,551,064 | 553,125,353 | 554,642,711 | NIL | 492,876,314 |
| 6 | (3,741,734) | 63,066,296 | 992,132,820 | 31,079,809 | 294,274,259 | 59,843,939 | (251,029,447) | (420,018,334) | (58,650,291) | (133,355,177) | 37,128,866 | 16,000,025 | 80,667,539 | (97,554,469) | (25,338,836) | 135,533,418 |
| 7 | NIL | 19,182,804 | 398,879,113 | 7,241,398 | 107,553,728 | 10,229,930 | NIL | (680,805,817) | NIL | NIL | NIL | 1,321,636 | 30,542,880 | (45,517,346) | NIL | 46,152,038 |
| 8 | (3,741,734) | 43,883,492 | 186,426,216 | 593,253,707 | 23,838,411 | 49,614,009 | (251,029,447) | 260,787,483 | (58,650,291) | (133,355,177) | 37,128,866 | 14,678,389 | 50,124,659 | (52,037,123) | (25,338,836) | 89,381,380 |
| 9 | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| 10 | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 11 | Profit / (Loss) before taxation | 63,066,296 | 212,856,023 | 992,132,820 | 31,079,809 | 294,274,259 | (420,018,334) | (58,650,291) | (133,355,177) | (133,355,177) | 37,128,866 | 16,000,025 | 80,667,539 | (97,554,469) | (25,338,836) | 135,533,418 |
| 12 | Provision for taxation | 19,182,804 | 26,429,807 | 398,879,113 | 7,241,398 | 10,229,930 | NIL | (680,805,817) | NIL | NIL | NIL | 1,321,636 | 30,542,880 | (45,517,346) | NIL | 46,152,038 |
| 13 | Profit / (Loss) after taxation | (3,741,734) | 43,883,492 | 186,426,216 | 593,253,707 | 23,838,411 | (251,029,447) | 260,787,483 | (58,650,291) | (133,355,177) | 37,128,866 | 14,678,389 | 50,124,659 | (52,037,123) | (25,338,836) | 89,381,380 |
| 14 | Proposed Dividend | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| 15 | % of shareholding | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Notes :

- 100% owned by KPIT Technologies (UK) Limited
- 100% owned by KPIT Infosteams Inc., USA
- 99.91% owned by KPIT Infosteams Inc., USA
- 100% owned by SYSTEME Computer Corporation, USA
- 100% owned by KPIT Technologies GmbH, Germany
- Includes branch KPIT Technologies (UK) Limited Filial (Erstwhile KPIT Infosteams Limited Filial UK, Sweden)
- Include branches KPIT Infosteams ME FZE Australia branch and KPIT Infosteams ME FZE Korea branch
- Subsidiary with effect from 01 July 2014

Annexure 2

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
KPIT Technologies Limited
35 & 36, Rajiv Gandhi Infotech Park,
MIDC, Phase I, Hinjewadi
Pune - 411 057

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KPIT Technologies Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act): —
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the Company during the Audit Period**);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**).

- (vi) **I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
 - (a) The Information Technology Act, 2000; and
 - (b) The Special Economic Zone Act, 2005.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (**Not notified hence not applicable to the Company during the Audit Period**).
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

- (a) The members of the Company have approved the Employee Stock Option Plan 2014, for issue of a maximum of 1,000,000 equity shares to the employees of the Company under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

- (b) The members of the Company have altered the Articles of Association of the Company for increasing the maximum numbers of Directors from fifteen (15) to eighteen (18)
- (c) KPIT Global Solutions Limited, a wholly owned subsidiary of the Company was amalgamated with the Company on 26 September 2014, the appointed date for the said amalgamation being 1 April 2013.
- (d) Impact Automotive Solutions Limited became a wholly owned subsidiary of the Company.

Dr. K R Chandratre
FCS No. 1370, C P No: 5144

Place: Pune
Date: 28 April, 2015

Annexure 3(a)

Statement of employees covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Employee Name | Age (Yrs.) | Designation | Qualification | Exp. (Yrs) | Date of Joining | Remuneration received (₹) | Particulars of previous employment |
|--|------------|--------------------------|--|------------|-----------------|---------------------------|---|
| Part A: Particulars of employees who were in employment throughout the financial year and are in receipt of remuneration of not less than ₹ 6,000,000/- p.a. in aggregate | | | | | | | |
| S. B (Ravi) Pandit | 65 | Chairman & Group CEO | Chartered Accountant & CWA, MS (Management) | 40 | 1-Apr-14 | 14,830,121/- | Kirtane & Pandit Chartered Accountants |
| Kishor Patil | 53 | CEO & Managing Director | Chartered Accountant | 32 | 28-Dec-90 | 8,740,453/- | Kirtane & Pandit Chartered Accountants |
| Sachin Tikekar | 47 | Whole-time Director | MBA | 22 | 14-Sep-93 | 11,392,547/- | KPIT Infosystems Inc. |
| Anil Patwardhan | 56 | Senior Vice President | Chartered Accountant | 33 | 5-Oct-98 | 6,829,425/- | Praj Industries Limited |
| Priyamvada Hardikar | 43 | Vice President | CWA | 22 | 3-Nov-08 | 6,155,030/- | Avtis Group |
| Pawan Sharma | 47 | President | BE (Computers) | 25 | 1-Oct-06 | 37,448,233/- | HCL Technologies Limited |
| Prabhakar Shetty | 50 | Vice President | BE (Electronics & Telecommunication) | 29 | 5-Oct-10 | 6,630,189/- | Seven Hills Global Consulting Private Limited |
| Sunil Gandhi | 54 | Vice President | BE (Electronics) | 30 | 13-Dec-10 | 8,690,354/- | Ultra Motor India Private Limited |
| Vijay Lakhnupal | 40 | Associate Vice President | BE (Electronics & Telecommunication) | 18 | 8-Apr-08 | 6,104,734/- | Fujitsu Consulting India Private Limited |
| Vishal Jain | 40 | Vice President | MBA | 17 | 1-Jan-08 | 13,100,879/- | Fujitsu Consulting India Private Limited |
| Abhishek Sinha | 42 | Senior Vice President | B. Tech | 21 | 5-Nov-13 | 7,626,008/- | Infosys Limited |
| Rajneesh Kalawant | 45 | Associate Vice President | BE (Computer Science) | 24 | 1-Jul-94 | 7,444,021/- | Aditya Computers Private Limited |
| Anup Sable | 46 | Senior Vice President | BE (Mechanical) | 25 | 17-Oct-94 | 13,521,964/- | The Automotive Research Association of India |
| Divesh Desai | 42 | Associate Vice President | BE (Computer Science) | 22 | 1-Dec-98 | 6,608,714/- | Global Infotech Private Limited |
| Anil Nashikkar | 55 | Vice President | BE (Electronics & Telecommunication) | 29 | 23-Aug-99 | 8,479,592/- | Mastech Inc. |
| Ganesan Karuppanaicker | 42 | Associate Vice President | BE (Computers) | 24 | 10-May-00 | 6,225,518/- | Precot Mills Limited |
| Vaishali Vaid | 49 | Vice President | Post Graduate diploma in Computer Applications | 27 | 13-Jan-03 | 6,620,000/- | Net Across Limited |
| Renuka Krishna | 56 | Associate Vice President | MBA | 36 | 2-Jun-03 | 7,543,987/- | Mahindra British Telecom Limited |
| Rahul R Uplap | 44 | Associate Vice President | BE (Electronics, Robotics & Automation) | 20 | 1-Sep-03 | 6,004,887/- | Cummins India Limited |

| Employee Name | Age (Yrs.) | Designation | Qualification | Exp. (Yrs) | Date of Joining | Remuneration received (₹) | Particulars of previous employment |
|------------------|------------|--------------------------|--|------------|-----------------|---------------------------|--|
| Tejas Kshatriya | 41 | Associate Vice President | BE (Electronics) | 19 | 13-Oct-03 | 7,682,311/- | Fox Controls Private Limited |
| Mandar Manulkar | 42 | Vice President | BE (Electronics) | 21 | 10-May-04 | 7,341,804/- | Tata Home Finance Limited |
| Prashant KS | 45 | Vice President | BE (Electronics & Communication) | 23 | 4-Apr-05 | 8,304,280/- | Auric Systems Private Limited |
| Rajesh Janwadkar | 46 | Vice President | BE (Civil) | 26 | 3-Sep-98 | 10,822,240/- | Information Management Resources (India) Limited |
| Somashekar R H | 51 | Associate Vice President | BE (Electronics & Communication, Industrial Electronics) | 26 | 8-Jan-07 | 6,301,356/- | CG Smith Software Private Limited |

Part B: Particulars of employees who were in employment for part of the financial year and are in receipt of remuneration of not less than ₹ 500,000/- p.m.

| | | | | | | | |
|------------------|----|---------------------------------|-----------------------------------|----|-----------|--------------|------------------------------------|
| Dr. Vinay Vaidya | 61 | Vice President and CTO | PH.D | 42 | 5-Oct-06 | 2,470,655/- | Siemens Information Systems Ltd |
| G.B.Prabhat | 50 | Principal | BE (Mechanical, Computer Science) | 23 | 12-Dec-11 | 15,741,526/- | Anantara Solutions Private Limited |
| Suhas Pansare | 48 | Director - Business Development | ME (Chemical) | 25 | 30-Jun-03 | 7,519,202/- | Patni Computer Systems Limited |

Notes:

Remuneration comprises basic salary, allowances and taxable value of perquisites.

Remuneration does not include Company's contribution to provident fund and actuarial valuation of gratuity.

None of the above employees is related to any director of the Company.

The nature of employment is contractual in all the above cases.

None of the employees except Mr. Kishor Patil hold two percent or more of the paid up equity share capital of the Company.

For and on behalf of the Board of Directors

Pune
April 28, 2015

Sd/-
S. B. (Ravi) Pandit
Chairman & Group CEO

Annexure 3(b)

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Sr. No. | Particulars | Disclosure | |
|---------|---|--|--------|
| i. | The ratio of the remuneration of each director to the median remuneration of the employees for the financial year | Mr. S. B. (Ravi) Pandit* | 25.99 |
| | | Mr. Kishor Patil* | 15.08 |
| | | Mr. Sachin Tikekar* | 18.58 |
| | | Ms. Lila Poonawalla | 5.29 |
| | | Dr. Raghunath Mashelkar | 4.28 |
| | | Mr. Adi Engineer | 4.62 |
| | | Prof. Alberto Sangiovanni Vincentelli | 4.91 |
| | | Mr. B V R Subbu | 3.86 |
| | | Mr. Amit Kalyani^ | 1.77 |
| | | *The Company decides the remuneration of its Managerial Personnel on the basis of Cost to Company (CTC), whereas, under the provisions of the Companies Act, 2013, the Managerial remuneration is calculated as per Income Tax basis. The reported figures looks higher or lower depending on the components of the CTC. The salaries of the all 3 Whole-time Directors are in close descending order. | |
| | | ^Mr. Amit Kalyani resigned from the directorship of the Company with effect from February 20, 2015. | |
| ii. | The percentage increase in remuneration of each director, CFO, CS in the financial year | Mr. S. B. (Ravi) Pandit* | 23.42 |
| | | Mr. Kishor Patil* | 1.85 |
| | | Mr. Sachin Tikekar* | 20.54 |
| | | Ms. Lila Poonawalla | 3.46 |
| | | Dr. Raghunath Mashelkar | 12.26 |
| | | Mr. Adi Engineer\$ | 156.25 |
| | | Prof. Alberto Sangiovanni Vincentelli | 1.50 |
| | | Mr. B V R Subbu@ | 13.78 |
| | | Mr. Amit Kalyani# | -45.61 |
| | | Mr. Anil Patwardhan (CFO) | 15.08 |
| | | Mr. R. Swaminathan (CS) | -9.36 |
| | | *The Company decides the remuneration of its Managerial Personnel on the basis of Cost to Company (CTC), whereas, under the provisions of the Companies Act, 2013, the Managerial remuneration is calculated as per Income Tax basis. The growth in the CTC for them during the year under reporting is in the region of 9 to 13%. | |
| | | \$Mr. Adi Engineer was appointed as director of the Company with effect from October 22, 2013. | |
| | | @Mr. B V R Subbu was appointed as director of the Company with effect from April 29, 2013. | |
| | | #Mr. Amit Kalyani resigned from the directorship of the Company with effect from February 20, 2015. | |
| iii. | The percentage increase in the median remuneration of employees in the financial year | <ul style="list-style-type: none"> - The average increase for the top performance block has been between 10-20%; - The average increase for the median performance block has been 6-14%; - There has been no increase for the bottom performance block; - The percentage increase in the median remuneration of employees in the financial year is 7%. | |
| iv. | The number of permanent employees on the rolls of the Company | 8,151 employees as on March 31, 2015. | |
| v. | The explanation on the relationship between average increase in remuneration and performance of the Company | The average increase in the remuneration of the directors and the other key managerial personnel was 8% as against the increase in the profit after tax (from ordinary activities) of 2% during 2014-15. | |
| vi. | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company | For the FY 2014-15, Key Managerial Personnel were paid approx. 2.44% of the net profit of the year. | |

| Sr. No. | Particulars | Disclosure | | | |
|---------|--|---|---------------------------------------|-------------------------|-------------------------------|
| | | Particulars | As on March 31, 2015 | As on March 31, 2014 | Increase / (decrease) in % |
| vii. | Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer | Market Capitalization (In ₹ Million) | 37,022 | 31,187 | 18.71 |
| | | Price earnings ratio* | 15.07 | 13.34 | 13.02 |
| | | Percentage increase in the market price of the shares in comparison with the last public offer price** | | | 2527 |
| | | Notes: * Based on consolidated Indian GAAP financial statements. ** Last public offer price has been adjusted for bonus issues and stock split. | | | |
| viii. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average percentage increase in salaries of employees other than Managerial Personnel is 12%. Average increase in the remuneration of directors and other key managerial personnel was 12%. Notes: - The average increase for the top performance block has been between 10-20%; - The average increase for the median performance block has been 6-14%; - There has been no increase for the bottom performance block. | | | |
| ix. | Comparison of the remuneration of each Key Managerial Personnel against the performance of the Company | The comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company is as under: | | | |
| | | Particulars | % of Net Profit for FY 2014-15 | | |
| | | Mr. S. B. (Ravi) Pandit | 0.80 | | |
| | | Mr. Kishor Patil | 0.46 | | |
| | | Mr. Sachin Tikekar | 0.57 | | |
| | | Mr. Anil Patwardhan | 0.34 | | |
| x. | The key parameters for any variable component of remuneration availed by the directors | The factors and criteria considered for fixing the variable component of remuneration of the Directors are: (a) Annual Operating Plan (AOP) approved by the Board with focus on cash flow generation and return on sale. Performance Review based on the Key Result Areas (KRAs) / measurable Key Performance Indicators (KPIs); (b) Implementation of the strategy of the Company and financial outcome and profitability of the Company; (c) Investments including mergers and acquisitions required for future growth as agreed in AOP; (d) Regulatory guidelines as applicable. | | | |
| | | NIL | | | |
| xi. | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | - While doing this calculation, we have not considered value of stock options exercised by the employees as it will not reflect true comparison of the salaries. - The Company's operations cover KPIT Technologies Limited ("KPIT India") and its subsidiaries. The remuneration paid to some of the international employees of foreign subsidiaries is higher than the remuneration of the highest paid director. | | | |
| xii. | Affirmation that the remuneration is as per the remuneration policy of the Company | Remuneration paid is as per the remuneration policy of the Company. | | | |

For and on behalf of the Board of Directors

Sd/-

Pune,
April 28, 2015

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

Employee Stock Option Plans (ESOPs)

Annexure 4 (I) to the Board's Report

The status of employee stock options as on March 31, 2015, is as under:

1. Employee Stock Options Scheme – 1998

| Sr. No. | Particulars | 2014-15 | 2013-14 |
|---------|---|---------|---------|
| a | No. of options granted | NIL | NIL |
| b | Exercise Price | ₹ 2.50 | ₹ 2.50 |
| c | No. of options vested | NIL | 500 |
| d | Options exercised | 200 | 300 |
| e | Total number of shares arising as a result of exercise of Options | 20,000 | 30,000 |
| f | Options Lapsed / Cancelled | NIL | NIL |
| g | Variation of terms of Options | NIL | NIL |
| h | Money realized by exercise of Options (in ₹) | 50,000 | 75,000 |
| i | Total No. of Options in force | NIL | 200 |
| j | Employee wise details of Options granted: | | |
| | i. No Options have been granted to:- | | |
| | (a) An employee who is a promoter or belongs to the promoter group and | | |
| | (b) A director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company. | | |
| | 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 100 shares. | | |

2. Employee Stock Option Plan – 2004

| Sr. No. | Particulars | 2014-15 | 2013-14 |
|---------|--|--|------------|
| a | No. of options granted | NIL | NIL |
| b | Exercise Price | Closing Market Price of the Company's equity share on the Stock Exchange which has highest trading volumes, on the day prior to the date of grant of Options | |
| c | No. of options vested | 1,045,264 | 2,133,241 |
| d | Options exercised | 618,602 | 455,359 |
| e | Total number of shares arising as a result of exercise of Options | 618,602 | 455,359 |
| f | Options Lapsed / Cancelled | 469,375 | 191,677 |
| g | Variation of terms of Options | NIL | NIL |
| h | Money realized by exercise of Options (in ₹) | 49,337,680 | 32,148,346 |
| i | Total No. of Options in force | 1,045,264 | 2,133,241 |
| j | Employee wise details of Options granted: | | |
| | i. No Options have been granted to:- | | |
| | (a) An employee who is a promoter or belongs to the promoter group and | | |
| | (b) A Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company. | | |
| | 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) at the time of the grant. | | |
| | iv. One Option is equivalent to one share. | | |

3. Employee Stock Option Plan – 2006

| Sr. No. | Particulars | 2014-15 | 2013-14 |
|---------|---|--|------------|
| a | No. of options granted | 61,000 | 400,000 |
| b | Exercise Price | Closing Market Price of the Company's equity share on the Stock Exchange which has highest trading volumes, on the day prior to the date of grant of Options | |
| c | No. of options vested | 3,206,379 | 3,825,302 |
| d | Options exercised | 1,925,439 | 1,229,094 |
| e | Total number of shares arising as a result of exercise of Options | 1,925,439 | 1,229,094 |
| f | Options Lapsed / Cancelled | 338,484 | 414,404 |
| g | Variation of terms of Options | NIL | NIL |
| h | Money realized by exercise of Options (in ₹) | 116,130,381 | 54,016,755 |
| i | Total No. of Options in force | 3,833,379 | 6,036,302 |

j Employee wise details of Options granted:

- i. No Options have been granted to:-
 - (a) An employee who is a promoter or belongs to the promoter group and
 - (b) A Director who either by himself or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company.
- ii. List of employees belonging to the senior management, who have been granted Options, is given as Annexure 4 (II) to this report.
- iii. There are no employees other than those given in Annexure 4 (II), who have received a grant of Options amounting to 5% or more of Options granted during the year.
- iv. 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) at the time of the grant.
- v. One Option is equivalent to one share.

4. Employee Stock Option Plan – 2014

| Sr. No. | Particulars | 2014-15 | 2013-14 |
|---------|---|---------|---------|
| a | No. of options granted | 395,000 | - |
| b | Exercise Price | 2.00 | - |
| c | No. of options vested | NIL | - |
| d | Options exercised | NIL | - |
| e | Total number of shares arising as a result of exercise of Options | NIL | - |
| f | Options Lapsed / Cancelled | NIL | - |
| g | Variation of terms of Options | NIL | - |
| h | Money realized by exercise of Options (in ₹) | NIL | - |
| i | Total No. of Options in force | 395,000 | - |

j Employee wise details of Options granted:

- i. No Options have been granted to:-
 - (a) An employee who is a promoter or belongs to the promoter group and
 - (b) A Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company.
- ii. List of employees belonging to the senior management, who have been granted Options, is given as Annexure 4 (III) to this report.
- iii. There are no employees other than those given in Annexure 4 (III), who have received a grant of Options amounting to 5% or more of Options granted during the year.
- iv. 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) at the time of the grant.
- v. One Option is equivalent to one share.

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 Regulations and in accordance with the resolution passed at the general meeting of the Company.

Statement pursuant to Clause 12 of 'Disclosure in the Board's Report' of SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 and Clause 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

| Sr. No. | | Employee Stock Option Scheme - 1998 | Employee Stock Option Plan - 2004 | Employee Stock Option Plan - 2006 | Employee Stock Option Plan - 2014 |
|---------|---|---|---|--|---|
| (a) | Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 | | | ₹ 7.62 | |
| (b) | 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 | <p>The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2014-15 is ₹ 48,897,785. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognized in the financial statements for the year 2014-15 would be ₹ 57,995,092. The effect of adopting the fair value method on the net income and earnings per share is presented below:</p> <p>Profit as adjusted : ₹ 1,462,445,138</p> <p>Adjusted earnings per share -</p> <p>Basic: ₹ 7.71</p> <p>Diluted: ₹ 7.33</p> | | | |
| (c) | Weighted average exercise prices of Options granted during the year where exercise price is less than or equals to market price | No Options were granted during the year | No Options were granted during the year | <p>Grant Date - 21-Jul-2014</p> <p>Exercise price (₹) - 180.45</p> <p>Fair Value (₹) - 71.01</p> | <p>Grant Date - 28-April-2014</p> <p>Exercise price (₹) - 2.00</p> <p>Fair Value (₹) - 168.86</p> |
| | | | | <p>Grant Date - 21-Oct-2014</p> <p>Exercise price (₹) - 157.35</p> <p>Fair Value (₹) - 57.44</p> | <p>Grant Date - 28-April-2014</p> <p>Exercise price (₹) - 2.00</p> <p>Fair Value (₹) - 169.50</p> |
| | | | | <p>Grant Date - 20-Jan-2015</p> <p>Exercise price (₹) - 215.25</p> <p>Fair Value (₹) - 80.38</p> | |
| (d) | Method and significant assumptions used to estimate the fair value of options during the year | | | | |
| | (a) Method | | | Black Scholes Method | Black Scholes Method |
| | (b) Significant Assumptions: | | | | |
| | 1. Risk Free Interest Rate | | | 8.53% | 8.75% |
| | 2. Expected Life (years) | | | 3.60 | 2.99 |

| Sr. No. | | Employee Stock Option Scheme - 1998 | Employee Stock Option Plan - 2004 | Employee Stock Option Plan - 2006 | Employee Stock Option Plan - 2014 |
|---------|---|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 3. Expected Volatility | | | 39.95% | 39.79% |
| | 4. Dividend Yield | | | 0.60% | 0.63% |
| | 5. Price of the underlying share in market at the time of the Option Grant (In ₹) | | | 185.66 | 174.15 |

Annexure 4 (II) to the Board's Report

List of Option Grantees

Employee Stock Option Plan - 2006

| Sr. No. | Name of the Employee | Options Granted |
|---------|------------------------------|-----------------|
| 1 | Sriranga Ramanuj Acharya K N | 30,000 |
| 2 | Rohit Agarwal | 13,000 |
| 3 | Dhruba Sarma | 5,000 |
| 4 | Sameer Chaturvedi | 13,000 |
| | Total | 61,000 |

Annexure 4 (III) to the Board's Report

List of Option Grantees

Employee Stock Option Plan - 2014

| Sr. No. | Name of the Employee | Options Granted |
|---------|----------------------|-----------------|
| 1 | Abhishek Sinha | 15,000 |
| 2 | Baljeet S. Chhazal | 30,000 |
| 3 | Deepak Purohit | 50,000 |
| 4 | Frederic Ramiouille | 300,000 |
| | Total | 395,000 |

For and on behalf of the Board of Directors

Sd/-

Pune,
April 28, 2015

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

Annexure 5

Nomination and Remuneration Policy

Objective

The HR & Compensation (Nomination and Remuneration) Committee of KPIT Technologies Limited ("Company") is a Board Committee and plays a dual role of

- Identifying potential candidates for becoming members of the Board and determining the composition of the Board based on the need and requirements of the Company from time to time to bring out diversity in the Board and also identify persons to be recruited in the senior management of the Company and;
- Ensuring the Company's compensation packages and other human resource practices are effective in maintaining a competent workforce and make recommendations relating to compensation of the Managing Director, Whole-time Directors and the senior management of the Company from time to time.

Constitution

The Committee shall comprise of at least three Directors, all of whom shall be non-executive directors and at least half shall be Independent Directors, the Chairperson being an Independent Director. The Chairperson of the Company (whether or not a non-executive director) may be a member of the Committee but shall not chair such Committee. The Chairperson of this Committee or in case of his absence, any other person authorised by him shall attend the general meetings of the Company. The Committee may meet, convene and conduct Committee meetings through video conferencing or audio visual means, as may be provided by the Company.

Meaning of terms used

- A. "Act" means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. "Board" refers to Board of Directors of KPIT Technologies Limited.
- c. "Company" refers to KPIT Technologies Limited pursuant to this Policy.
- d. "Rules" means Companies (Meetings of Board) Rules, 2014 including any modifications or amendments thereof.

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

Role and Responsibilities

The role and responsibilities of the Committee shall be to undertake specific duties listed below and it will have the authority to undertake such other specific duties as the Board prescribes from time to time. The below mentioned roles and responsibilities are derived from the terms of reference of the Committee as determined and approved by the Board.

Specific responsibilities of the committee include:

1. Criteria for appointment as a Director
The Committee shall formulate criteria for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company. The criteria to be formulated will be beneficial to the Company and also take into consideration the qualities and expertise essential for the Company to operate going forward in a changing business environment. The Committee shall develop and recommend to the Board for its approval, criteria to be considered for nomination / appointment of a Director.
2. Identification and nomination of persons who are qualified to be Directors

The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as Directors, whether Independent, Non-Executive or Executive. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment.

The Committee on satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Non- Executive Director or Independent Director or Executive Director, as the case may be.

The Committee may recommend the candidates to the Board when:

- Any vacancy in the Board is required to be filled due to retirement or resignation or
 - Any vacancy arises out of annual Board performance evaluation or
 - Any vacancy arises as a result of end of tenure in accordance with the Act, Rules and Clause 49 of the Listing Agreement or
 - Any change is required in the Board on account of diversity
 - Any change is required by law.
3. Approval of criteria, identification of persons and nomination of candidates required for senior management positions

The Committee shall lay down criteria including qualifications, skills, expertise and qualities required for senior management positions like Managing Director & CEO, Chief Financial Officer and Company Secretary and members of the Executive Council of the Company. The Committee shall play a consultative role to Board and make recommendations to the Board regarding the appointments, removal and changes to the senior management positions of the Company.

4. Evaluation of the performance of the Board

The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.

The Committee may evaluate the directors on following factors:-

- a) Attendance at Board meetings and Board Committee meetings,
- b) Chairmanship of the Board and Board Committees,
- c) Contribution and deployment of knowledge and expertise at the Board and Committee meetings,
- d) Guidance and support provided to senior management of the Company outside the Board meetings,
- e) Independence of behaviour and judgment and
- f) Impact and influence.

5. Compensation and evaluate the performance of the Managing Director and /or Whole-time Director and the Executive Director

The Committee shall recommend to the Board the compensation package of the Managing Director, Whole-time Director/s and Executive Director/s on evaluation of performance in light of the short term and long term goals of the Company and overall performance of the Company. The Committee shall also ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component.

6. Compensation of Senior Management

The Committee shall evaluate the performance of the senior management of the Company, i.e., the members of the Executive Council of the Company, as presented by the Managing Director & CEO. The Committee shall also provide an overview of the remuneration

payable to Key Managerial Personnel as defined under the Act and senior management of the Company. The Committee shall ensure that the remuneration to the Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

7. Commission to the Non-Executive Directors

The Committee shall determine the Commission payable to the Non-Executive Directors after taking into account their contribution and participation as chairman/member to the decision making at meetings of the Board / Committees well as providing strategic inputs and supporting highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company.

Powers of the Committee

The Committee shall have inter-alia following powers:

- Conduct studies or authorise studies of issues within the scope of the Committee and will have access to necessary books, records, facilities and personnel of the Company.
- Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company.
- Delegate its powers or form sub-committees to perform any of its functions or role under this Policy, subject to approval of the Board.

Meetings

The Committee shall meet at such frequency as it may deem appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

Minutes

The Committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed alongwith the minutes of the meetings of the Board.

Annexure 6 FORM NO. AOC- 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

| Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |
|---|---|---|--|--|----------------------------------|---------------------------------|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (h) | (i) |

2. Details of material contracts or arrangement or transactions at arm's length basis

| Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|--|---|---|--|---|---------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) |
| KPIT Infosystems Inc. (KPIT US) [Wholly Owned Subsidiary of KPIT Technologies Limited (KPIT India)] | Contract for providing off-shore software development and consultancy services to KPIT US | Contract shall be effective from April 01, 2014 and shall remain valid until terminated by either party by giving 45 days' notice to other party. | - KPIT India will carry out the software development and consultancy work as per the requirements of KPIT US; - KPIT US will pay to KPIT India 94% of the fees that is due to KPIT US, under its contract with the end customer for provision of such services. | Not required Contract was entered in to in ordinary course of business and therefore approval by the Board was not required. | NIL |

For and on behalf of the Board of Directors
Sd/-

Pune,
April 28, 2015

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

Annexure 7

Annual Report on Corporate Social Responsibility (CSR) Activities

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

The Company has a strong social commitment to the community we live in. We fulfil this commitment both by employee participation and financial contribution. We seek to focus on a few areas of social initiatives, where we believe, through technology, our speed of innovation and employee participation, we can add significant value to our community world-wide (<http://www.kpit.com/company/investors/corporate-governance>).

During the year, the Company has undertaken following projects:

- 1) Rain water harvesting
 - 2) Zero Garbage Project
 - 3) PMPML Project
 - 4) Conservation of forests
 - 5) Tree plantation
 - 6) Chhote Scientists
 - 7) Teach for India
 - 8) Promotion of Hybrid Technology
 - 9) Surajya Volunteering Programme
 - 10) Sparkle
 - 11) NYSASDRI Girls Education
 - 12) Navkshitij
2. The Composition of the CSR Committee

The Committee consists of 3 members including an Independent Director as below:

| Sr. No. | Name of the Committee Member | Nature of Directorship in the Company |
|---------|-----------------------------------|---------------------------------------|
| 1 | Mr. S.B. (Ravi) Pandit (Chairman) | Whole-time Director |
| 2 | Mr. Sachin Tikekar (Member) | Whole-time Director |
| 3 | Mr. Adi Engineer (Member) | Independent Director |

3. Average net profit of the Company for the last three financial years: ₹ 1,392,886,730/-
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 27,857,735/-
5. Details of CSR spent during the financial year are included in Notes to Accounts in Standalone Financial Statements (Refer note 47 7A). The total spend referred in the annexure below includes direct spend of ₹ 10,769,669/- and employee participation cost of ₹ 17,134,488/-.

(a) Manner in which the amount spent during the financial year is detailed below.

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|--|--|--|--|--|--|--|
| Sr. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken | Amount outlay (budget) project or programs wise ₹ | Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads ₹ | Cumulative expenditure up to the reporting period ₹ | Amount spent: Direct or through implementing agency ₹ |
| 1 | Rain water harvesting via farm pond activity | Environmental sustainability | Pune, Maharashtra | 1,252,059 | 1,699,947 | 1,699,947 | Through Jnana Prabodhini |
| 2 | Zero Garbage Project | Ecological balance | Pune, Maharashtra | 3,367,059 | 3,317,647 | 3,317,647 | Through Janwani |
| 3 | Environment Week | Ecological balance | Pune, Maharashtra | 767,059 | 1,103,721 | 1,103,721 | Direct |
| 4 | PMPML Project | Environmental sustainability | Pune, Maharashtra | 767,059 | 717,647 | 717,647 | Through Janwani |

| (1) Sr. No. | (2) CSR Project or activity identified | (3) Sector in which the project is covered | (4) Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken | (5) Amount outlay (budget) project or programs wise ₹ | (6) Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads ₹ | (7) Cumulative expenditure up to the reporting period ₹ | (8) Amount spent: Direct or through implementing agency ₹ |
|----------------|---|--|---|---|---|---|---|
| 5 | Conservation of forests in Koyna-Chandoli Corridor | Ecological balance | Pune, Maharashtra | 787,059 | 781,978 | 781,978 | Through Wildlife Research Conservation Society |
| 6 | Building Oxygen Hub of Pune (Tree Plantation) | Conservation of natural resources and maintaining quality of soil | Pune, Maharashtra | 517,059 | 467,647 | 467,647 | Through Tree Public |
| 7 | Chhote Scientists | Promoting education | Pune, Maharashtra | 6,517,059 | 7,542,423 | 7,542,423 | Through Jnana Prabodhini |
| 8 | Teaching Classes at Thayimane, Bangalore | Promoting education | Bangalore, Karnataka | 1,567,059 | 1,744,298 | 1,744,298 | Through Thayimane |
| 9 | Promotion of Hybrid Technology (3 Wheeler (Hybrid) Project with COEP students for 3 wheeler emission improvement) | Ecological balance | Pune, Maharashtra | 508,898 | 459,486 | 459,486 | Through College of Engineering Pune |
| 10 | Teach For India | Promoting education | Pune, Maharashtra | 667,059 | 617,647 | 617,647 | Through Teach for India |
| 11 | Lila Poonawala Girls Education Program | Promoting education & women empowerment | Pune, Maharashtra | 917,059 | 867,647 | 867,647 | Through Lila Poonawala Foundation |
| 12 | Surajya Volunteering Program | Promoting education | Pune, Maharashtra | 467,059 | 417,647 | 417,647 | Through Surajya |
| 13 | Sparkle | Promoting education | Pune, Maharashtra | 5,667,059 | 5,976,975 | 5,976,975 | Direct |
| 14 | NYSASDRI Girls Education Programme | Promoting education & women empowerment | Bhubneshwar, Odisha | 217,059 | 167,647 | 167,647 | Through NYSASDRI |
| 15 | Navakshitij | Promoting education to the differently abled | Pune, Maharashtra | 680,918 | 681,506 | 681,506 | Direct |
| 16 | Blood Donation | Promoting preventive health care | Pune & Mumbai, Maharashtra Bangalore, Karnataka Noida, UP | 572,059 | 522,647 | 522,647 | Through authorized local blood banks |
| 17 | Solar Pump Project (Project for social implementation- Solar pump for small farm holders) | Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government | Pune, Maharashtra | 867,059 | 817,647 | 817,647 | Through National Chemical Laboratory |
| TOTAL | | | | 26,105,701 | 27,904,157 | 27,904,157 | |

6. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives and CSR policy.

For KPIT Technologies Limited

Pune
April 28, 2015

S. B. (Ravi) Pandit
Chairman of CSR Committee

Kishor Patil
CEO & Managing Director

Annexure 8

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L72200PN1990PLC059594
- ii) Registration Date:- December 28, 1990
- iii) Name of the Company:- KPIT Technologies Limited
- iv) Category / Sub-Category of the Company:- Public Company / Limited by shares
- v) Address of the Registered office and contact details:- 35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune – 411057.
Telephone:- +91-20-6652 5000
Fax:- +91-20-6652 5001
- vi) Whether listed company:- Yes / No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:- Link Intime India Private Limited
Block No. 202, 2nd Floor, Akshay Complex,
Off Dhole Patil Road, Pune – 411001.
Telephone:- +91-20-2616 0084 / 2616 1629
Fax:- +91-20-2616 3503

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Computer programming, consultancy and related activities | 620 | 90.92 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the company | CIN / GLN | Holding / Subsidiary / Associate | % of the shares held | Applicable Section |
|---------|---|-----------------------|----------------------------------|----------------------|--------------------|
| 1 | Impact Automotive Solutions Limited 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, Hinjewadi, Pune - 411057. | U35923PN2010PTC137191 | Subsidiary | 100 | 2(87)(ii) |
| 2 | KPIT Technologies (UK) Limited (Formerly KPIT Infosystems Limited) Ground Floor, The Annexe Hurst Grove, Sandford Lane, Hurst, Berkshire RG100SQ, UK. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 3 | KPIT Technologies France (Formerly KPIT Infosystems France) 10, Avenue Franklin D Roosevelt 75008, Paris, France. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 4 | KPIT Technologies GmbH (Formerly KPIT Infosystems GmbH) Adams-Lehmann Strasse 109, 80797 Munich, Germany. | N.A. | Subsidiary | 100 | 2(87)(ii) |

| Sr. No. | Name and address of the company | CIN / GLN | Holding / Subsidiary / Associate | % of the shares held | Applicable Section |
|---------|---|-----------|----------------------------------|----------------------|--------------------|
| 5 | KPIT Technologies Netherlands B.V. (Formerly KPIT Infosystems Netherlands B.V.) Oranje Nassualaan 55-1, 1075 AK Amsterdam, The Netherlands. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 6 | KPIT Infosystems Inc. 379, Thornall Street, Edison, NJ 08837, USA. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 7 | CPG Solutions, LLC. 1515 S. Federal Hwy, Suite 200, Boca Raton, FL 33432, USA. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 8 | KPIT Technologies Corporation (Formerly Systime Global Solutions Inc) 8120-128 Street, Surrey BC V3W 1R1, Canada. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 9 | Systime Computer Corporation 379, Thornall Street, Edison, NJ 08837, USA. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 10 | KPIT Technologies Soluções em Informática Ltda. (Formerly KPIT Infosystem (Brasil) Servicos De Tecnologia e Participacoes Ltda) Rua James Watt, n.0 84 - 80 andar – Jardim Edith CEP 04576-060 - São Paulo/ SP – Brasil. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 11 | Systime Global Solutions Ltda. Rua James Watt, n.0 84 - 80 andar – Jardim Edith CEP 04576-060 - São Paulo/ SP – Brasil. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 12 | Sparta Consulting Inc. 111, Woodmere Road, Suite 200, Falsom, California 95630, USA. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 13 | KPIT (Shanghai) Software Technology Co. Ltd. 17A, Zhao Feng World Trade Building, No. 369 Jiangsu Road, Shanghai 200050, PRC. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 14 | KPIT Infosystems ME FZE Dubai Airport Free Zone Area, West Wing 2, Office 2W113 & 6WA 331, P.O. Box: 54931, Dubai, UAE. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 15 | KPIT medini Technologies AG (Formerly IKV++ Technologies AG) Dessauer Strasse 28/29, 10963 Berlin, Germany. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 16 | Integrated Industrial Information, Inc. 920 Main Campus Drive, Suite 400, Raleigh, North Carolina 27606. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 17 | KPIT Solutions GmbH (Formerly HD Solutions GmbH) Detmolder Strabe 235, 33605, Bielefeld, Germany. | N.A. | Subsidiary | 100 | 2(87)(ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

SHAREHOLDING PATTERN AT THE END OF THE YEAR WILL BE PROVIDED SEPARATELY

Category - wise Share Holding

| Sr. No. | Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|----------|---|---|---------------|-------------------|-------------------|---|---------------|-------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A | PROMOTERS | | | | | | | | | |
| (1) | INDIAN | | | | | | | | | |
| a | Individual / HUF | 11,212,930 | 4,000 | 11,216,930 | 5.78 | 10,570,930 | - | 10,570,930 | 5.38 | (0.40) |
| b | Central Govt. | - | - | - | - | - | - | - | - | - |
| c | State Govt. (s) | - | - | - | - | - | - | - | - | - |
| d | Bodies Corporate | 23,410,240 | - | 23,410,240 | 12.06 | 23,410,240 | - | 23,410,240 | 11.90 | (0.16) |
| e | Bank & FII | - | - | - | - | - | - | - | - | - |
| f | Any Other | - | - | - | - | - | - | - | - | - |
| | KPIT Cummins Infosystems Limited- Employee Welfare Trust | 8,577,487 | - | 8,577,487 | 4.42 | 8,596,752 | - | 8,596,752 | 4.37 | (0.05) |
| | Sub-Total (A)(1) | 43,200,657 | 4,000 | 43,204,657 | 22.26 | 42,577,922 | - | 42,577,922 | 21.65 | (0.61) |
| (2) | Foreign | | | | | | | | | |
| a | NRIs - Individuals | 40,000 | - | 40,000 | 0.02 | 40,000 | - | 40,000 | 0.02 | - |
| b | Other - Individuals | - | - | - | - | - | - | - | - | - |
| c | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d | Banks & FII | - | - | - | - | - | - | - | - | - |
| e | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | 40,000 | - | 40,000 | 0.02 | 40,000 | - | 40,000 | 0.02 | - |
| | TOTAL SHAREHOLDING OF PROMOTERS (A) = (A)(1) + (A)(2) | 43,240,657 | 4,000 | 43,244,657 | 22.28 | 42,617,922 | 0 | 42,617,922 | 21.67 | (0.61) |
| B | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| a | Mutual Funds | 10,830,684 | 12,000 | 10,842,684 | 5.59 | 19,747,098 | 12,000 | 19,759,098 | 10.05 | 4.46 |
| b | Banks / FI | 258,799 | 2,000 | 260,799 | 0.13 | 871,030 | 2,000 | 873,030 | 0.44 | 0.31 |
| c | Central Govt. | - | - | - | - | - | - | - | - | - |
| d | State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f | Insurance Companies | 2,212,698 | - | 2,212,698 | 1.14 | 1,351,617 | - | 1,351,617 | 0.69 | (0.45) |
| g | FIIs | 64,067,440 | - | 64,067,440 | 33.01 | 61,293,443 | - | 61,293,443 | 31.17 | (1.84) |
| h | Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i | Others (Specify) | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B)(1) | 7,736,9621 | 14,000 | 77,383,621 | 39.87 | 83,263,188 | 14,000 | 83,277,188 | 42.35 | -2.48 |
| (2) | Non-Institutions | | | | | | | | | |
| a | Bodies Corporate | | | | | | | | | |
| i | Indian | 8,799,917 | 26,000 | 8,825,917 | 4.55 | 9,476,599 | 24,000 | 9,500,599 | 4.83 | 0.28 |
| ii | Overseas | 34,937,328 | - | 34,937,328 | 18.00 | 12,857,357 | - | 12,857,357 | 6.54 | (11.46) |
| b | Individuals | | | | | | | | | |
| i | Individual Shareholders holding nominal share capital upto ₹ 1 lakh | 18,329,395 | 642,737 | 18,972,132 | 9.78 | 21,238,928 | 610,237 | 21,849,165 | 11.11 | 1.33 |
| ii | Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh | 6,825,218 | 168,000 | 6,993,218 | 3.60 | 6,291,570 | 168,000 | 6,459,570 | 3.28 | (0.32) |

| Sr. No. | Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|----------|--|---|------------------|--------------------|-------------------|---|------------------|--------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| c | Others (Specify) | | | | | | | | | |
| i | Clearing Members | 365,680 | - | 365,680 | 0.19 | 443,233 | - | 443,233 | 0.23 | 0.04 |
| ii | Market Maker | 14,230 | - | 14,230 | 0.01 | 21,837 | - | 21,837 | 0.01 | - |
| iii | Non Resident Indians | 1,982,440 | - | 1,982,440 | 1.02 | 1,663,959 | - | 1,663,959 | 0.85 | (0.17) |
| iv | Friends & Associates | 98,920 | 434,000 | 532,920 | 0.27 | 95,420 | 434,000 | 529,420 | 0.27 | - |
| v | Foreign Nationals | 506,190 | - | 506,190 | 0.26 | 448,990 | - | 448,990 | 0.23 | (0.03) |
| vi | Hindu Undivided Families | 96,911 | - | 96,911 | 0.05 | 88,482 | - | 88,482 | 0.05 | - |
| vii | Trusts | 216,963 | - | 216,963 | 0.11 | 121,645 | - | 121,645 | 0.06 | (0.05) |
| viii | Foreign Portfolio Investor (Corporate) | - | - | - | - | 16,782,746 | - | 16,782,746 | 8.53 | 8.53 |
| | Sub-Total (B)(2) | 72,173,192 | 1,270,737 | 73,443,929 | 37.84 | 69,530,766 | 1,236,237 | 70,767,003 | 35.98 | (1.86) |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 149,542,813 | 1,284,737 | 150,827,550 | 77.72 | 152,793,954 | 1,250,237 | 154,044,191 | 78.33 | 0.61 |
| C | SHARES HELD BY CUSTODIAN FOR ADRs AND GDRs | - | - | - | - | - | - | - | - | - |
| | GRAND TOTAL (A+B+C) | 192,783,470 | 1,288,737 | 194,072,207 | 100.00 | 195,411,876 | 1,250,237 | 196,662,113 | 100.00 | - |

(ii) Shareholding of Promoters

| Sr. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the End of the year | | | % change in shareholding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | |
| 1 | Proficient Finstock LLP | 23,109,330 | 11.91 | - | 23,109,330 | 11.75 | - | - |
| 2 | KPIT Cummins Infosystems Limited- Employee Welfare Trust | 8,577,487 | 4.42 | - | 8,596,752 | 4.37 | 0.14 | 0.01 |
| 3 | Mr. S. B. (Ravi) Pandit | 225,000 | 0.12 | - | 225,000 | 0.11 | - | - |
| 4 | Mr. S. B. (Ravi) Pandit jointly held with Ms. Nirmala Pandit | 99,000 | 0.05 | - | 166,000 | 0.08 | - | 0.03 |
| 5 | Ms. Nirmala Pandit | 232,000 | 0.12 | - | 232,000 | 0.12 | - | - |
| 6 | Ms. Hemalata A Shende | 40,000 | 0.02 | - | 40,000 | 0.02 | - | - |
| 7 | Mr. Chinmay Pandit jointly held with Ms. Nirmala Pandit | 20,000 | 0.01 | - | 20,000 | 0.01 | - | - |
| 8 | Mr. Chinmay Pandit | 18,620 | 0.01 | - | 18,620 | 0.01 | - | - |
| 9 | Ms. Prachi Pandit | 4,000 | 0.00 | - | 4,000 | 0.00 | - | - |
| 10 | Mr. Kishor Patil | 4,956,800 | 2.55 | 2.07 | 4,956,800 | 2.52 | 1.93 | - |
| 11 | Ms. Anupama Patil | 90,000 | 0.05 | - | 90,000 | 0.05 | - | - |
| 12 | Ms. Anupama Patil jointly held with Mr. Kishor Patil | 32,330 | 0.02 | - | 32,330 | 0.02 | - | - |
| 13 | Ms. Latika Patil | 1,280 | 0.00 | - | 1,280 | 0.00 | - | - |
| 14 | Mr. Kishor Patil jointly held with Ms. Anupama Patil | 4,000 | 0.00 | - | 4,000 | 0.00 | - | - |
| 15 | Mr. Shrikrishna Patwardhan | 1,100,000 | 0.57 | - | 1,100,000 | 0.56 | - | - |
| 16 | Mr. Ajay Shridhar Bhagwat | 3,249,800 | 1.67 | 0.31 | 2,636,800 | 1.34 | - | (0.31) |
| 17 | Ms. Ashwini Ajay Bhagwat jointly held with Mr. Ajay Bhagwat | 43,300 | 0.02 | - | 43,300 | 0.02 | - | - |
| 18 | Mr. Sachin Dattatraya Tikekar | 1,103,800 | 0.57 | - | 1,003,800 | 0.51 | - | (0.05) |
| 19 | Ms. Saroj Dattatraya Tikekar jointly held with Mr. Sachin Dattatraya Tikekar | 37,000 | 0.02 | - | 37,000 | 0.02 | - | - |
| 20 | K and P Management Services Private Limited | 300,910 | 0.16 | - | 300,910 | 0.15 | - | - |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | For each of the Promoters | Shareholding at the beginning of the Year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Proficient Finstock LLP | | | | |
| | At the beginning of the year | 23,109,330 | 11.91 | 23,109,330 | 11.91 |
| | Increase / Decrease during the year | - | - | 23,109,330 | 11.75 |
| | At the end of the year | | | 23,109,330 | 11.75 |
| 2 | KPIT Cummins Infosystems Limited- Employee Welfare Trust | | | | |
| | At the beginning of the year | 8,577,487 | 4.42 | 8,577,487 | 4.42 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (sale) from April 1, 2014 to April 28, 2014 | (58,844) | (0.03) | 8,518,643 | 4.39 |
| | Allotment on April 28, 2014 | 314,776 | 0.16 | 8,833,419 | 4.49 |
| | Transaction (sale) from April 29, 2014 to August 20, 2014 | (327,427) | (0.17) | 8,505,992 | 4.33 |
| | Allotment on August 20, 2014 | 309,673 | 0.16 | 8,815,665 | 4.48 |
| | Transaction (sale) from August 21, 2014 to February 19, 2015 | (306,839) | (0.16) | 8,508,826 | 4.33 |
| | Allotment on February 19, 2015 | 298,000 | 0.15 | 8,806,826 | 4.48 |
| | Transaction (sale) from February 20, 2015 to March 31, 2015 | (210,074) | (0.11) | 8,596,752 | 4.37 |
| | At the end of the year | | | 8,596,752 | 4.37 |
| 3 | Mr. S. B. (Ravi) Pandit | | | | |
| | At the beginning of the year | 225,000 | 0.12 | 225,000 | 0.12 |
| | Increase / Decrease during the year | - | - | 225,000 | 0.11 |
| | At the end of the year | | | 225,000 | 0.11 |
| 4 | Mr. S. B. (Ravi) Pandit Jointly held with Ms. Nirmala Pandit | | | | |
| | At the beginning of the year | 99,000 | 0.05 | 99,000 | 0.05 |
| | Increase / Decrease during the year: | | | | |
| | Purchase on August 26, 2014 | 67,000 | 0.03 | 166,000 | 0.08 |
| | At the end of the year | | | 166,000 | 0.08 |
| 5 | Ms. Nirmala Pandit | | | | |
| | At the beginning of the year | 232,000 | 0.12 | 232,000 | 0.12 |
| | Increase / Decrease during the year | - | - | 232,000 | 0.12 |
| | At the end of the year | | | 232,000 | 0.12 |
| 6 | Ms. Hemalata A Shende | | | | |
| | At the beginning of the year | 40,000 | 0.02 | 40,000 | 0.02 |
| | Increase / Decrease during the year | - | - | 40,000 | 0.02 |
| | At the end of the year | | | 40,000 | 0.02 |
| 7 | Mr. Chinmay Pandit jointly held with Ms. Nirmala Pandit | | | | |
| | At the beginning of the year | 20,000 | 0.01 | 20,000 | 0.01 |
| | Increase / Decrease during the year | - | - | 20,000 | 0.01 |
| | At the end of the year | | | 20,000 | 0.01 |
| 8 | Mr. Chinmay Pandit | | | | |
| | At the beginning of the year | 18,620 | 0.01 | 18,620 | 0.01 |
| | Increase / Decrease during the year | - | - | 18,620 | 0.01 |
| | At the end of the year | | | 18,620 | 0.01 |
| 9 | Mr. Prachi Pandit | | | | |
| | At the beginning of the year | 4,000 | 0.00 | 4,000 | 0.00 |
| | Increase / Decrease during the year | - | - | 4,000 | 0.00 |
| | At the end of the year | | | 4,000 | 0.00 |

| Sr. No. | For each of the Promoters | Shareholding at the beginning of the Year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 10 | Mr. Kishor Patil | | | | |
| | At the beginning of the year | 4,956,800 | 2.55 | 4,956,800 | 2.55 |
| | Increase / Decrease during the year | - | - | 4,956,800 | 2.52 |
| | At the end of the year | | | 4,956,800 | 2.52 |
| 11 | Ms. Anupama Patil | | | | |
| | At the beginning of the year | 90,000 | 0.05 | 90,000 | 0.05 |
| | Increase / Decrease during the year | - | - | 90,000 | 0.05 |
| | At the end of the year | | | 90,000 | 0.05 |
| 12 | Ms. Anupama Patil jointly held with Kishor Patil | | | | |
| | At the beginning of the year | 32,330 | 0.02 | 32,330 | 0.02 |
| | Increase / Decrease during the year | - | - | 32,330 | 0.02 |
| | At the end of the year | | | 32,330 | 0.02 |
| 13 | Ms. Latika Patil | | | | |
| | At the beginning of the year | 1,280 | 0.00 | 1,280 | 0.00 |
| | Increase / Decrease during the year | - | - | 1,280 | 0.00 |
| | At the end of the year | | | 1,280 | 0.00 |
| 14 | Mr. Kishor Patil jointly held with Ms. Anupama Patil | | | | |
| | At the beginning of the year | 4,000 | 0.00 | 4,000 | 0.00 |
| | Increase / Decrease during the year | - | - | 4,000 | 0.00 |
| | At the end of the year | | | 4,000 | 0.00 |
| 15 | Mr. Shrikrishna Patwardhan | | | | |
| | At the beginning of the year | 1,100,000 | 0.57 | 1,100,000 | 0.57 |
| | Increase / Decrease during the year | - | - | 1,100,000 | 0.56 |
| | At the end of the year | | | 1,100,000 | 0.56 |
| 16 | Mr. Ajay Shridhar Bhagwat | | | | |
| | At the beginning of the year | 3,249,800 | 1.67 | 3,249,800 | 1.67 |
| | Increase / Decrease during the year: | | | | |
| | Sale on November 17, 2014 | (613,000) | (0.33) | 2,636,800 | 1.34 |
| | At the end of the year | | | 2,636,800 | 1.34 |
| 17 | Ms. Ashwini Ajay Bhagwat jointly held with Mr. Ajay Bhagwat | | | | |
| | At the beginning of the year | 43,300 | 0.02 | 43,300 | 0.02 |
| | Increase / Decrease during the year | - | - | 43,300 | 0.02 |
| | At the end of the year | | | 43,300 | 0.02 |
| 18 | Mr. Sachin Dattatraya Tikekar | | | | |
| | At the beginning of the year | 1,103,800 | 0.57 | 1,103,800 | 0.57 |
| | Increase / Decrease during the year: | | | | |
| | Sale on January 23, 2015 | (35,000) | (0.02) | 1,068,800 | 0.54 |
| | Sale on January 27, 2015 | (65,000) | (0.03) | 1,003,800 | 0.51 |
| | At the end of the year | | | 1,003,800 | 0.51 |
| 19 | Ms. Saroj Dattatraya Tikekar jointly with Mr. Sachin Dattatraya Tikekar | | | | |
| | At the beginning of the year | 37,000 | 0.02 | 37,000 | 0.02 |
| | Increase / Decrease during the year | - | - | 37,000 | 0.02 |
| | At the end of the year | | | 37,000 | 0.02 |
| 20 | K and P Management Services Private Limited | | | | |
| | At the beginning of the year | 300,910 | 0.16 | 300,910 | 0.16 |
| | Increase / Decrease during the year | - | - | 300,910 | 0.15 |
| | At the end of the year | | | 300,910 | 0.15 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Warhol Limited | | | | |
| | At the beginning of the year | 18,858,440 | 9.72 | 18,858,440 | 9.72 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 to March 31, 2015 | 625,234 | 0.32 | 19,483,674 | 9.91 |
| | At the end of the year | | | 19,483,674 | 9.91 |
| 2 | Van Dyck | | | | |
| | At the beginning of the year | 7,776,000 | 4.01 | 7,776,000 | 4.01 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase / sale) from April 1, 2014 till March 31, 2015 | - | - | 7,776,000 | 3.95 |
| | At the end of the year | | | 7,776,000 | 3.95 |
| 3 | Citigroup Global Markets Mauritius Private Limited # | | | | |
| | At the beginning of the year | 6,608,395 | 3.41 | 6,608,395 | 3.41 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (sale) from April 1, 2014 to March 31, 2015 | (6,608,395) | (3.41) | - | - |
| | At the end of the year | | | - | - |
| 4 | CX Securities Limited # | | | | |
| | At the beginning of the year | 5,790,399 | 2.98 | 5,790,399 | 2.98 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (sale) from April 1, 2014 to March 31, 2015 | (4,660,688) | (2.40) | 1,129,711 | 0.57 |
| | At the end of the year | | | 1,129,711 | 0.57 |
| 5 | Fidelity Puritan Trust-Fidelity Low-priced Stock Fund | | | | |
| | At the beginning of the year | 5,582,718 | 2.88 | 5,582,718 | 2.88 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 to March 31, 2015 | 3,417,282 | 1.76 | 9,000,000 | 4.58 |
| | At the end of the year | | | 9,000,000 | 4.58 |
| 6 | Cummins India Limited # | | | | |
| | At the beginning of the year | 5,155,163 | 2.66 | 5,155,163 | 2.66 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (sale) from April 1, 2014 to March 31, 2015 | (5,155,163) | (2.66) | - | - |
| | At the end of the year | | | - | - |
| 7 | CX Partners Fund 1 Limited | | | | |
| | At the beginning of the year | 5,081,357 | 2.62 | 5,081,357 | 2.62 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase / sale) from April 1, 2014 till March 31, 2015 | - | - | 5,081,357 | 2.58 |
| | At the end of the year | | | 5,081,357 | 2.58 |
| 8 | Acacia Partners, LP | | | | |
| | At the beginning of the year | 5,040,000 | 2.60 | 5,040,000 | 2.60 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase / sale) from April 1, 2014 till March 31, 2015 | - | - | 5,040,000 | 2.56 |
| | At the end of the year | | | 5,040,000 | 2.56 |
| 9 | Steadview Capital Mauritius Limited # | | | | |
| | At the beginning of the year | 5,030,673 | 2.59 | 5,030,673 | 2.59 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (sale) from April 1, 2014 to March 31, 2015 | (5,030,673) | (2.59) | - | - |
| | At the end of the year | | | - | - |

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 10 | Massachusetts Institute of Technology – SCM # | | | | |
| | At the beginning of the year | 3,449,453 | 1.78 | 3,449,453 | 1.78 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (sale) from April 1, 2014 to March 31, 2015 | (3,449,453) | (1.78) | - | - |
| | At the end of the year | | | - | - |
| 11 | Reliance Capital Trustee Co. Ltd.-A/c Reliance Mid & Small Cap Fund | | | | |
| | At the Beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Increase/Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 till March 31, 2015 | 6,156,738 | 3.17 | 6,156,738 | 3.13 |
| | At the Year end | | | 6,156,738 | 3.13 |
| 12 | Government Pension Fund Global * | | | | |
| | At the beginning of the year | 1,092,348 | 0.56 | 1,092,348 | 0.56 |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 to March 31, 2015 | 3,083,496 | 1.59 | 4,175,844 | 2.12 |
| | At the end of the year | | | 4,175,844 | 2.12 |
| 13 | Lazard Emerging Markets Small Cap Equity Trust * | | | | |
| | At the beginning of the year | - | - | - | - |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 to March 31, 2015 | 4,060,428 | 2.09 | 4,060,428 | 2.06 |
| | At the end of the year | | | 4,060,428 | 2.06 |
| 14 | Apax Partners Europe Managers Limited A/c PCV LUX SCA * | | | | |
| | At the beginning of the year | - | - | - | - |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 to March 31, 2015 | 3,508,520 | 1.81 | 3,508,520 | 1.78 |
| | At the end of the year | | | 3,508,520 | 1.78 |
| 15 | DSP Blackrock Equity Fund * | | | | |
| | At the beginning of the year | - | - | - | - |
| | Increase / Decrease during the year: | | | | |
| | Transaction (purchase) from April 1, 2014 to March 31, 2015 | 5,198,647 | 2.68 | 5,198,647 | 2.64 |
| | At the end of the year | | | 5,198,647 | 2.64 |

Ceased to be in the list of Top 10 shareholders as on March 31, 2015. The same is reflected above since the shareholder was one of the Top 10 shareholder as on April 1, 2014.

* Not in the list of Top 10 shareholders as on April 1, 2014. The same has been reflected above since the shareholder was one of the Top 10 shareholder as on March 31, 2015.

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Mr. S. B. (Ravi) Pandit | | | | |
| | At the beginning of the year | 225,000 | 0.12 | 225,000 | 0.12 |
| | Increase / Decrease during the year | - | - | 225,000 | 0.11 |
| | At the end of the year | | | 225,000 | 0.11 |
| 2 | Mr. S. B. (Ravi) Pandit Jointly held with Ms. Nirmala Pandit | | | | |
| | At the beginning of the year | 99,000 | 0.05 | 99,000 | 0.05 |
| | Increase / Decrease during the year: | | | | |
| | Purchase on August 26, 2014 | 67,000 | 0.03 | 166,000 | 0.08 |
| | At the end of the year | | | 166,000 | 0.08 |
| 3 | Mr. Kishor Patil | | | | |
| | At the beginning of the year | 4,956,800 | 2.55 | 4,956,800 | 2.55 |
| | Increase / Decrease during the year | - | - | 4,956,800 | 2.52 |
| | At the end of the year | | | 4,956,800 | 2.52 |
| 4 | Mr. Kishor Patil jointly held with Ms. Anupama Patil | | | | |
| | At the beginning of the year | 4,000 | - | 4,000 | - |
| | Increase / Decrease during the year | - | - | 4,000 | - |
| | At the end of the year | | | 4,000 | - |
| 5 | Mr. Sachin Tikekar | | | | |
| | At the beginning of the year | 1,103,800 | 0.57 | 1,103,800 | 0.57 |
| | Increase / Decrease during the year: | | | | |
| | Sale on January 23, 2015 | (35,000) | (0.02) | 1,068,800 | 0.54 |
| | Sale on January 27, 2015 | (65,000) | (0.03) | 1,003,800 | 0.51 |
| | At the end of the year | | | 1,003,800 | 0.51 |
| 6 | Ms. Lila Poonawalla | | | | |
| | At the beginning of the year | 102,000 | 0.05 | 102,000 | 0.05 |
| | Increase / Decrease during the year: | | | | |
| | Allotment on November 19, 2014 | 12,000 | 0.01 | 114,000 | 0.06 |
| | At the end of the year | | | 114,000 | 0.06 |
| 7 | Dr. R. A. Mashelkar | | | | |
| | At the beginning of the year | 40,000 | 0.02 | 40,000 | 0.02 |
| | Increase / Decrease during the year | - | - | 40,000 | 0.02 |
| | At the end of the year | | | 40,000 | 0.02 |
| 8 | Mr. Sanjay Kukreja | | | | |
| | At the beginning of the year | 32,400 | 0.02 | 32,400 | 0.02 |
| | Increase / Decrease during the year | - | - | 32,400 | 0.02 |
| | At the end of the year | | | 32,400 | 0.02 |
| 9 | Mr. Amit Kalyani* | | | | |
| | At the beginning of the year | 40,000 | 0.02 | 40,000 | 0.02 |
| | Increase / Decrease during the year: | | | | |
| | Allotment on August 20, 2014 | 12,000 | 0.01 | 52,000 | 0.03 |
| | Sale on February 12, 2015 | (10,000) | (0.01) | 42,000 | 0.02 |
| | Sale on February 13, 2015 | (14,000) | (0.01) | 28,000 | 0.01 |
| | At the end of the year | | | 28,000 | 0.01 |
| 10 | Mr. Anil Patwardhan (Key Managerial Personnel – Chief Financial Officer) | | | | |
| | At the beginning of the year | 98,920 | 0.05 | 98,920 | 0.05 |
| | Increase / Decrease during the year: | | | | |
| | Sale on December 24, 2014 | (5,000) | - | 93,920 | 0.05 |
| | At the end of the year | | | 93,920 | 0.05 |

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 11 | Mr. R. Swaminathan (Key Managerial Personnel - Company Secretary) | | | | |
| | At the beginning of the year | 18,100 | 0.01 | 18,100 | 0.01 |
| | Increase / Decrease during the year: | | | | |
| | Allotment on October 21, 2014 | 18,000 | 0.01 | 36,100 | 0.02 |
| | Sale on January 29, 2015 | (10,000) | (0.01) | 26,100 | 0.01 |
| | At the end of the year | | | 26,100 | 0.01 |

* Mr. Amit Babasaheb Kalyani resigned from the directorship of the Company w.e.f. February 20, 2015.

** Ms. Elizabeth Carey resigned from the directorship of the Company w.e.f. October 20, 2014.

*** Mr. Cariappa Chenanda (Alternate Director) ceased to be a Director of the Company w.e.f. October 20, 2014, consequent upon resignation of Ms. Elizabeth Carey.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in ₹)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|--------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 4,114,660,361 | - | - | 4,114,660,361 |
| ii) Interest due but not paid | 19,605,070 | - | - | 19,605,070 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ ii +iii) | 4,134,265,431 | - | - | 4,134,265,431 |
| Change in Indebtedness during the financial year # | | | | |
| ● Addition | - | 899,580,326 | - | 899,580,326 |
| ● Reduction | (616,743,336) | - | - | (616,743,336) |
| Net Change | (616,743,336) | 899,580,326 | - | 282,836,990 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 3,503,112,881 | 899,580,326 | - | 4,402,693,207 |
| ii) Interest due but not paid | 14,409,214 | 121,254 | - | 14,530,468 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | 3,517,522,095 | 899,701,580 | - | 4,417,223,675 |

Change in Indebtedness during the financial year is considered on net basis.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration* | Name of MD / WTD / Manager | | | Total |
|---------|---|--|------------------|-------------------|-------------------|
| | | S. B. (Ravi) Pandit | Kishor Patil | Sachin Tikekar | |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 14,830,121 | 8,740,453 | 11,248,547 | 34,819,121 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total (A) | 14,830,121 | 8,740,453 | 11,248,547 | 34,819,121 |
| | Ceiling as per the Act | ₹ 188,615,622 (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013). | | | |

* - Remuneration figures reported as per the provisions of Income Tax Act as required by the prescribed format and therefore, may differ from the remuneration figures reported under the provisions of Companies Act, 2013, elsewhere in the annual report.

B. Remuneration to other directors:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | | Total | |
|---------|--|--|----------------------|---------------------|-----------------------|------------------|---------------------|-------------------|------------------|
| | | Adi Engineer | Anant Talaulicar * | Dr. R. A. Mashelkar | Dwayne Allen * | Lila Poonawalla | Prof. Alberto | | |
| 1 | Independent Directors | | | | | | | | |
| | • Fee for attending board / committee meetings | 270,000 | - | 155,000 | - | 335,000 | 97,500 | 857,500 | |
| | • Commission | 2,600,000 | - | 2,500,000 | - | 2,950,000 | 2,950,000 | 11,000,000 | |
| | • Others, please specify | - | - | - | - | - | - | - | |
| | Total (1) | 2,870,000 | - | 2,655,000 | - | 3,285,000 | 3,047,500 | 11,857,500 | |
| Sr. No. | Particulars of Remuneration | Amit Kalyani ** | Anant Talaulicar *** | BVR Subbu | Cariappa Chenanda *** | Dwayne Allen *** | Elizabeth Carey *** | Sanjay Kukreja | Total |
| 2 | Other Non-Executive Directors | | | | | | | | |
| | • Fee for attending board / committee meetings | - | - | 195,000 | - | - | - | - | 195,000 |
| | • Commission | 1,100,000 | - | 2,200,000 | - | - | - | - | 3,300,000 |
| | Others, please specify | - | - | - | - | - | - | - | - |
| | Total (2) | 1,100,000 | - | 2,395,000 | - | - | - | - | 3,495,000 |
| | Total (B) = (1+2) | 15,352,500 | | | | | | | |
| | Total Managerial Remuneration | 50,171,621 | | | | | | | |
| | Overall Ceiling as per the Act | 207,477,184 (being 11% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013). | | | | | | | |

* Anant Talaulicar was appointed as an additional director w.e.f. October 21, 2014 to hold office up to the forthcoming annual general meeting. Further, Dwayne Allen was appointed as an alternate director of Anant Talaulicar w.e.f. October 21, 2014.

** Amit Kalyani resigned from the directorship of the Company w.e.f. February 20, 2015.

*** Anant Talaulicar and Elizabeth Carey resigned as Cummins nominee directors consequent to Cummins divesting its investment in the Company. Further, upon their resignations, their alternate directors, Dwayne Allen and Cariappa Chenanda respectively also ceased to be a Directors of the Company w.e.f. October 20, 2015.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(Amount in ₹)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|---|--------------------------|-------------------|------------------|-------------------|
| | | CEO | Company Secretary | CFO | |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 8,740,453 | 3,704,057 | 6,685,425 | 19,129,935 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | 1,496,660 | - | 1,496,660 |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total | 8,740,453 | 5,200,717 | 6,685,425 | 20,626,595 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Sd/-

Pune,
April 28, 2015

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

Management Discussion & Analysis

GLOBAL ECONOMIC OVERVIEW:

Volatility is now a consistent factor in the global economic landscape.

The year 2014 was again a modest growth year for the global economy. GDP Growth was marginal at 2.6% from 2.5% in 2013. During the year, economic activity in both US and UK gained momentum with improvement in labor markets and supportive monetary policy but there has not been much recovery in the Euro zone and Japan. China has also been undergoing an economic slowdown as compared to earlier years. The other developed countries have also not been performing well. This has led to weak external demand, domestic policy tightening, political uncertainties and supply side constraints. The global economic outlook is being driven by soft commodity prices, persistently low interest rates and increasingly divergent monetary policies across major economies.

The broader trends that dominated the technology industry in 2014 included Internet of Things (IoT), big data, cloud and cyber security. Based on research, there was a 20% increase in IoT connected devices in 2014 from the previous year and it is expected to increase further in the coming years. There is also an increase in big data related software spending as it has been helping organizations to make more informed business decisions and interact with their customers in a more smarter and intelligent manner. Cloud computing has been another important technology area during the past year with more number of companies moving to cloud based infrastructure. With increasing digitization, there has also been a growing emphasis on cyber security and information security companies are investing in skilled talents to develop resources in this area.

INDUSTRY GROWTH OUTLOOK:

The worldwide IT spending is expected to come down to \$3.66 Trillion in 2015, a decline of 1.3% from 2014. The strong dollar is the key factor for this decline. The enterprise software spending is estimated at \$320 Billion against \$313 Billion in 2014, a growth of 2.3%. The IT services spending is expected to decline by 1% to \$942 Billion from \$948 Billion in 2014. It is expected that the largest cut will come in implementation services mainly in the US market driven by the falling prices in Oil & Gas industry.

FY16 Outlook for Indian IT-BPM Industry:

- Export revenues is projected to grow by 12% - 14% to reach \$110 Billion - \$112 Billion.
- Domestic revenues (including ecommerce) is expected to grow by 15% - 17% to \$55 Billion - \$57 Billion.

(Data Source: Gartner, NASSCOM)

INDUSTRY TRENDS:

In US market there has been an increase in local manufacturing activity supported by the low costs of reshoring. Capital investments have gone up and there has been a change in the way manufacturing plants operate, driven by technological developments. In fact, 2015 is expected to be landmark year for the US manufacturing industry. With the core focus on Digital transformation, there is growing importance of mobile technologies for customer connectivity, cyber security, data mining and analysis along with robotics and 3D printing. The manufactured products have become smarter and well connected driving increased software content, need for system engineering and a product innovation platform. Sensor technologies will drive the concept of connected factories and mobility based manufacturing and these factories will generate vast amounts of data. It is expected that in 2015 Big Data Analytics will emerge from hype cycle to pragmatic traction and scale across all elements of the value chain in the manufacturing industry. By 2018, 40% of Top 100 discrete manufacturers and 20% of Top 100 process manufacturers will provide Products-as-a-Service platforms. With faster adoption of cloud computing, the scale and utilization of Big Data Analytics will expand further. Manufacturers are also investing in customer facing technologies to provide customer service excellence, efficient innovation and responsive manufacturing. However with all these data and information getting more online, there is also an increased threat for cyber-attacks and thus cyber security will also form an important investment area for the industry during this year.

Internet of Things (IoT) will be a big focus area in the manufacturing industry during 2015.

The key opportunities include

1. Enabling factory visibility wherein the managers and production team will have easy access to real-time information and thus collaborate more effectively,
2. Driving automation to keep a track of processes more effectively, connected supply chain which enables all concerned parties to understand interdependencies, the flow of materials and manufacturing cycle times,
3. Leveraging IoT to manage people and teams for e.g. connected sensors which would update managers to track their people and update about their performance in different projects and tasks,
4. Ensuring safety by keeping procedures and reports easily accessible at all locations, proactive maintenance through using lower cost sensors,

- Wireless connectivity and big data processing tools which makes it easier to collect actual performance data and monitor the equipment health.

IoT will connect the factory to a whole new range of applications which run around the production. Enterprises are using huge amounts of data available, business analytics, cloud services, enterprise mobility and many such technologies to improve the way businesses are being conducted.

Globally automobile sales are expected to go up from 87 Million in 2014 to 91.5 Million in 2015 with strong growth across North America and European markets. The Indian auto industry is also expecting a good year supported by favorable macro-economic conditions and improving consumer confidence. However the growth estimate is moderate for China market due to economic slowdown and high base effect. The recent fall in oil prices is being seen as a short term trend and there is no major impact on the work done by OEMs in the area of alternative powertrain technologies. OEMs are bound by regulatory requirements to launch more fuel efficient vehicles and therefore not much impacted by the change in prices, however it may bring some momentary changes in the consumer behavior mainly in low fuel tax economies like US. During CY2015 innovation in the automotive industry would be driven towards connected mobility and digital lifestyle. It is forecasted that by 2020, up to 10% of all mass produced vehicles will be driverless. Autonomous driving is today's reality and safety being the prime concern of consumers in this space, a lot of investments are being made into related technologies like parking assistance, alert systems for approaching vehicles, people and objects, traffic congestion assistance, lane departure warning and cruise control. The global automotive safety systems market is expected to grow at a CAGR of 9.43% from 2014-19.

Connectivity is a key application area of IoT in the automotive industry and is driving a lot of investments in different technological aspects of the connected car. Technology companies along with car manufacturers are working towards providing the best solution by combining IoT with cars. Some of these include ensuring 360 degree security, OEM prognostics to provide predictive maintenance suggestions to the vehicle drivers by analyzing the data, context related services like location/ emotion based suggestions for consumers, after-market telematics, HMI beyond speech as OEMs are experimenting with gesture based control for vehicle systems and smartphone in car 2.0 by enabling access to various features and functions of the car through smart devices. The connected car market includes infotainment, apps designed for cars, digital diagnostics, monitoring services for new drivers and enhanced navigation systems, among other services, which is estimated to grow up to \$270 Billion by 2020 and during the same period almost 90% of vehicles will provide built-in connectivity. With so many connected devices the scope for mobility solutions in auto industry is also far reaching. Based on estimates, car makers are expected to sell three times the number of mobile telematics systems in 2017 than sold in 2009. This IoT enabled automotive ecosystem

will need more collaboration among service providers, improved information sharing and more value creation for vehicle owners.

In 2015, utilities will invest over a quarter of their IT budgets on integrating new technologies with legacy enterprise systems and 60% of utilities will focus on transitioning enterprise mobility to capitalize on the consumer mobility wave. By 2017, 45% of utilities' new investment in analytics will be used in operations and maintenance of plant and network infrastructure. By 2018 cloud services will make up half of the IT portfolio for over 60% of utilities and cognitive systems will penetrate utilities' customer operation to improve service and reduce costs. There is accelerated adoption of software platforms catering to customer requirements, thus enabling agile and efficient operations for end consumers. Energy & utility companies are also building infrastructure and capabilities through use of cutting edge technologies to engage customers on an individualized basis. There is strong emphasis on geospatial technology (location, geospatial data management and spatial analytics) with growing importance of location for implementation of smart grids by utilities.

Organizations in the E&U sector are fast adopting IoT, driven by regulatory requirements, large fluctuation in prices and increased M&A activity. Electricity smart metering and smart grid are the most well-known applications of IoT in this sector. In many regions regulators have set target for utilities to roll out smart meters and smart grids. In the U.S., the 2007 Energy Act kick started efforts to monitor consumption and balance the supply across smart grids. The EU has also set an ambitious target for smart metering, challenging the 28 member countries to replace 80% of meters by 2020. Companies are gradually moving in this direction where the initial step is to increase the efficiency of their existing assets. Overall IoT will help utility companies to improve customer service, reduce risk and increase operational efficiency.

(Data Source: Industry Reports)

OUR STRATEGY:

Our new and more aligned organization structure has been created to focus on strategic accounts, achieving broad based growth in these accounts and strengthen our leadership position as a technology solutions provider to our focus industries. During this year, we saw some positive impact of this realignment in our business operations. Though the year has not been a high growth year for the company, we are confident of moving in the right direction. Our Industry Business Units (IBUs) are focusing on sales, onsite consulting and account management. They help in cross-selling our solutions and services across practices, make our customer engagements more consultative with the help of strong front end team of industry level experts and providing the required focus and enablement to customer facing teams to scale up revenues in our strategic accounts. Our Strategic Business Units (SBUs) are focusing on delivery excellence, capabilities building, new technologies and new accounts. The SBUs and respective practice teams work towards building offerings

and solutions, selecting and creating capability in new technologies, develop competencies and handle delivery operations for all customer accounts. Both IBUs and SBUs are collaborating with respective geography teams and enabling functions to deliver growth for the company.

During this year the traction in Integrated Enterprise Solutions (IES) SBU was mainly across JD Edwards (JDE), Oracle E-Business Suite (EBS), Oracle Fusion Middleware (OFM), Master Data Management (MDM), Value Chain Execution (VCE) and Business Intelligence (BI) offerings. There was also an increased focus on EBS implementations and upgrades with decent number of deal wins in this space. We have become Oracle BPS (Business Process Service) partner for Oracle JD Edwards solutions in India and we are the first partner for JD Edwards in this area. Our new cloud based solution for JD Edwards, Business Process as a Service (BPaaS) offering powered by Oracle, will be available as a subscription based ERP solution in Plug and Play format. It will simplify ERP operations and drive value to customers' business without the need to worry about implementations, upgrades or maintenance of ERP systems. We have developed various offerings covering all Oracle cloud products in existence, including advisory offerings (e.g. Path to Cloud), Implementation services, Application management services and Upgrades. We also offer fixed price packaged service offerings for Cloud Financials, HCM and CRM unlike any other system integrator. We are 1 of the 6 partners in Oracle's "Mastering the Cloud" campaign where we will work with Oracle to show companies how to maximize the effectiveness of their Cloud based applications.

We are developing different solutions across Oracle related offerings. We are developing solution on MOC (Manufacturing Operations Centre) and warranty analysis catering to the manufacturing industry. In partnership with Oracle, we have introduced a new adapter that provides out-of-box integration between Oracle procurement and spend analytics and Oracle's JDE EnterpriseOne. We are also defining a packaged solution for Unique Device Identification (UDI) in partnership with USDM, a leading global professional services firm providing solutions for the regulated life science industry. The Oracle Centre of Excellence has developed a generic tool which works with any application based on Oracle Database and provides comprehensive functionality for archival, purging, creating data snapshots and masking. This tool will augment our AMS offerings and contribute towards non-linear revenues. We have also developed new age solutions and offerings around IoT, M2M, Endeca Procurement solution, JD Edwards UI Package and Social ERP integration. Some of the key features of these solutions are:

KPIT JD Edwards Endeca Extension Capability Browser Solution for Procurement.

- Oracle/KPIT JD Edwards Procurement Extensions for Oracle Endeca applications leverage Endeca's intuitive search features that allow users to easily explore operational data in real-time.
- The applications, featuring a simplified user interface with guided navigation and visual analytics, help in fetching information faster and easier as compared to the conventional ERP query interfaces.

KPIT Social JD Edward ERP Solution

- This unique solution tracks real and potential connections and automatically connects us when collaboration is needed. It creates a record of intermediate communications, thus, creating more knowledge connections.
- Business users can annotate, share and collaborate on an existing report, visualize in real time and gain insight from reports and views.

Accelerators and Solution Development - Oracle Fusion Middleware

- 10 Accelerators and 2 solutions being developed by the Oracle Fusion Middleware (FMW) practice, which will be positioned as key differentiators as a part of our GTM strategy for FMW solutions.

The Product Engineering Services (PES) SBU has always been a key growth driver for the company and during this year also it has led the company growth. We want to develop holistic capabilities and align our go to market strategy with the key industry trends which will further strengthen our positioning in the automotive domain. There was good traction primarily across AUTOSAR, In Vehicle networks, diagnostics, infotainment, powertrain, instrument clusters, body & chassis and mechanical. We have won deals in our GAM accounts in areas such as Infotainment, clusters and AUTOSAR. During this year we launched the KPIT Engineering cloud while taking the first step towards setting up of a Benchmarking and Components Tear down facility, thus improving our positioning in Value Engineering and Cost Management.

Innovation has been at the core of our automotive business and our long term investments in R&D and development of IPs has started generating returns. In our products & platforms business, we see a strong growth momentum led by our solutions in Infotainment, connectivity and Intelligent Transportation Systems (ITS). In Infotainment we have developed solutions across entire product lifecycle from HMI conceptualization, design and implementation, verification and validation, integration to maintenance. Mr. Anup Sable, Senior VP & Head, Automotive & Engineering business, has been nominated to the GENIVI Board of Directors. This is a recognition of his thought leadership and our efforts and investments in the space of In-Vehicle Infotainment. Our connectivity platform Konnect, is also gaining ground due to its concurrent and multi device connectivity. Our On-Bus ITS product is the first such product to be certified by Automotive Research Association of India (ARAI) for JnNURM II specifications. The product is being used by Bus Manufacturers and State Transport Utilities in India to create better public transport in urban cities. On-Bus ITS is mandatory for the 10,000 buses and any future buses funded under JnNURM II programme of urban renewal mission announced by the Ministry of Urban Development (MoUD). During this year we started delivery on this project and we earned significant revenues. Our retrofit hybrid solution REVOLLO has cleared the required regulatory tests while the Indian government has also laid

out ₹ 795 crores under Faster adoption and manufacturing of hybrid and electric vehicles (FAME) Scheme to be spend over the next two years. The objective of this scheme is technology development, demand creation, pilot projects and charging infrastructure and it is also applicable for retro fitment of kits. Our AUTOSAR capabilities have been helping us to be the partner of choice for our customers, to gain more wallet share and IP based technology leadership in their software development process.

With SAP's growing focus on cloud & HANA our SAP SBU has also been developing capabilities and offerings in this space. We have witnessed significant traction in SuccessFactors and HANA besides BI, Analytics, CRM and AMS projects. Being an early HANA adoption partner has helped us in developing comprehensive portfolio of HANA services. During this year SAP announced Business suite 4 SAP HANA, the next generation business suite fully built on the advanced in-memory platform and we have already signed a SOW for its implementation in the manufacturing vertical. There are other new technologies like Hybris, Simple Finance, Predictive analysis and Enterprise Data Warehouse (EDW) and we have won deals in a few of these areas during the year. We are also making the required investments to further develop our expertise in these technologies. With continuous focus on increasing the share of our AMS revenues, we have won a few deals in this space including deal with 5 year support services.

Our strategy is to increase the non-linear revenue share in SAP SBU with the development of industry focused solutions. During this year we have added a new RDS solution to our EDGE solution portfolio, MedEDGE for Medical devices industry. Our industry solutions- HiTechEDGE, IMCEDGE, AutoEDGE, UtilitiesEDGE, WholesaleEDGE, StratosCRM have been recertified. These certifications are a commitment to our clients to provide the tools and support to reduce their Total cost of ownership. We are also broadening our solutions offering base with the development of Revenue Recognition (RevRec) and Unique Device Identification (UDI) solution for Hi-Tech and Medical devices industry respectively. In partnership with Hortonworks and Cisco we are also expanding Big Data and IoT solutions leveraging HADOOP and SAP HANA.

In Enterprise Solutions (ES) SBU, the deal wins have come from Testing-as-a-service (TaaS), Enterprise Manufacturing Management (EMM), Customer Relationship Management (CRM) and Process Consulting practices. We have also witnessed traction in content and portal related solutions like SharePoint. For TaaS practice there is demand mainly around testing services that will eliminate upfront capital investments on testing tools and we have partnered with HP in this direction. The EMM practice has collaborated with Infor for product enhancement for India market specific localization (CVIN). As a member of Infor Partner Network, we were awarded the **Promising Partner of the Year 2014 award** for Indian subcontinent. Currently our alliance with Infor covers entire APAC region making us the only partner with such wide geographical coverage. This will help us in pursuing large and global account opportunities in the region.

We have developed a Rapid Application Development framework called "FoundationK", using Java/J2EE/Open source based web applications. "FoundationK" along with the "KodeGenerator" kit saves overall development efforts by up to 60% and the application developed using this framework is compliant with industry best practices. These high productivity application development kits clearly differentiate us from the competition in the custom Enterprise Web Application Development (ADM) space and help customers achieve a faster time to market. The Enterprise Mobility team under Technology & Testing Service practice has released the productized version of Field Service Automation mobile solution named "K-FieldServe". With focus on manufacturing and E&U industry, this solution assists field staff to review service orders/inspections from remote client location in online/offline mode. The digital transformation team has developed multiple solutions, especially targeting the UX/ UI and mobility functions. Our content and portal practice team has built a collaborative Information Portal solution called Minerva based on SharePoint platform. Our Big Data practice is building domain specific solutions in manufacturing and automotive verticals and the strategy is to provide it as an Analytics-as-a-service by combining Big Data platform, cloud and industry specific solutions.

In Infrastructure Management services (IMS) practice our offerings include application management services, infrastructure application support, database administration services, service operation center, datacenter and hosting support. We are currently working towards enhancing the existing IMS portfolio and adding scale to deliver large global infrastructure programs. During this year we launched KPIT Cloud powered by HP which addresses: Enterprise grade technology public cloud, on-demand, pay as you go service and Computing, Storage & Platform services. This will provide our customers significant opportunities to reduce infrastructure support costs and improve operations by leveraging our expertise in managing major enterprise applications along with HP's industry leading managed private cloud.

We have a global Extended Product Lifecycle Management (EPLM) practice which offers consulting, platform based products, enterprise level analytics, AMS services and enterprise cost management solutions. The acquisition of I-Cubed has further strengthened our expertise in this domain and enhanced the value added offerings. We are also leveraging this association to transform the business processes of our customers through allied technologies such as Application Lifecycle Management (ALM) and Service Lifecycle Management (SLM). During this year, we announced the release of our ilink_{sm} Product Lifecycle Management (PLM) adapter for Oracle JD Edwards. ilink_{sm} provides a packaged implementation that improves quality and reduces overall costs and it works with all PLM systems and Oracle EBS and JDE.

We have analyzed our performance for this year thoroughly and identified the gaps which need to be filled in. We are taking all requisite steps and putting our efforts together to bring in operational and financial efficiency from the long

term growth perspective. We are also making the required investments in areas such as digital technologies, subject matter experts and specialized sales, which will help us to go deeper within our industry verticals and provide relevant and well aligned offerings to our customers. We expect to implement all these actions across the organization by midway of FY16 so that by the end of year we should be on a sound footing.

FINANCIAL PERFORMANCE:

REVENUES:

We closed FY15 with \$ revenue of \$489 Million while our initial guided revenue was expected to be \$498 Million to \$506 Million. The Y-o-Y growth was 10.06% as compared to \$444.32 Million in FY14. The cross currency impact was around \$6 Million while there were also certain customer and deal specific issues which led to missing the yearly revenue guidance. In ₹ terms, our revenue for the year stood at ₹ 29,899.17 Million against ₹ 26,940.40 Million in FY14, a Y-o-Y growth of 10.98%.

| | FY 2014 | FY 2015 | Growth |
|---------------------|-----------|-----------|--------|
| Sales in \$ Million | 444.32 | 489.00 | 10.06% |
| Sales in ₹ Million | 26,940.40 | 29,899.17 | 10.98% |

During this year we again saw APAC leading the growth path while there was also good growth across Europe geography. There was marginal growth in US geography. APAC grew by 50.56% supported by the strong traction in Product Engineering Services (PES) SBU and Products & Platforms unit. Europe grew by 18.15% and we expect the growth momentum to continue in this market. In US the growth was just 2.43% mainly due to decline in our SAP SBU revenues and a temporary decline in one of our Top 5 customers for the year.

| Revenues by Geography (₹ Million) | FY 2014 | FY 2015 | Growth |
|-----------------------------------|-----------|-----------|--------|
| US | 19,539.07 | 20,014.81 | 2.43% |
| Europe | 3,884.40 | 4,589.35 | 18.15% |
| ROW | 3,516.93 | 5,295.02 | 50.56% |

The PES SBU was a major contributor to our growth during this year. The Y-o-Y growth for the SBU was 35.34%. The strong traction in our products and platforms business contributed significantly towards this growth. The ITS product revenues for the year was \$ 18.5 Million. Even excluding products and platforms business there is good growth in the PES SBU. We also saw growth in IES SBU which grew by 11% on a Y-o-Y basis as the pace of growth has slowed down in this SBU towards the end of the year. However there was a decline of 3.47% and 10.04% in SAP and ES SBU respectively. SAP SBU didn't performed as per our expectations during the year and there was a major decline towards the end of the year. There are a few reasons for this decline- In two of our projects we faced certain issues related to scope changes and estimation errors and thus we didn't booked any revenues from these projects in the last quarter of the year, there were also certain delays in a few other deals where the projects were expected to begin during the year but now they will start in the next

fiscal year. As mentioned in the earlier sections of this report that we are taking all the required steps and efforts to ensure that such issues doesn't recur in the future and we believe that we should see growth coming back in SAP SBU in the next year.

| Revenues by SBU (₹ Million) | FY 2014 | FY 2015 | Growth |
|---------------------------------|-----------|-----------|----------|
| Integrated Enterprise Solutions | 10,458.61 | 11,609.56 | 11.00% |
| Product Engineering Services | 6,668.11 | 9,024.45 | 35.34% |
| SAP | 6,648.99 | 6,418.15 | (3.47%) |
| Enterprise Solutions | 3,164.69 | 2,847.01 | (10.04%) |

PROFITABILITY:

Our initial PAT guidance for the year was ₹ 2,940 Million to ₹ 3,005 Million which was revised lower by 10% during the year. However we closed the year with PAT of ₹ 2,369.9 Million, a Y-o-Y decline of 4.81%. Our EBITDA margins for the year stood at 10.85% against 15.53% in FY14, a decline of 468 bps. The revenue growth for the year has been slow vis-à-vis the costs and expenses which increased at a steady rate. The average wage hikes for the year was also higher this year with 4%-5% for onsite and 9%-11% for offshore employees. We also added many people during the year largely fresh graduates which created pressure on the margin. Also as mentioned in the above revenue section we faced certain issues with two SAP projects where we didn't recognized the revenues for the last quarter of the year. As a prudent measure we also made a non-recurring cost provision for the unbilled revenues recognized earlier on account of these projects. All these factors led to the decline in EBITDA margin during the year.

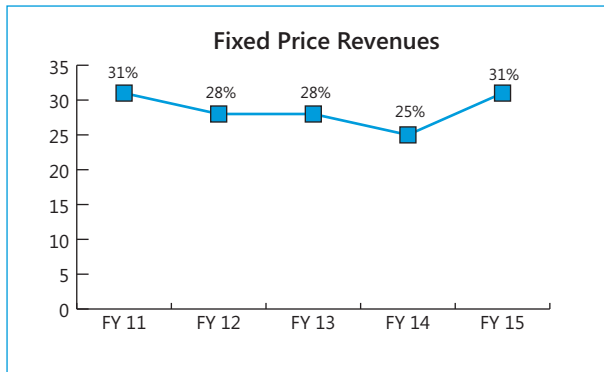
During this year we signed a customer transfer agreement with one of our Japanese partners. Earlier we were working with these customers through the partner but we did the customer transfer at a fair consideration to be able to work with these customers directly. We did the amortization of the consideration paid over this year and thus there was an increase in the depreciation figure. The other income for the year stood at ₹ 256.65 Million against negative amount of ₹ 153.30 Million in FY14. There was a forex gain of ₹ 242.41 Million in FY15 against loss of ₹ 406.58 Million in FY14. The tax provision was also lower during the year. We have filed for revised tax returns in US jurisdiction after completion of extensive revised documentation. Also during the year our subsidiary company SYSTIME India merged into KPIT India. The amortization of goodwill on amalgamation was recognized as a tax deductible expense for FY14 and FY15 resulting in tax provision reversal of ₹ 280 Million. Similarly we also cleaned up past year tax provisions based on assessments completed which led to one time provision reversal of ₹ 72 Million. Thus the effective tax rate was lower as compared to last year.

| Profits (₹ Million) | FY 2014 | FY 2015 | Growth |
|---------------------|----------|----------|----------|
| EBITDA | 4,182.75 | 3,244.07 | (22.44%) |
| PAT | 2,489.50 | 2,369.87 | (4.81%) |

FIXED PRICE REVENUES:

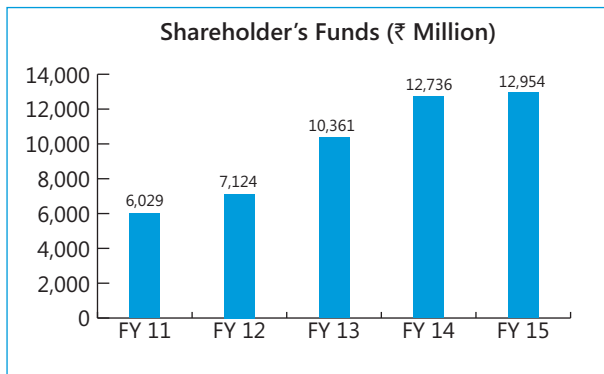
In Fixed Price Projects, the billing is done based on achievement of predefined milestones delivered in the specific timeframes as decided at the start of the project.

Total cost, specifications and deadlines for such projects are determined in advance. During this year there was an increase in our FP revenues from 24.58% in FY14 to 30.53%.



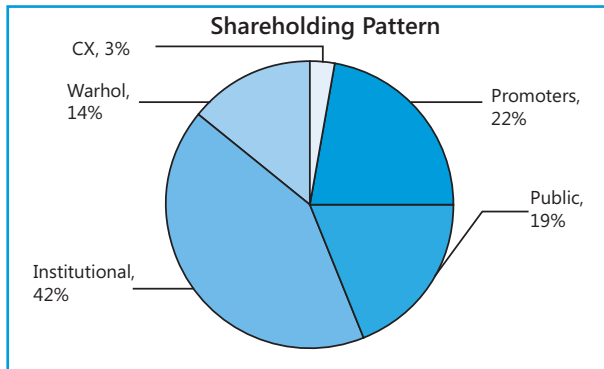
SHAREHOLDERS' FUNDS:

We are constantly working towards generating value for our shareholders and increasing the net worth of the Company.



SHAREHOLDING PATTERN:

Our shareholders include Promoters, renowned domestic and financial institutional investors and individuals. As on March 31, 2015 our shareholding structure was as follows:



Institutional Holding of More than 1% as on March 31, 2015

| Domestic Institutional Investors | |
|----------------------------------|--|
| DSP Blackrock Mutual Fund | |
| Birla Sunlife Mutual Fund | |
| Reliance Mutual Fund | |

Foreign Institutional Investors

| |
|---|
| Chrys Cap (incl. Warhol Limited & Van Dyck) |
| Fidelity Puritan Trust |
| CX Partners |
| Ruane Cunniff & Goldfarb Inc. (Acacia Partners) |
| Government Pension Fund Global |
| Apax Partners |
| Lazard Asset Management |
| Burgundy Asset Management |

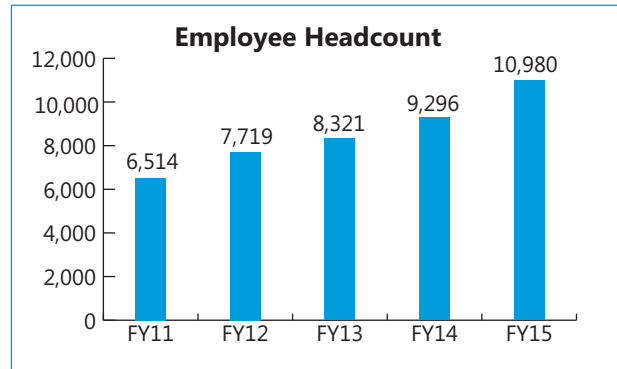
LIQUIDITY:

During this year there has been an overall improvement in the liquidity. Our cash balance for the year stood at ₹ 3,637.54 Million against ₹ 1,970.89 Million in the last year. During the year we invested ₹ 1,182.39 Million for earlier acquisition payouts. Our capex for the year stood at ₹ 913.35 Million. We continuously focus on improving our DSO. During this year our DSO came down to 82 and we intend to bring it under 80 in a couple of quarters.

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



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.

Report on Corporate Governance

KPIT's Corporate Governance Philosophy:

"Corporate governance is not something that is put in place and then left. Ensuring its effectiveness depends on regular review, preferably regular independent review. And, in the end that comes down to the shareholders. Outside assessment and self-assessment need to be regular events."

- Jim Jones.

Corporate Governance is the process by which corporations are made responsive to the rights and wishes of stakeholders. Good governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved. The aim of good corporate governance is to ensure commitment of the board in managing the company in a transparent manner for maximizing long-term value of the company for its stakeholders. Corporate governance practices in a company are influenced and shaped by the mission and values of the organization 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, voluntary initiation and self-evaluation of progress.

KPIT has been practicing corporate governance to ensure transparency in its corporate affairs. The Company is committed to continuously scaling up its corporate governance standards.

KPIT's corporate governance framework has been built on the value system evolved by the Company over a period of time. The value system has been coined as CRICKET, which illustrates the attributes of the Company as follows:

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

KPIT's philosophy is aimed at conducting business ethically, efficiently and in a transparent manner; fulfilling its corporate responsibility to various stakeholders and

retaining and enhancing 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 risk mitigation measures; and
8. Maintaining independence of auditors.

1. KPIT seeks to protect the shareholders' rights by providing timely and sufficient information to the shareholders, allowing effective participation in key corporate decisions and by providing adequate mechanism to address the grievances of the shareholders. It ensures equitable treatment of all shareholders including minority and foreign shareholders. KPIT ensures timely and accurate disclosure on significant matters including financial performance, ownership and governance of the Company. We implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into account the interest of the stakeholders and the annual audit is conducted by an independent and qualified auditor. The Company uploads investor update on Company's website every quarter and also intimates the same to the stock exchanges for its stakeholders. The Company also provides additional updates to investors on any matter that concerns the investors as and when the circumstances require the same.

The Board of Directors periodically reviews corporate strategies, annual budgets and sets, monitors and implements corporate objectives. It effectively monitors company's governance practices and ensures transparent board process. Further, it selects, compensates the key executives and monitors their performance. It strives to maintain overall integrity of the accounting and financial reporting systems.

II. 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 ten Directors as on March 31, 2015, seven Directors are Independent/

Non-Executive Directors and three Directors are Executive Directors. The Non-Executive Directors come from diverse background and possess rich experience and expertise in various industries such as automotive, energy & utilities, manufacturing, electronics, finance and research organizations. 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 both in the Company as well as outside the Company is detailed in Table 1.

Table 1: The composition of the Board and the number of Directorships held as on March 31, 2015

| Sr. No. | Name of Director | Category of Directorship at KPIT | Relationship with the Directors | No. of Directorships held in Public Companies* | No. of Committee Membership in Companies@ | No. of Chairmanship in Committees@ |
|---------|---|----------------------------------|---------------------------------|--|---|------------------------------------|
| 1 | Mr. S.B. (Ravi) Pandit, Chairman | Executive | None | 6 | 2 | Nil |
| 2 | Mr. Kishor Patil, CEO & Managing Director | Executive | None | 4 | 2 | Nil |
| 3 | Mr. Sachin Tikekar, Whole - time Director | Executive | None | 1 | Nil | Nil |
| 4 | Mr. Sanjay Kukreja | Non-Executive | None | 1 | Nil | Nil |
| 5 | Mr. B V R Subbu | Non-Executive | None | 1 | Nil | Nil |
| 6 | Dr. R. A. Mashelkar | Independent | None | 5 | 4 | 1 |
| 7 | Ms. Lila Poonawalla | Independent | None | 5 | 1 | 1 |
| 8 | Prof. Alberto Sangiovanni Vincentelli | Independent | None | 1 | Nil | Nil |
| 9 | Mr. Adi Engineer | Independent | None | 3 | 1 | Nil |
| 10 | Mr. Anant Talaulicar | Independent | None | 2 | 2 | Nil |
| 11 | Mr. Dwayne Allen, Alternate Director | Independent | None | 1 | Nil | Nil |

* Including Directorship in KPIT Technologies Limited.

@ Includes only Audit & Stakeholders' Relationship (Investor Grievance) Committee in all public limited companies including KPIT Technologies Limited.

B. Independent Directors:

1. Independent Director

All our independent directors fulfill the criteria of independence as prescribed in Clause 49 as explained below.

Independent Director shall mean a Non-Executive Director other than a nominee director of the Company:

- a) Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) apart from receiving Director's remuneration, has or had no material pecuniary relationship with

the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives-
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent. or more of its receipts from the company, any of its promoter, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company;
 - (v) is a material supplier, service provider or customer or lessor or lessee of the company;
- f) who is not less than 21 years of age.

2. Limit on number of directorships

The number of companies in which each independent director of the Company holds office as an independent director is within the limits prescribed by clause 49 of the listing agreement.

3. Maximum tenure of Independent Directors

None of the independent directors has exceeded the tenure prescribed under the listing agreement and the Companies Act, 2013.

4. Formal letter of appointment to Independent Directors

The Company has issued formal appointment letters to the independent directors which have been placed on the Company's website.

5. Performance evaluation of Independent Directors

The HR & Compensation (Nomination and Remuneration) Committee has laid down criteria for performance evaluation of independent directors, which are given below:

- a) Participation in the meetings and contribution by a director,
- b) Commitment (including guidance provided to senior management outside of Board / Committee meetings),

- c) Effective deployment of knowledge and expertise,
- d) Independence of behavior and judgment, and
- e) Impact and influence.

6. Separate meetings of the Independent Directors

During FY 2014-15, one separate meeting of the independent directors of the Company was held on February 19, 2015.

7. Familiarization programme for Independent Directors:

The directors, at the time of their appointment, are provided with information about the Company and its organization structure, business model, vision and values, latest published results and internal policies to enable them to familiarize themselves with the Company's procedures and practices. The new directors are also invited for meetings of board committees held before their appointment which helps them to familiarize themselves with the Company and its board process. Sometimes, the new directors are also given briefing by senior executives of the Company on its operations. The details of such familiarization programmes are uploaded on the website of the Company. (<http://www.kpit.com/company/investors/corporate-governance>).

C. Responsibilities of the Chairman and other Executive Directors

Mr. S.B. (Ravi) Pandit is the Chairman of the Board of Directors, Mr. Kishor Patil is the Chief Executive Officer & 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. He is also engaged in defining the corporate goals of the Company. 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 the Company's leadership position and with various institutions to highlight and take the benefits of technology 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 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 SAP business, one of the key Strategic Business Units of the Company. In addition, he also looks after the operations of many geographies which are strategic for Company's growth.

D. Membership Term

As per the current laws in India, independent directors can hold office for a term of upto five (5) years which can be extended for another period of five years by the shareholders of the Company. In the annual general meeting held on July 25, 2014, the Company appointed Dr. R. A. Mashelkar, Ms. Lila Poonawalla, Prof. Alberto Sangiovanni Vincentelli and Mr. Adi Engineer, for a term of three years. During the year, Mr. Anant Talaulicar ceased to a nominee director of Cummins Inc, one of the past shareholders, and was appointed as an independent director by the Board of Directors on October 21, 2014. His appointment as independent director is being put up for approval of the shareholders at the forthcoming annual general meeting.

As for the non-independent directors, at least two-thirds of them shall be liable to retire by rotation. One-third of such directors as are liable to retire by rotation shall retire every year and if qualified, shall be eligible for re-appointment. Mr. Sanjay Kukreja, nominee director of one of the investors is not liable to retire by rotation as per the resolution of the shareholders appointing him as a director. Except for Mr. Kukreja, all other non-independent directors (including the executive directors) retire by rotation, as stated above. Accordingly, Mr. Sachin Tikekar, retires at the forthcoming annual general meeting and being eligible, seeks reappointment as a director.

The Executive Directors are appointed by the shareholders of the Company for a maximum period of 5 years at a time (subject to retirement by rotation as mentioned hereinabove), but are eligible for re-appointment upon completion of their respective term.

E. 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 items are discussed in the quarterly meetings:

- Minutes of the previous board meeting and meetings of board committees held in the previous calendar quarter;

- Minutes of board meetings of all subsidiaries held in the previous calendar quarter;
- Quarterly results of the Company;
- Annual operating plans and quarterly variance analysis;
- Presentation on the financial results, which generally includes the following:
 - Action tracker on implementation of decisions taken in previous board meeting(s)
 - Financials for the quarter and its analysis
 - Cash profit generated during the quarter
 - Yearly financial plan vs. actual
 - SBU (Strategic Business Unit) wise performance
 - Profitability drivers
 - Utilization of resources
 - Peer group analysis and analyst coverage
 - Mergers and acquisitions pursuits
 - Investments in the Company
 - Subsidiaries' operations
 - Presentation by Internal Auditors
 - Statement on foreign exchange exposure and related mitigating activities.
- Presentations of Auditors' Report/Limited Review Report;
- Related party transactions (including material transactions with subsidiaries);
- Corporate Governance compliances and statutory compliance certificate;
- Other statutory agenda;
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary, if any;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods/ services sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and its compliance;

- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Sale of material nature, of investments, subsidiaries, assets, not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and any shareholders' grievances such as non-payment of dividend, delay in share transfer etc.

Every agenda and minutes of the meeting are prepared in compliance with Clause 49 of the Listing Agreement as well as the Companies Act, 2013 and the rules framed thereunder, in force from time to time. The draft minutes of the proceedings of Board meetings are circulated soon after the meetings. The Board also takes note of minutes of committee meetings and board meetings of the subsidiaries.

F. Non-Executive Directors' shareholding

The number of Equity Shares of the Company held by Non-Executive Directors as on March 31, 2015 are as follows:

Table: 2 Shareholding details of Non-Executive Directors

| Sr. No. | Name | Shareholding | |
|--------------|---------------------|----------------|----------------------------|
| | | No. of Shares | % of Total Paid up Capital |
| 1 | Ms. Lila Poonawalla | 114,000 | 0.06 |
| 2 | Dr. R. A. Mashelkar | 40,000 | 0.02 |
| 3 | Mr. Sanjay Kukreja | 32,400 | 0.02 |
| Total | | 186,400 | 0.10 |

Details of compensation of Non-Executive Directors are disclosed elsewhere in this report.

G. Other provisions as to Board and Committees

i. Board meetings schedule:

As a good practice, the dates of the board meetings in a financial year are decided before the start of the financial year and circulated to all the Board members. These dates are also included in the 'Additional Shareholder Information', which forms a part of this annual report. The board meetings are generally 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. In addition, the board normally meets twice a year, for discussions on the annual operating plan and for mid-year review of the plan. Additional board meetings are held, whenever necessary.

During the year, six board meetings were held on the following dates:

- April 28, 2014
- July 22, 2014
- October 21, 2014
- November 18, 2014
- January 21, 2015
- February 19, 2015

Table 3: Number of Board meetings and the attendance of Directors during FY 2014-15

| 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 | 6 | 6 | Yes |
| 2 | Mr. Kishor Patil, CEO & Managing Director | 6 | 6 | Yes |
| 3 | Mr. Sachin Tikekar, Whole-time Director | 6 | 6 | Yes |
| 4 | Mr. Amit Kalyani# | 6 | 0 | - |
| 5 | Mr. Anant Talaulicar## | 5 | 1 | - |
| 6 | Mr. Adi Engineer | 6 | 5 | Yes |
| 7 | Prof. Alberto Sangiovanni Vincentelli | 6 | 4 | - |
| 8 | Mr. B V R Subbu | 6 | 6 | - |
| 9 | Ms. Elizabeth Carey### | 2 | 1 | - |
| 10 | Ms. Lila Poonawalla | 6 | 6 | Yes |
| 11 | Dr. R.A. Mashelkar | 6 | 5 | - |
| 12 | Mr. Sanjay Kukreja | 6 | 5 | - |

*Including attendance by videoconference or teleconference.

Mr. Amit Kalyani ceased to be a director w.e.f. February 20, 2015.

Mr. Anant Talaulicar ceased to be a Cummins nominee director w.e.f. October 20, 2014 and was appointed as an additional director on October 21, 2014.

Ms. Elizabeth Carey ceased to be a director w.e.f. October 20, 2014.

(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 obtaining compliance certificates from all departments and entities and reporting compliance to the Board of Directors. The CFO and the Company Secretary 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 its board meeting.

H. Code of conduct

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

I. 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 website 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.

III. COMMITTEES OF THE BOARD

Currently, the Board of the Company has nine regular committees – Audit Committee, Equity Stakeholders Relationship (Investor Grievance) Committee, HR & Compensation (Nomination & Remuneration) Committee, Quality Council, Innovation Council, Share Transfer Committee, ESOP Allotment Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee. Most of these committees are chaired by Non-Executive/Independent Directors. The Board is responsible for constituting, co-opting, and fixing the terms of reference for the committee. Normally, the Audit Committee, HR & Compensation (Nomination & Remuneration) Committee and Quality Council meet at least four times a year, Equity Stakeholders Relationship Committee, CSR Committee and Innovation Council meet at least twice a year and the Share Transfer Committee and ESOP Allotment Committee meet as and when the need arises. The Risk Management Committee was constituted on October 21, 2014 and met once during the year FY 2014-15. Except where a statutory quorum has been prescribed, 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 meetings are circulated to the members of those committee for their comments and thereafter, confirmed in its next meeting. The Board of Directors also takes note of the minutes of the committee meetings held in the previous calendar quarter, at its meetings.

A. Audit Committee

Composition

The Company has set-up an Audit Committee consisting of two Independent Directors and

one Executive Director. Ms. Lila Poonawalla is the chairperson of this Committee; Mr. Adi Engineer & Mr. S. B. (Ravi) Pandit are the other members. All members of the Audit Committee are financially literate. A brief profile of all the committee members is provided in 'Additional Shareholder 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 and the Companies Act, 2013 as amended from time to time. The powers, role and objectives of the Audit Committee, as defined by the Board of Directors of the Company, inter alia include:

- Integrity of financial reports;
- Enterprise Risk Management;
- Compliance with listing and other legal requirements relating to financial statements;
- Reviewing the function of Whistle-Blower Policy;
- Approval or any subsequent modification of transactions with Related parties;
- Creditor obligation defaults;
- Use of Company assets;
- Update on tax and legal matters;
- Internal accounting controls;
- Review of utilization of funds raised through public, rights or preferential issue of shares;
- Other controls for efficiency and economy;
- Reviewing, with the management, the annual financial statements and auditor's report thereon with particular reference to:
 - Directors' Responsibility Statement as per clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - 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 variances
- Reviewing, with the management, quarterly financial statements before submission to the board for approval;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

- 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;
- Reviewing the performance of statutory and internal auditors;
- 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;
- Review and monitor the auditor's independence, performance and effectiveness of audit process;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financials controls and risk management systems.

Meetings of Audit Committee

During FY 2014-15, the Audit Committee met five times – April 28, 2014, July 22, 2014, October 21, 2014, November 18, 2014 and January 21, 2015. The details of meetings and attendance are given in Table 4.

Table 4: Audit 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 | 5 | 5 |
| 2 | Mr. S. B. (Ravi) Pandit | 5 | 5 |
| 3 | Mr. Adi Engineer | 5 | 5 |

B. HR & Compensation (Nomination & Remuneration) Committee

Composition

The Company has set-up a HR & Compensation (Nomination & Remuneration) Committee. The committee was reconstituted on January 21, 2015 and consists of two Independent Directors, one Non-Executive director and the Chairman of the board of directors. Mr. Adi Engineer, Independent Director, chairs this Committee, Ms. Lila Poonawalla, Independent Director, Mr. S.B. (Ravi) Pandit, Chairman of the board of directors and Mr. Sanjay Kukreja, Non-Executive Director are other members of the Committee.

Role and objectives

The role and objectives of the committee, as defined by the Board of the Directors of the Company, are as under:

All people-related matters including:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- 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;
- Such other matters as may be decided by the committee from time to time.

The details of the Nomination & Remuneration policy are given elsewhere in this Report.

Meetings of HR & Compensation (Nomination and Remuneration) Committee

The Committee met four times during the year – April 28, 2014, July 21, 2014, October 20, 2014 and January 20, 2015. The details of meetings and attendance are given in Table 5.

Table 5: HR & Compensation (Nomination & 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. Adi Engineer – Chairman | 4 | 4 |
| 2 | Mr. S. B. (Ravi) Pandit | 4 | 4 |
| 3 | Ms. Elizabeth Carey** | 3 | 1 |
| 4 | Ms. Lila Poonawalla | 4 | 4 |
| 5 | Mr. Sanjay Kukreja# | 0 | 0 |

*Including attendance by teleconference.

** Member upto October 20, 2014.

Member w.e.f. January 21, 2015.

C. Equity Stakeholders Relationship (Investor Grievance) Committee

Composition

The Board has formed Equity Stakeholders Relationship (Investor Grievance) Committee to look into shareholder-related matters. Dr. R.A. Mashelkar is the Chairman of the Committee and Mr. Kishor Patil and Mr. S.B. (Ravi) Pandit are the members 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@kpit.com for communicating shareholders' grievances.

Role and objectives

The role and objectives of the committee as defined by the Board of the Directors of the Company are as under:

- Oversee the share transfer process, and other shareholder related issues like non-receipt of dividends, annual reports etc.
- Consider and resolve investors' grievances.

Meetings of the Committee

During the year, two meetings of the Equity Stakeholders Relationship (Investor Grievance) Committee were held on August 20, 2014 and March 23, 2015. The details of meetings and attendance are given in Table 6.

Table 6: Equity Stakeholders Relationship (Investor Grievance) 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 – Chairman | 2 | 2 |
| 2 | Mr. S. B. (Ravi) Pandit | 2 | 2 |
| 3 | Mr. Kishor Patil | 2 | 1 |

D. Quality Council

Composition

The Quality Council enables the Board to focus on qualitative aspects of the operations of the Company and resolve customer issues proactively. This is chaired by Mr. B V R Subbu, a Non-Executive Director and the other members being Prof. Alberto Sangiovanni Vincentelli, Independent Director, Mr. Dwayne Allen, Independent Director (alternate) and Mr. Kishor Patil, Executive Director and Ms. Lila Poonawalla, Independent Director.

Role and objective

The role and objective of the council, 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 optimize the use of the Company's resources.

Meetings of the Quality Council

The Council met four times during the year- April 28, 2014, July 21, 2014, October 20, 2014 & January 20, 2015. The details of meetings and attendance are given in Table 7.

Table 7: Quality Council - meetings and attendance

| Sr. No. | Name of the Council Member | No. of meetings held during the tenure | No. of meetings Attended* |
|---------|---------------------------------------|--|---------------------------|
| 1 | Mr. B V R Subbu – Chairman | 4 | 4 |
| 2 | Ms. Lila Poonawalla | 4 | 4 |
| 3 | Mr. Kishor Patil | 4 | 4 |
| 4 | Prof. Alberto Sangiovanni Vincentelli | 4 | 1 |
| 5 | Mr. Cariappa Chenanda# | 3 | 0 |
| 6 | Mr. Dwayne Allen | 4 | 1 |

*Including attendance by videoconference or teleconference.

Member up to October 20, 2014.

E. Innovation Council

The Innovation Council of the Board advises the Company on matters related to innovation. In addition to the members of the Council, external experts from the fields of interest to the Company from innovation point of view, are also invited for the meetings of the Council. The Council suggests measures to encourage innovation within the company and foster a culture of innovation amongst employees of the Company. The Council reviews the status of various innovation projects being implemented by the Company. The Council helps develop a strategy around innovation, particularly with respect to commercialization of the benefits of innovation. The Council also evaluates and rewards innovative ideas of the employees.

During the year, two meetings of the Innovation Council were held on August 20, 2014 and February 19, 2015. The details of the meetings and attendance are given in Table 8.

Table 8: Innovation Council – meetings and attendance

| Sr. No. | Name of the Council Member | No. of meetings held during the tenure | No. of meetings attended |
|---------|---------------------------------------|--|--------------------------|
| 1 | Dr. R. A. Mashelkar – Chairman | 2 | 2 |
| 2 | Ms. Lila Poonawalla | 2 | 2 |
| 3 | Mr. S. B. (Ravi) Pandit | 2 | 2 |
| 4 | Mr. Kishor Patil | 2 | 2 |
| 5 | Prof. Alberto Sangiovanni Vincentelli | 2 | 2 |
| 6 | Ms. Elizabeth Carey* | 1 | 0 |
| 7 | Mr. B V R Subbu | 2 | 2 |

* Member up to October 20, 2014.

F. Share Transfer Committee

The Company has a Share transfer Committee to approve matters relating to share transfers. Ms. Lila Poonawalla is the Chairperson of the Committee and Mr. Kishor Patil and Mr. S. B. (Ravi) Pandit are the members of the Committee. Since more than 99% of the shares of the Company are held in dematerialized form and since the Company has authorized the Registrar & Share Transfer Agent to process requests for transfer up to 5,000 shares held in physical form, there was no need for the share transfer committee to meet during the year.

G. ESOP Allotment Committee

The Company has an ESOP Allotment Committee for allotment of shares against options exercised under the Company's Employee Stock Option Plans (ESOPs).

Composition of Committee

Mr. S. B. (Ravi) Pandit is the Chairman of the Committee and Mr. Kishor Patil and Mr. Sachin Tikekar are members of the committee.

Role and Objective

The role and objective of the committee, as defined by the Board of Directors of the Company, is as under:

Allotment of shares against options exercised under the Company's Employee Stock Option Plans (ESOP) and Employee Stock Option Schemes (ESOS) and matters incidental thereto.

Meetings of the Committee

The Committee met twice during the year on August 20, 2014 and on September 17, 2014. The details of meetings and attendance are given in Table 9.

Table 9: ESOP Allotment 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 | 2 | 2 |
| 2 | Mr. Kishor Patil | 2 | 2 |
| 3 | Mr. Sachin Tikekar | 2 | 2 |

H. Corporate Social Responsibility (CSR) Committee

The Company has set up a Corporate Social Responsibility (CSR) Committee to oversee the discharge of Corporate Social Responsibility obligations, as required by Section 135 of the Companies Act, 2013 and the relevant rules. The Committee consists of three directors including one independent director.

Composition of Committee

Mr. S. B. (Ravi) Pandit is the Chairman of the Committee. Mr. Sachin Tikekar and Mr. Adi Engineer are the members of the Committee.

Role and Objective

The role and objective of the committee, as defined by the Board of Directors of the Company, are as under:

- Formulation and recommendation to the Board, of CSR policy;
- Identification of activities to be undertaken by the company;
- Recommendation of amount of expenditure on CSR activities;
- Monitor the CSR policy from time to time.

Meetings of the Committee

The Committee met twice during the year on September 17, 2014 and on January 20, 2015. The details of meetings and attendance are given in Table 10.

Table 10: Corporate Social Responsibility 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 | 2 | 2 |
| 2 | Mr. Adi Engineer | 2 | 2 |
| 3 | Mr. Sachin Tikekar | 2 | 2 |

I. Risk Management Committee

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 Report.

The Company has set up a Risk Management Committee as required by the revised Clause 49 of the Listing Agreement on October 21, 2014.

Composition of Committee

Ms. Lila Poonawalla is the Chairperson of the Committee and Mr. Adi Engineer and Mr. S. B. (Ravi) Pandit are the members of the Committee.

Role and Objective

The role and objective of the committee, as defined by the Board of Directors of the Company, is as under:

To monitor & review its Risk Management Plan of the Company.

Meetings of the Committee

The Committee met once during the year on March 23, 2015. The details of meetings and attendance are given in Table 11.

Table 11: Risk Management 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 | 1 | 1 |
| 2 | Mr. Adi Engineer | 1 | 1 |
| 3 | Mr. S. B. (Ravi) Pandit | 1 | 1 |

* Including attendance by teleconference.

IV. 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 in the Board's 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 matters relating to 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.

The Company has formulated a policy for determining 'material subsidiaries' and the said policy has been uploaded on the Company's website. (<http://www.kpit.com/company/investors/corporate-governance>).

V. DISCLOSURES

A. Related Party Transactions

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions and the same has been uploaded on the Company's website. (<http://www.kpit.com/company/investors/corporate-governance>).

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, 2015. Details of all material transactions with related parties have been disclosed quarterly to the stock exchanges along with the compliance report on corporate governance.

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. Remuneration of Directors

Within the limits prescribed under the Companies Act, 2013 and by the shareholders' resolutions, the HR & Compensation (Nomination & Remuneration) Committee determines and recommends to the Company's Board the remuneration payable to Executive and Non-Executive Directors and thereafter the Board considers the same for approval. During the year under review, no ESOPs were granted to the directors. The details of remuneration paid to the Executive Directors of the Company are given in Table 12.

Table 12: Remuneration paid to Executive Directors for FY 2014-15

(Amount in ₹)

| Name of Director/ Remuneration Details | S. B. (Ravi) Pandit Chairman | Kishor Patil* CEO & Managing Director | Sachin Tikekar** Whole - time Director |
|--|------------------------------------|---|--|
| Salary | 10,030,620 | 4,754,664 | 7,415,680 |
| PF | 1,310,421 | 621,585 | 291,314 |
| Leave Encashment | 278,628 | 132,074 | 220,821 |
| Variable Performance Incentive | 4,520,873 | 3,853,715 | 3,166,942 |
| Bonus | - | - | 445,104 |
| Notice Period | 6 months | 6 months | 6 months |
| Severance fees | Notice Pay | Notice Pay | Notice Pay |
| Total | 16,140,542 | 9,362,038 | 11,539,861 |

*Does not include GBP 27,234 paid to Mr. Kishor Patil by KPIT Technologies (UK) Limited during FY 2014-15.

**Does not include USD 4,800 paid to Mr. Sachin Tikekar by KPIT Infosystems Inc during FY 2014-15.

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

Under Section 197 of the Companies Act, 2013, a Director who is neither in the whole time employment of the Company nor a Managing Director ('Non-Executive Directors'), may be

paid remuneration by way of commission if the members of the company, 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 or manager. The Board of Directors of the Company has approved a commission of ₹ 14.30 Million (previous year ₹ 13.92 Million) to the Non-Executive Directors of the Company for the financial year 2014-15. There is no other remuneration to Non-Executive Directors, except sitting fees for the meetings attended by them. The details of remuneration to the Non-Executive Directors for the financial year 2014-15 are given in Table 13.

Table 13: Remuneration to Non-Executive Directors

(Amount in ₹)

| Name of Director | Commission | Sitting Fees |
|---|-------------------|------------------|
| Mr. Adi Engineer [Chairman - HR & Compensation (Nomination & Remuneration) Committee] | 2,600,000 | 2,70,000 |
| Prof. Alberto Sangiovanni Vincentelli | 2,950,000 | 97,500 |
| Mr. Amit Kalyani | 1,100,000 | Nil |
| Mr. B V R Subbu [Chairman – Quality Council] | 2,200,000 | 1,95,000 |
| Ms. Lila Poonawalla [Chairperson - Audit Committee and Share Transfer Committee] | 2,950,000 | 3,35,000 |
| Dr. R.A. Mashelkar [Chairman – Innovation council and Equity Stakeholders Relationship Committee] | 2,500,000 | 1,55,000 |
| TOTAL | 14,300,000 | 10,52,500 |

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 the non-executive directors for FY 2014-15 is ₹ 14.30 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. | | |

D. 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 had personal interest conflicting with the interest of the Company at large.

E. 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. To take care of the continuously evolving compliance scenario, the Company is constantly striving to strengthen the reporting system.

F. 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.

G. Shareholders

i) Disclosure regarding appointment or reappointment of Directors

According to the provisions of the Companies Act, 2013, at least two third of the non-independent directors are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire at every annual general meeting and, if eligible and willing, may be reappointed by the shareholders. Accordingly, Mr. Sachin Tikekar, Director, retires at the forthcoming - Annual General Meeting of the Company and being eligible, offers himself for reappointment. The Board has recommended his reappointment. Detailed resume of Mr. Sachin Tikekar - is provided elsewhere in this 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.kpit.com). The quarterly financial results of the Company were published in Financial Express 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 the Company's website.

The Details of correspondence received from the Shareholders/Investors during the period April 1, 2014 to March 31, 2015 is given in the Additional Shareholder Information section in the Report.

iii) General body meetings

Table 14: 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 27, 2012 (2011-12) | KPIT Technologies Limited Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjewadi, Pune- 411057. | 10.30 A.M. | Nil |
| July 12, 2013 (2012-13) | KPIT Technologies Limited Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjewadi, Pune- 411057. | 10.30 A.M. | 1) Change of name of the Company to KPIT Technologies Limited. 2) Adoption of new set of Articles of Association. 3) Approval for issue of shares by KPIT Cummins Infosystems Limited Employee Welfare Trust to the employees of the Company under ESOP Schemes. of the Company. |
| July 25, 2014 (2013-14) | KPIT Technologies Limited Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjewadi, Pune- 411057 | 10.30 A.M. | 1) Appointment of Mr. S.B. (Ravi) Pandit as a Whole-time Director. 2) Re-appointment of Mr. Kishor Patil as Chief Executive Officer and Managing Director. 3) Revision in remuneration structure of Mr. Sachin Tikekar, Whole-time Director. 4) Approval for entering into contract with Eurofinance Training Private Limited for availing marketing consultancy services. 5) Increase in the number of directors from fifteen (15) to eighteen (18). 6) Approval for Foreign Institutional Investors (FIIs) to collectively hold not more than 80% of equity shares of the Company. |

- 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 annual report.
- vii) None of the Directors is related to any other Director.

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

During the financial year 2012-13, the Company had issued shares on preferential basis to certain investors. The entire proceeds of such preferential issue had been utilized by the Company by the end of the financial year 2014-15. The utilization of the proceeds of such preferential issue was presented and discussed at the audit committee meetings held during the financial year 2014-15.

VI. 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 Report.

VII. COMPLIANCE

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

VIII. COMPLIANCE WITH MANDATORY REQUIREMENTS

The Company has complied with the mandatory requirements of Clause 49 of the listing agreement entered in to with stock exchanges, as amended from time to time.

IX. COMPLIANCE AGAINST NON-MANDATORY REQUIREMENTS OF THE LISTING AGREEMENT

1. The Company has appointed different persons for the post of Chairman and Managing Director / Chief Executive Officer.
2. The Company prepares quarterly investor updates which covers operational details apart from financial details which are uploaded on the website of the Company and the stock exchanges. Copies of the same are being provided on request.

3. The internal auditor reports directly to the Audit Committee.

Training of Board members

At the mid-year strategy meet held on November 18, 2014, the Board members were provided a deep and thorough insight to the business model of the Company through detailed presentations on the operational aspects of the Company's business. This also ensured that Board members got 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. The internal newsletters of the Company are regularly shared with the board members to keep them up-to-date with the developments in the Company, on a continuing basis.

Corporate Sustainability Report

The Company has prepared a Corporate Sustainability Report giving detailed information of the Company's efforts towards managing sustainable growth. The report can be accessed at the Company's website.

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, 2015. These Secretarial Standards are recommendatory in nature. The Company observes Secretarial Standards to a large extent voluntarily as good corporate governance practice and for protection of interest of all stakeholders.

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.kpit.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, 2015.

Kishor Patil
CEO & Managing Director

Place: Pune
Date: April 28, 2015.

Auditors' certificate on Corporate Governance

To the Members of KPIT Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by KPIT Technologies Limited (the Company) for the year ended on March 31, 2015, 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, 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 **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

Juzer Miyajiwala
Partner
Membership No.047483

Place: Pune
Date: April 28, 2015

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 Technologies Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (consolidated and standalone), and all its schedules and notes on accounts, as well as the cash flow statements and the Board's report for the year ended March 31, 2015;
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

Place: Pune
Date: April 28, 2015.

Community Initiatives

KPIT's way of giving back to the society

Corporate Social Responsibility (CSR) has been an intrinsic part of KPIT's philosophy ever since its inception. Our volunteering efforts are in-line with our CSR guiding principles and philosophy. We believe that only responsible volunteering has the ability to make a lasting impact, enabling us to reach maximum number of beneficiaries across the communities. At KPIT, we aim to create a more equitable and inclusive society by supporting communities that lead to sustainable transformation and social integration.

Community Contribution is one of the seven core values at KPIT. It has a significant mention in our Mission and Vision to reflect our commitment towards it. Considering our capabilities and the need of the communities that we serve, we have reassessed the focus of our CSR initiatives. Based on the results, we finalized the following focus areas in order to deliver maximum benefit to society:

1. **ENVIRONMENT** - Making this world a better place to live in.
2. **EDUCATION** - Transforming lives of people through science and technology education.
3. **ENERGY** - Developing innovative solutions for efficient energy consumption and renewable supply.
4. **EMPLOYEE ENGAGEMENT** - Ensuring employee participation to make maximum impact.

Scope of our CSR initiatives

Being a socially responsible business organization, we continue to push the bar higher through technology and innovation driven CSR activities. We believe it is our moral responsibility to give back to the community, which in so many ways has contributed to our success and helped our business grow. Therefore, we try and make a difference to every community around us, wherever we operate.

ENVIRONMENT

Rain Water Harvesting via Farm Pond Activity

The Background

India has a long tradition of water harvesting. Many of the traditional water harvesting systems are no longer utilized or have lost their relevance due to their inability to meet the community demands. For agrarian villages located in arid and semi-arid regions of Maharashtra, any small reduction in rainfall can jeopardize agricultural yields, drinking water supplies and the community's entire existence.

The Initiative

In order to address this issue, KPIT in association with Jnana Prabhodini, an NGO and the local village body from

Kusgaon village, launched the farm pond activity in the year 2012. With the support of 1,200 employees we successfully built 15 ponds across 5 villages that irrigated 500 acres land, benefiting almost 20,000 people. This year we have initiated this activity in two more villages at Kolwadi and Mangdari, aiming to complete five farm ponds.

What makes Farm Ponds a unique project

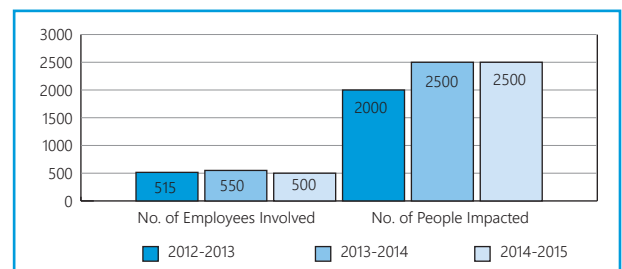
- This project directly impacts 2,500 beneficiaries.
- This has also significantly impacted the village economy.
- Provides farmers enough water supply to irrigate their lands through the year.



Volunteers all set to build a farm pond and provide farmers with accessible irrigation option



The Impact



Zero Garbage Project

The Background

For any developing city, waste management has emerged as one of the major challenges and all the stakeholders in the society are striving hard to resolve this issue.

The Initiative

KPIT along with Janwani (the CSR wing of MCCIA, Pune) partnered with the Pune Municipal Corporation (PMC) and other stakeholders to initiate the Zero Garbage Drive in Pune. This initiative focuses on separating the organic and inorganic waste at the source level. Further, the organic material is used in the biogas plant for power generation and the inorganic waste such as plastics, glass etc. is sold as scrap. The ultimate goal of the Zero Garbage Project is to process all waste at the ward level and provide an alternative to transporting city waste to dumping yards in the city outskirts like Urali-Devachi village.

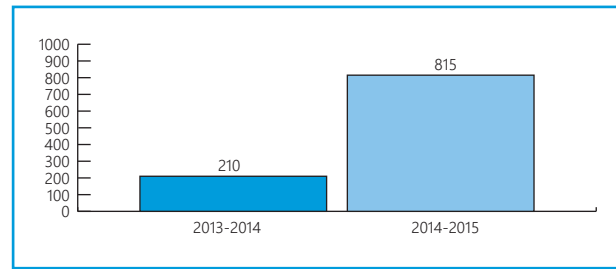


Waste segregation awareness rally in Pune

The Impact:

In the year 2014, four Zero Garbage awareness rallies were organized in different wards of Pune city, involving 215 volunteers and reaching out to 2.61 lakh properties and more than 8 lakh residents. Janwani has presented this model to the Planning Commission of India, suggesting that the model be replicated on a nationwide scale. Due to these awareness rallies, the door-to-door collection went up to 60% and segregation up to 40%.

The figures represent the number of employees that participated in the initiative.



Conservation of Private Forests in Koyna-Chandoli Corridor

The Background

In 2012, Wildlife Research and Conservation Society (WRCS) completed a study on the current status, distribution and dynamics of the private forests at Maharashtra Western Ghats. The study showed that the private forests at the Western Ghats needed immediate conservation efforts. At present large number of private forests are being clear-felled for their sale as firewood, which is an unsustainable management practice. Due to this, the vegetation cover on the private forests is vanishing rapidly.

The Initiative

In association with WRCS, we carried out the reforestation of 75 acres of private land of Koyna-Chandoli corridor. KPIT joined hands with WRCS for sustainable management of private forests centered on scientific forestry. To meet this objective, 20 trips were organized and over 160 employees participated in activities like seed collection and sowing, watering the plants and grass clearing. KPITes also engaged in vegetation assessment followed by cleaning of grass, mulching of plants and plantation.

Impact

- Plantation and re-vegetation for establishing vegetation cover.
- Objective is to conduct vegetation assessment and monitor progress of project interventions.
- Extension program for informing local community about sustainable forest management.



KPITes at Koyna, volunteering for seed collection, sowing, watering plants and grass clearing

EDUCATION

Chhote Scientists – KPIT's Flagship Initiative

Chhote Scientists: An initiative to teach fundamentals of science to school children with the help of "easy-to-make" & "fun-to-learn" scientific toys

Introduction:

Chhote Scientists is a collaborative project by KPIT and Jnana Prabodhini. It is a community and social initiative to bridge the gap between text book knowledge and real life application of scientific principles.

Scope:

This project focuses on building scientific knowledge and awareness of basic science principles with simple experiments, demonstration and scientific toys, among the students from selected schools around KPIT office at Pune, Bangalore & Mumbai.

Vision:

To encourage students to think beyond text book knowledge and to educate them about application of scientific principles in real life.

Mission:

- Development of scientific attitude among students.
- Strengthening science fundamentals and principles.

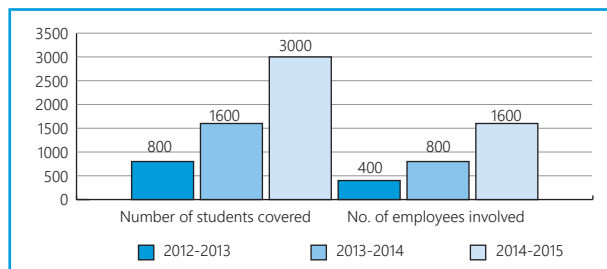
The Initiative

Being a technology company, KPIT has a significant number of engineers, technology experts and science enthusiasts. Leveraging their experience & skills, we designed a unique program called Chhote Scientists that aims at imparting practical education and inducing scientific thinking among school students.

Chhote Scientists was launched in 2012 by KPIT. Using frugally developed scientific toys, we teach students various scientific principles primarily in the areas of electricity, motion, pressure, energy, magnetism and electronics.

We started with 800 students in the year 2012-2013. Over the last three years, this program has benefitted 3,000 students. 1,600 employees participated in this initiative in the year 2014-2015 alone, conducting sessions on five different themes. A total of 230 sessions have been conducted so far across all locations, comprising of 180 sessions at Pune, 30 at Bangalore and 20 at Mahape.

The Impact



vSolve Competition

"vSolve" is a platform where selected 102 students from our Chhote Scientists program in Pune got an opportunity to apply their theoretical knowledge to solve real time challenges. This was a great chance for them to take their learning to the next level. Students were asked to prepare a balloon car. For class 9 students the challenge was to prepare a catapult experiment. Sixty three volunteers actively contributed towards the vSolve competition to make it successful. Some of the innovative experiments the kids came up with include, Sprinkler, LED kit, Rolling Can, Catapult, Balloon Cars and so on.



Our innovative Chhote Scientists cracking puzzles to build creative solutions

Science Exhibition

Science Exhibition is held every year on the Science Day that marks the completion of the annual calendar for 'Chhote Scientists'. Students from various government schools in Bangalore who were trained under the Chhote Scientists program exhibit solutions that they developed by applying scientific principles taught to them by KPIT volunteers.

This year, the exhibition saw a range of solutions including magnetic levitation, conversion of energy from one form to another including the wireless power transmission projects. This platform enabled the kids to apply their existing abilities to new areas, as well as learn new skills.



Our Chhote Scientists receiving awards for their science-based models

SPARKLE 2015 – An innovative contest inviting Innovators, Thinkers and Game Changers

KPIT with the College of Engineering Pune (CoEP) organized Sparkle 2015, an initiative which invited brilliant ideas that will change the face of innovation in India. The theme for the contest was 'better mobility and energy'. This contest was open to all science and engineering bachelors, masters and Ph.D. students to participate as individuals or teams of 4-5 members. The contest carried handsome rewards of upto ₹ 20 lakhs for the winning individual or teams. The winners received ₹ 10 lakhs and a trophy while the first runner up won ₹ 5 lakhs as a prize money and a trophy. Other five teams that made it to the finale won a lakh each and a trophy. We received 424 abstracts from 114 colleges in 15 states. We shortlisted 60 ideas for the first round. The grand finale was organized on March 21, 2015 at KPIT campus, Pune. Following are the teams who were declared the winners.

Jainendra Mishra from Siddaganga Institute of Technology, Tumkur, Karnataka won the grand prize (Platinum award) of ₹ 10 lakhs for his innovation. He developed a solution that was aimed at increasing efficiency of hybrid and electric vehicles, which run on lithium-polymer battery pack, by using a novel circuitry grid using SANDY (Switching algorithm AND cell DYNamics) algorithm.

The team of Suraj Aru, Shubham Gajabhiye, Tejas Auti, Harshal Nikam and Pravin Jadhav from College of Engineering, Pune won the Gold award of ₹ 5 Lakhs. They had worked on creating centrally suspended cage-less differentiator for automotive sector.

The three Silver award winning teams were - Shruti Kharwandikar and Kruti Patel from MKSSS's Cummins College of Engineering for Women, Pune; the team of Ajay Kandgal and Vivekanand Kulkarni; as well as the team of Sourabh Alagundagi, Rajat Bapuri, Sumitra Malagi from B.V. Bhoomaraddi College of Engineering and Technology, Hubli, Karnataka. Each team won cash prize of ₹ 1 lakh.

Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said, "Our heartiest congratulations to the winning teams and to all those who participated in Sparkle 2015. Every idea proves that today's youth has enormous potential to find feasible solutions for many of our existing energy and mobility challenges that matter. We at KPIT strongly believe in nurturing innovation and sparking creative ideas that benefit society. Sparkle 2015 has enabled students to realize their scientific and technology acumen."

Dr. R. A. Mashelkar, Head, Innovation Council, KPIT said, "Sparkle is a brilliant effort to draw engineering talent from students across the country and provide a platform where they can compete and demonstrate their talent. I am impressed with the ideas that the contestants have come up with. The ideas are novel, pertinent and more importantly, solving problems that needed to be solved rather than what can be solved. There was extra-ordinary and creative thinking behind some of the solutions, while

many of the ideas are commercially viable and game changing. I congratulate the winners and wish to tell them that this is a thousand mile journey, where we have taken the first few steps."



The Winning Teams

EMPLOYEE ENGAGEMENT

Jammu & Kashmir Flood Relief Fund | Rehabilitation work

The Revelation

Six days of incessant rains in the month of September 2014 in Jammu & Kashmir valley caused the death of more than 150 people and left the state badly affected. The entire valley faced acute shortage of sunlight and the administration was not geared up to provide the required power supply.

Impact

KPIT decided to support the solar electrification project at Jammu & Kashmir, in association with our Partner NGO Aseem Foundation, Pune. For this initiative, 700 KPITes raised ₹ 5.5 lakhs to support the solar electrification of 10 villages covering 10,000 individuals.

Our volunteers visited the flood affected areas of the state and helped in setting up the solar electrification project. Along with this, our flagship initiative "Chhote Scientists" session was also conducted and the kids at J&K were overwhelmed with the experiments.



Volunteers distributing solar lights to the flood affected areas in the state

Corporate Social Responsibility (CSR) initiatives kick started in North America

CSR initiatives for North America began in the Raleigh, NC office with a CSR Volunteer Fair on October 31, 2014. Staff from selected organizations, including NCSU Department of Computer Science, Ronald McDonald House, USO NC, NC State Early College High School STEM and NC Green Power were invited to come and speak with our employees about their initiatives and the ways in which they can volunteer to make a difference in their communities. These are the organizations KPIT will be supporting in 2015.

Two more events have been held since the Volunteer Fair. One was the Job Shadowing Day, where students with aspirations in science, math and technology learned about KPIT's work and vision from Mr. Sachin Tikekar, Whole-time Director, Mr. Donald Thompson, ePLM business leader and other business leaders/lead technologists. Further, KPIT participated in The Veterans' Corporate Technology Day (VCTD), designed to showcase opportunities that exist in the tech industry for military personnel, spouses and caregivers. Our own Ken Ratashak was invited to speak on his transition to the private sector with KPIT and our team was staffed to network with attendees and share KPIT's mission and opportunities as an outreach to our brave and talented service men and women.



Volunteers including top management making efforts to understand our Partner NGO's work

"Stop Hunger Now" Meal Campaign

On December 4, 2014, KPIT joined other Raleigh organization on Centennial Campus to partner with 'Stop Hunger Now', an international hunger relief agency whose mission is to end hunger by providing food and life-saving aid to the world's most vulnerable. We packaged 25,000 meals to feed those in need. These initiatives have started expanding to other offices throughout North America, beginning early 2015.



Volunteers packing meals to provide food for the needy

Techno Wolves Robotics Program (Wake NCSU STEM Early College High School)

Student participants from the Techno Wolves FIRST Robotics team possess a level of dedication to engineering that is rarely seen in high schools. The members of Techno Wolves usually spend their time after school in a workspace and also dedicate additional work time on weekends. This year, they are working on three Robots that enter into the 2015 FIRST Robotics Competition Game. This year's theme is "Recycle Rush". The Techno Wolves as a team are actively inspiring fellow students and others in the community to take interest in the fields of science, technology, engineering, and mathematics. These students do not receive any remuneration, there is no obligation to work, but are only driven by passion and dedication to engineering.

The Techno Wolves are looking at raising funds for their team for the 2015 school year. This money will go for buying materials needed to actually build the robot. This money will also be utilized for the fees associated with the regional and national competitions. We at KPIT not only helped monetarily but also arranged for experts to mentor the Robotics team and help them build their robot. Over 25 volunteers participated in this initiative. Additionally, we are working to join the school's weekly tutoring program. Our partnership with Wake NCSU STEM Early College High School is one that is highly valuable and sustainable. .

AWARDS & ACCOLADES

B.G Deshmukh, IAS Award for Excellence for Corporate Social Responsibility (CSR) - Pune

We are proud to be the recipient of B.G Deshmukh, IAS Award for Excellence in Corporate Social Responsibility (CSR) felicitated by Mahratta Chamber Of Commerce Industries & Agriculture, Pune (MCCIA). This Award was presented to KPIT, on Thursday, October 16, 2014 at a ceremony held at Tilak Smarak Mandir, Pune, for our CSR initiatives and its impact in our community. Our initiatives were considered innovative and our dedication towards transforming lives was appreciated.



Great honor for KPIT to receive the award. Mr. Kishor Patil, CEO & Managing Director on the stage carrying the pride of KPIT CSR

AMITY CSR Award 2014: For KPIT's innovative and metrics-driven CSR initiatives in the field of Education and Environment

KPIT is proud to have won the Amity CSR Award 2014 in the IT category. This prestigious accolade was presented to the KPIT CSR team in a well-attended ceremony on November 27, 2014 held at Pune.

Eighteen nominations were submitted by various organizations from three sectors, including IT, Manufacturing and Non-IT services. After careful screening of all the entries, the judges (Professor Narayan Gune of the Business Ethics Guild and Mr. Suhas Deshpande of KPCA - Kirtane & Pandit, Chartered Accounts), shortlisted two organizations from each sector for the final round, in which KPIT was announced as one of the winners. This award was given to KPIT for its innovative and metrics-driven CSR initiatives in the field of Education and Environment.



Ms. Renuka Krishna accepting the award for our Flagship initiative – Chhote Scientists

COMBINING CSR WITH INNOVATION

Chhote Scientists Android Application

To widen the reach of Chhote Scientists initiative, KPIT developed a Chhote Scientists android application. The application includes information on science fundamentals that are explained in a simple and lucid manner using various components like pdf files, texts, video and audio files, animations, PowerPoint presentations and so on. These experiments demonstrate 'How-to-Make Scientific Toys' in an extremely simple and step-by-step method. This will better equip the volunteers with their teaching lessons and would help the students to understand the real-life application of these scientific fundamentals. This not only helps in inculcating science culture in students but also helps in developing a scientific attitude.



Development of Technology for solid waste management

For solid waste management, the pelleting machine was developed which converts about a ton of kitchen waste to 250kg of pellets. The pellets converted out of wet garbage can be used as fuel.



The Innovation on wheels

Employee involvement v/s the number of beneficiaries for our CSR initiatives

As per our CSR guidelines, all practices and initiatives should be metrics-driven, for greater transparency and to ensure measurable results. We aim to achieve engagement from our employees equal to or greater than 1.5 times of total employee strength in a given year. For the year 2014-2015, we had 37,555 beneficiaries as against 15,201 employee engagement in the community initiatives.

We, at KPIT, are proud to announce that, in adherence to our objective to achieve employee involvement for the year 2014-2015, we could successfully reach out to more beneficiaries and engage more number of employees in CSR initiatives than ever before.

R&D Activities at KPIT

Center for Research in Engineering Sciences and Technology (CREST)

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

The Center for Research Engineering Sciences and Technology (CREST) is KPIT's R&D center. CREST drives R&D activities along three broad initiatives: R&D for customers, technology development and fostering innovation.

R&D for Customers

Automotive Electronics Optimization

Automotive electronics represents a significant and fast-growing portion of the vehicle's cost. There is a strong need to reduce system costs by optimizing the electronics. A holistic view of the vehicle's features, design and components is necessary for achieving good efficiencies. Taking advantage of advances in sensors, ECU's (Electronic Control Unit) and research in data processing algorithms is equally important for further cost improvements without sacrificing functionality.

Last year, we reported that KPIT conducted sensor reduction studies for a top OEM (Original Equipment Manufacturer), focusing on one of the subsystems. We had successfully identified and proposed methods to reduce sensor costs by over \$30 per vehicle in that subsystem.

As a result of that success, KPIT was asked to expand the scope of the study to the entire vehicle. We accordingly completed the study of all the sensors and came up with 38 ideas for reducing cost without compromising features. Just a few of these ideas were shown to offer potential savings of over \$150 in a vehicle's cost. The ideas are now being studied for prototyping and adoption.

In addition to this study of existing vehicle designs, KPIT has also developed a systematic governance process for electronic components for the same OEM. Any addition or even change in components will be vetted by the governance process to ensure that it is truly necessary and that it is implemented in an optimal manner. This mechanism will ensure that the system costs are controlled all the way from the early design stages.

Technology Development

Removing unwanted pixels from images for Active Driver Assistance Systems (ADAS) applications

Road safety has gained high levels of importance in the recent past. A majority of new vehicles that are being launched on roads now have higher and better safety related gadgets and associated algorithms. Various sensors

are used to extract data from the surroundings of the host vehicle and intelligent ADAS algorithms work on this data to provide real time warnings to the drivers in case of any impending collision. Camera based ADAS systems are gaining acceptance of late. However, the amount of data to be handled is huge and therefore hinders real time processing. We are working on developing methods to identify regions in images that can be eliminated before any processing (which doesn't have any useful information – viz. road, sky etc.), so that real time processing can be achieved.

Smart traffic management system

With increase in road infrastructure and corresponding increase in the number of vehicles plying on the road, traffic management system has gained lot of importance. For traffic signals, based on the time of the day and flow of traffic, it is important to generate varying timings for traffic signals based on the speed and number of vehicles that are present in a particular lane. We have worked on a system that takes a video input at a traffic signal and based on the number of vehicles that are waiting at a particular signal, it automatically generates a signal to convert the signal under consideration to green so that the traffic flow is eased.

Automatic Code-to-Model Conversion Tool

The automotive industry today follows Model Based Development (MBD) for developing modern automotive applications. However, a significant portion of software has not yet been converted to models. There is a need to convert legacy automotive application codes to models. Such conversion is done manually at present and it is very time-consuming.

Last year, we reported the development of a tool that automatically converts existing legacy C code to Simulink models. Since then, we have successfully deployed the tool to convert production C code to simulation models during trials for two automotive OEM's. We also took up a joint R&D project for a third OEM for more intelligent inference of functional models from C code. We have successfully demonstrated the identification and conversion of certain functional blocks from software.

Fostering Innovation

- Innovation Council: The Innovation Council is a board-level forum conceived and implemented for taking innovation at KPIT to the next level. Eminent members of industry and academia provide valuable guidance to KPIT innovators and management. The forum meets every six months to review innovation plans as well as innovative ideas and projects. Top innovators are also honored at the event.



- **Patents:** The patenting process began in 2008 with our first patent filing. This year, eleven of our patent applications have been granted in various countries, including several patents on hybrid vehicles. Three of our patents in the automotive domain have been licensed to a customer, giving us our first IP-driven revenues. The company filed fifteen provisional new patent applications this year. These applications cover the areas of automotive engineering, hybrid vehicles and active driver assistance systems (ADAS).
- **Papers:** Further to patents, where we safeguard our Intellectual Property, employees in KPIT are also encouraged to publish their original research in journals and conferences of repute. Till date, we have published 96 papers in various national and international conferences and journals. In the last fiscal year, we have published 20 papers in areas related to image processing, automotive, powertrain, computer vision and mathematical modeling. We have published around 15 papers in Society of Automotive Engineers (SAE) 2015 – a premier event in the automotive industry.
- **KPIT Platform for Idea Submission:** MyIdea Portal is the intranet platform for collecting employees' ideas and for taking them forward towards positive action. Employees have submitted over two thousand and fifty ideas so far. All ideas are evaluated for possible realization. Shortlisted ideas are developed into simple business cases and an Innovation Initiative Team selects the ideas that are funded for implementation.
- **Idea Generation:** Innovation Circle is an idea generation platform where all employees are invited to join in an open discussion. The objective is to understand diverse viewpoints on a particular topic, which is a promising approach to generate novel ideas. In the Innovation Circle sessions that were conducted, there were discussions related to ideas that the employees have uploaded on the portal. In addition, a detailed session on understanding the nuances of patenting was also discussed with the participants.
- **TechTalk@KPIT:** Our quarterly technology magazine for sharing knowledge crossed a milestone of publication of its 25th issue, last year. This year, the latest four issues of TechTalk had the themes, Powertrain, Data Analytics, Ubiquitous Computing and Systematic Innovation.
- **'Scientist of the Month' Newsletter:** Every month we celebrate the achievements of eminent scientists by creating and displaying posters at prominent locations across the Company. The poster details major achievements, awards and notable inventions of the scientist. This is a part of our continued efforts to excite employees about science and technology.
- **'IP: Snippet of the Month' Newsletter:** Since Intellectual Property (IP) and patents are very important in our industry today, we have started the 'IP: Snippet of the Month' to educate employees about the nuances of patenting and some of the best practices around it.
- **College Connect and Internships:** We continue to provide internships to students who are undergoing their post-graduate courses. This is a successful way to earmark talent well in advance and convert them to employees after the internship program. This provides valuable industry experience to the students while pursuing their academic project. It is important to encourage, nurture and guide innovation at all levels. As a part of this philosophy, we hold an innovation contest at student level. It is called INNOWAYS. This contest is carried out in select PACE (Program for Academic Collaboration and Engagement) colleges. As a part of this contest, students from different colleges work on coming up with innovative solutions for different challenging assignments.
- **Integrated MTech-PhD program:** Our work-study program for employees entered its fourth year. Two students pursuing their PhD degree and one student pursuing his Master's degree are currently enrolled with the University of Pune. The program continues to attract significant interest from our employees wishing to further their knowledge and credentials.

R&D Infrastructure

KPIT continues to invest in R&D activities as well as developing infrastructure for R&D. We have constructed an independent R&D center at our Hinjewadi campus. The CREST team as well as the team developing our Intelligent Transportation System (ITS) software moved into the R&D center in January 2015.



Additional Shareholder Information

- 1. Registered and Corporate Office** : 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase - I, Hinjewadi, Pune - 411 057. Tel. No.: +91 - 20 - 6652 5000, Fax No.: +91 - 20 - 6652 5001, Website: www.kpit.com.
- 2. Date of Incorporation** : December 28, 1990
- 3. Registration No./CIN** : L72200PN1990PLC059594
- 4. Date, Time and Venue of 24th AGM** : August 19, 2015, 10.30 a.m. at Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjewadi, Pune - 411 057. The Notice of the Annual General Meeting is being sent to the members along with this Report.
- 5. Book Closure Dates** : August 13, 2015 to August 19, 2015 (both days inclusive)
- 6. Dividend Payment Date** : On or after August 19, 2015, but within the statutory time limit of 30 days, subject to shareholders' approval.
- 7. Financial Year** : April 01, 2014 - March 31, 2015.
- 8. Financial Calendar for 2014-2015 (tentative and subject to change)**
 - Financial reporting for the first quarter : July 22, 2015 ending June 30, 2015
 - Financial reporting for the second : October 21, 2015 quarter ending September 30, 2015
 - Financial reporting for the third quarter : January 20, 2016 ending December 31, 2015
 - Financial reporting for the last quarter : April 27, 2016 and year ending March 31, 2016
 - Annual General Meeting for the year : July, 2016 ending March 31, 2016
- 9. The shares of the Company are listed on the following Stock Exchanges**
 - National Stock Exchange of India Limited : Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
NSE Code : KPIT
 - BSE Limited : Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
BSE Code: 532400
 - ISIN Number of the Company : INE836A01035

The Company has paid the Annual Listing Fees for the Financial Year 2015-16 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 Private Limited, Contact Person: Mr. Bhagwant Sawant, Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. Telefax: +91-20-2616 3503 E-mail: bhagavant.sawant@linkintime.co.in. You can also contact Mr. R. Swaminathan, Company Secretary and Compliance Officer, No.: +91 - 20 - 6652 5000 Extn. – 5245, Fax No.: +91-20-6652 5001, E-mail: Swaminathan.R@kpit.com, in case you need any further assistance. For any kind of grievance and for their speedy redressal, the shareholders may send their grievances to grievances@kpit.com.
- 11. Share transfer system**

The share transfer activities are carried out by our Registrars & Share Transfer Agent, the details of which are given above. The documents are received at their office in Mumbai/Pune and also at the Registered Office of the Company. 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, 2015, 99.36% 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 financial year ended March 31, 2015

| Date | Description of Allottee | Number of Shares | Face Value (₹) |
|--------------------|-------------------------------------|------------------|----------------|
| April 28, 2014 | Allotment to employees against ESOP | 802,768 | 2 |
| July 22, 2014 | Allotment to employees against ESOP | 197,909 | 2 |
| August 20, 2014 | Allotment to employees against ESOP | 514,247 | 2 |
| September 17, 2014 | Allotment to employees against ESOP | 78,423 | 2 |
| October 21, 2014 | Allotment to employees against ESOP | 96,481 | 2 |
| November 18, 2014 | Allotment to employees against ESOP | 268,796 | 2 |
| January 21, 2015 | Allotment to employees against ESOP | 226,882 | 2 |
| February 19, 2015 | Allotment to employees against ESOP | 404,400 | 2 |
| TOTAL | | 2,589,906 | |

14. Shareholding Pattern as on March 31, 2015

| Category | Number of Shares Held | % of Total Paid-up Share Capital |
|-------------------------------|-----------------------|----------------------------------|
| Promoters | 42,617,922 | 21.67 |
| Mutual Funds | 19,759,098 | 10.05 |
| Foreign Intuitional Investors | 61,293,443 | 31.17 |
| Bodies Corporate | 9,500,599 | 4.83 |
| Foreign Company | 12,857,357 | 6.54 |
| Non-Resident Indian | 1,663,959 | 0.85 |
| Insurance Companies | 1,351,617 | 0.69 |
| Public & Others | 47,618,118 | 24.20 |
| TOTAL | 196,662,113 | 100.00 |

As on March 31, 2015, 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 | 23,109,330 | 11.75 | Promoter |
| 2 | Warhol Limited | 19,483,674 | 9.91 | Foreign Institutional Investor |
| 3 | Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund | 9,000,000 | 4.58 | Foreign Institutional Investor |
| 4 | KPIT Cummins Infosystems Ltd - Employees Welfare Trust | 8,596,752 | 4.37 | Promoter |
| 5 | Van Dyck | 7,776,000 | 3.95 | Foreign Company |
| 6 | CX Partners Fund 1 Limited | 5,081,357 | 2.58 | Foreign Company |
| 7 | Acacia Partners, LP | 5,040,000 | 2.56 | Foreign Institutional Investor |
| 8 | Kishor Patil | 4,960,800 | 2.52 | Promoter |
| 9 | Government Pension Fund Global | 4,175,844 | 2.12 | Foreign Institutional Investor |
| 10 | Lazard Emerging Markets Small Cap Equity Trust | 4,060,428 | 2.06 | Foreign Institutional Investor |
| TOTAL | | 91,284,185 | 46.40 | |

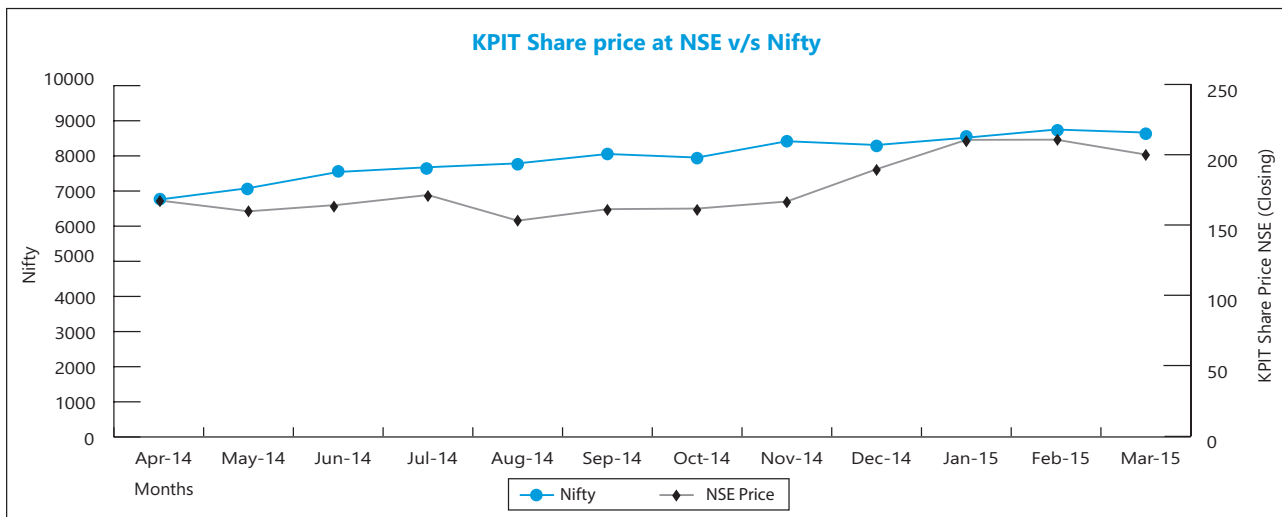
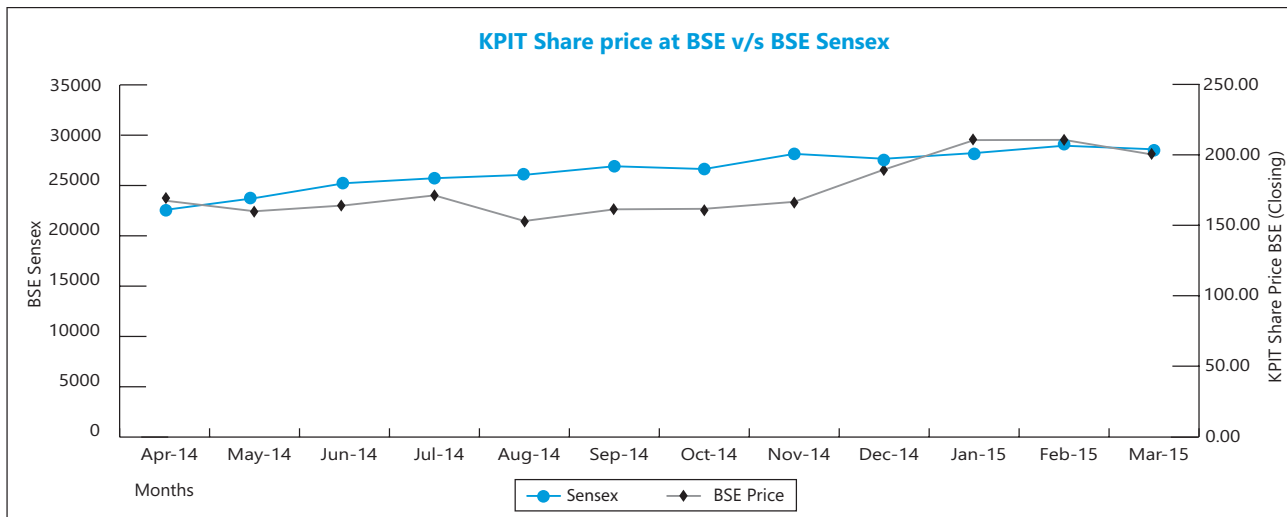
15. Distribution Schedule as on March 31, 2015

| Quantity of Shares | | Shareholders | | Face Value of Shares held (₹) | % |
|--------------------|---------|---------------|---------------|-------------------------------|---------------|
| From | To | Number | % | | |
| 1 | 5,000 | 47,133 | 96.15 | 24,424,390 | 6.21 |
| 5,001 | 10,000 | 861 | 1.76 | 6,482,138 | 1.65 |
| 10,001 | 20,000 | 425 | 0.87 | 6,513,292 | 1.66 |
| 20,001 | 30,000 | 114 | 0.23 | 2,864,802 | 0.73 |
| 30,001 | 40,000 | 98 | 0.20 | 3,553,462 | 0.90 |
| 40,001 | 50,000 | 57 | 0.12 | 2,615,320 | 0.66 |
| 50,001 | 100,000 | 131 | 0.27 | 9,434,350 | 2.40 |
| 100,001 | Above | 200 | 0.40 | 337,436,472 | 85.79 |
| TOTAL | | 49,019 | 100.00 | 393,324,226 | 100.00 |

16. Monthly High/Low and Average of KPIT’s Share Prices on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)

| | NSE | | | | BSE | | | | Total Volume |
|----------------|--------|--------|---------|------------|--------|--------|---------|-----------|--------------|
| | High | Low | Average | Volume | High | Low | Average | Volume | NSE + BSE |
| April 2014 | 181.45 | 160.85 | 167.48 | 20,213,850 | 181.40 | 159.25 | 167.54 | 2,912,845 | 23,126,695 |
| May 2014 | 177.85 | 140.10 | 159.73 | 8,322,051 | 177.80 | 140.00 | 159.96 | 3,569,358 | 11,891,409 |
| June 2014 | 173.50 | 159.70 | 164.34 | 11,439,716 | 173.70 | 158.90 | 164.13 | 3,336,382 | 14,776,098 |
| July 2014 | 191.00 | 154.10 | 171.34 | 14,952,917 | 190.90 | 153.50 | 171.23 | 806,890 | 15,759,807 |
| August 2014 | 161.90 | 146.00 | 153.09 | 6,927,733 | 161.70 | 147.10 | 153.04 | 876,039 | 7,803,772 |
| September 2014 | 179.40 | 149.50 | 161.27 | 15,289,858 | 179.30 | 148.20 | 161.33 | 693,485 | 15,983,343 |
| October 2014 | 171.00 | 152.50 | 161.69 | 10,897,289 | 170.00 | 152.00 | 161.69 | 645,929 | 11,543,218 |
| November 2014 | 175.40 | 160.05 | 166.71 | 10,085,800 | 175.10 | 161.00 | 166.66 | 554,438 | 10,640,238 |
| December 2014 | 211.40 | 165.00 | 189.71 | 39,848,643 | 211.45 | 165.20 | 189.58 | 176,078 | 40,024,721 |
| January 2015 | 219.80 | 198.05 | 210.57 | 42,884,792 | 232.70 | 198.10 | 210.47 | 9,473,746 | 52,358,538 |
| February 2015 | 223.80 | 199.10 | 210.71 | 29,503,914 | 224.35 | 199.00 | 210.63 | 6,730,313 | 36,234,227 |
| March 2015 | 226.75 | 175.55 | 200.11 | 22,101,439 | 226.80 | 175.85 | 200.02 | 6,295,850 | 28,397,289 |

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, 2015

| Year | Balance (₹) | Tentative date of transfer |
|-----------------------------------|-------------|----------------------------|
| For the financial year 2007-2008 | 308,774 | October 6, 2015 |
| For the financial year 2008-2009 | 277,911 | August 17, 2016 |
| For the financial year 2009-2010 | 183,713 | August 23, 2017 |
| For the financial year 2010- 2011 | 174,389 | August 16, 2018 |
| For the financial year 2011- 2012 | 355,518 | September 3, 2019 |
| For the financial year 2012-2013 | 522,040 | August 18, 2020 |
| For the financial year 2013-2014 | 1,612,499 | August 31, 2021 |

During the year, the Company transferred an amount of ₹ 246,104/-, being the unclaimed dividend pertaining to the financial year 2006-07 to the Investors Education and Protection Fund (IEPF), in accordance with the provisions of Section 205A (5) of the Companies Act, 1956.

As per Section 205A of the Companies Act, 1956 any money transferred to the Unpaid Dividend Account of a Company in pursuance of this section which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with interest accrued, if any, thereon 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 1, 2014 to March 31, 2015

| Sr. No. | Nature of Requests /Complaints | No. of pending requests / Complaints as on April 1, 2014 | No. of Requests/ complaints received | No. of Requests/ complaints processed | No. of Pending Requests/ complaints as on March 31, 2015 |
|---------|--|--|--------------------------------------|---------------------------------------|--|
| 1 | Non-Receipt of Dividend Warrant/ Dividend | Nil | 2 | 2 | Nil |
| 2 | Change of Address | Nil | 4 | 4 | Nil |
| 3 | Bank Details/Mandate | Nil | 7 | 7 | Nil |
| 4 | Revalidation/Replacement of Dividend Warrant | Nil | 250 | 250 | Nil |
| 5 | Issue of Duplicate Share Certificate | Nil | 1 | 1 | Nil |
| 6 | SEBI Complaints | Nil | 1 | 1 | Nil |
| 7 | Confirmation of details | Nil | 1 | 1 | Nil |
| 8 | Procedure of transmission | Nil | 1 | 1 | Nil |
| 9 | Others | Nil | 7 | 7 | Nil |
| | Total | NIL | 274 | 274 | 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, 2015.

21. Unclaimed Shares

As mandated under Clause 5A of the Listing Agreement, the Company is required to transfer the unclaimed shares to a Demat Suspense Account maintained with a Depository Participant. The Company has sent three reminder notices to the concerned 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 in the Unclaimed Suspense Account on applicability of clause 5AII I.e. April, 1 2014 | 70 | 52,000 |
| (ii) | Number of shareholders who approached the issuer for transfer of shares from shares in the Unclaimed Suspense Account during the period from 01.04.2014 to 31.03.2015 | 3 | 2,000 |
| (iii) | Number of shareholders to whom shares were transferred from shares in the Unclaimed Suspense Account during the period from 01.04.2014 to 31.03.2015 | 3 | 2,000 |
| (iv) | Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account at the end of the period from 01.04.2014 to 31.03.2015 | 67 | 50,000 |

Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

22. 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 |
|---------------------|--|----------------------------------|
| April 30, 2015 | Audited consolidated financial results for the quarter and year ended March 31, 2015 | The Financial Express & Loksatta |
| January 23, 2015 | Unaudited consolidated financial results for the quarter and nine months ended December 31, 2014 | The Financial Express & Loksatta |
| October 22, 2014 | Unaudited consolidated financial results for the quarter and half year ended September 30, 2014 | The Financial Express & Loksatta |
| July 24, 2014 | Unaudited consolidated financial results for the quarter ended June 30, 2014 | The Financial Express & Loksatta |
| April 30, 2014 | Audited consolidated financial results for the quarter and year ended March 31, 2014. | The Financial Express & Loksatta |

The results and presentations made to Institutional Investors & Analysts have also been regularly uploaded in Investor section of our website www.kpit.com.

23. 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 & Group CEO

Mr. S. B. (Ravi) Pandit is a founder of the Company and 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 four decades in the fields of IT, Corporate Strategy Formulation and Management Consulting. Mr. S. B. (Ravi) Pandit was an Audit Professional at Alexander Grant & Co., USA, following which he became a partner at Kirtane & Pandit, Chartered Accountants, Pune during 1975-1990. He 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 President of Maharashtra Chamber of Commerce, Industries and Agriculture during 2004-2006. Mr. S. B. (Ravi) Pandit is also a frequent speaker at various national and international seminars. At KPIT, he leads the team in formulating corporate strategy, defining technology direction, innovation, external communication and other Board matters. He is a promoter of the Company and also plays a strategic role in Community Initiatives and Corporate Governance.

CEO & Managing Director

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 more than 30 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 country 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's 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.

Whole- time Director

Mr. Sachin Tikekar holds a Masters' degree in Strategic Management and International Finance from Temple University's Fox School of Business and Management, Pennsylvania. He is a co-founder of KPIT and has played various leadership roles over the years. Currently, he has taken up the role of President – Strategic Relationships. 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.

Non-Executive and Independent Directors

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. He is a Chancellor in Academy of Scientific & Innovative Research. 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 during 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 Padma Vibushan award last year. Earlier, he was conferred Padma Shri award (1991) and Padma Bhushan award (2000), in recognition of his contribution to nation building.

Ms. Lila Poonawalla was awarded the Padmashree in 1989 recognized for her exemplary contribution to the world of engineering and Industry. She was the Chairman and Managing Director of Alfa Laval-Tetra Pak India and was the first woman to reach the post of Managing Director in the Alfa Laval group. She is currently a Director on the Board of Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, VE Commercial Vehicles Limited, Blossom Industries Limited, Pragati Leadership Institute Private Limited, Noble Tek PLM Solutions Private Limited and Fila Rozil Exports Private Limited. 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, she 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 presently a member of Executive Council of Maratha Chamber of Commerce Industries (MCCI), National Institute of Agricultural Extension Management and Top Management Consortium. She is also the Vice Chairperson of the Poona Blind Men's Association.

Prof. Alberto Sangiovanni Vincentelli was a co-founder of Cadence and Synopsys, two leading companies in the area of Electronic Design Automation. He is the Chief Technology Adviser of Cadence and also a member of its Board of Directors. 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, at the Department of Electrical Engineering & Computer Sciences.

Mr. Anant Talaulicar holds B.E. (Mechanical) degree from Mysore University, M.S. degree from the University of Michigan in Ann Arbor and a MBA from Tulane University, USA. He has been serving Cummins Group for the past 18 years in varied fields like Finance, Manufacturing, Product Management, Strategy, Marketing and General Management. He has led the North & South American Commercial Power Generation business for Cummins with revenues of \$ 300 million. Currently, he is Chairman and Managing Director of Cummins India Limited.

Mr. Sanjay Kukreja is a fund manager by profession. He joined ChrysCapital, a fund management firm, in April 2000. He manages the investments of ChrysCapital in business services sector. Mr. Sanjay Kukreja received his MBA from the Indian Institute of Management, Bangalore and graduated with a BA in economics from Delhi University.

Mr. B V R Subbu is an automotive industry expert and a 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. He was also extensively involved with Tata Group holding various responsibilities, including responsibilities in Tata Motors' Light Commercial Vehicles and Multi Utility Vehicles business.

Mr. Adi Engineer is a Chartered Engineer by profession with a Degree in Civil Engineering from the Pune University. He was associated with Tata group of companies for nearly three decades prior to joining KPIT board, which includes a stint as Managing Director of Tata Power Limited. In that role, he transformed the company by successfully launching various new initiatives that substantially led to improved profitability. His company also secured the "Good Corporate Citizen" award during his charge. Prior to joining the Tata Group, Mr. Engineer had a successful 20 years stint with the

ICI group where he held senior positions in the management team including setting up large Chemical plant projects and later into operations and general management. Mr. Engineer has served as the Director on the board of several companies in the field of energy infrastructure and engineering. Reckoned for his varied and differentiating experience, Mr. Engineer is a Director in Finolex Cables Ltd. The Confederation of Indian Industry (CII) had also appointed him as the Chairman of the Committee on Power for the year 2006. He has been a preferred and insightful spokesperson for the Power sector for many media interactions. Having served the industry on numerous fronts, Mr. Engineer brings with him wide experience from more than a dozen boards of major companies.

Mr. Dwyane Allen is Executive Director of Cummins Inc, responsible for Global IT for Cummins' components business and Functional Excellence leader for Product Lifecycle Management (PLM). He is alternate director to Mr. Anant Talaulicar.

Independent Auditors' Report

To the Members of
KPIT Technologies Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KPIT Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 30 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Pune
Date: 28 April 2015

Juzer Miyajiwala
Partner
Membership No.: 047483

Annexure to the Independent Auditors' Report – 31 March 2015

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories adopted by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. There are no discrepancies noticed on verification between the physical stocks and book records.
- (iii) The Company has granted unsecured loans to two body corporates covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, principal amounts along with interest are received on a regular basis and there are no amounts overdue.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain types of inventories and fixed assets are for the Company's specialised requirements and similarly most of the services rendered and goods sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and inventories and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Wealth tax, Service tax, Customs duty, Excise duty, Sales tax, Employees' State Insurance, Investor Education and Protection Fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Wealth tax, Service tax, Customs duty, Excise duty, Sales tax, Employees' State Insurance, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2015, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us there are no dues of Income tax, Wealth tax, Service tax, Sales tax, Customs duty and Excise duty which have not been deposited by the Company on account of disputes except for the following:

| Name of the Statute | Nature of Dues | Forum where the dispute is pending | Period to which the amount relates | Amount demanded |
|-----------------------------|----------------|---|------------------------------------|-----------------|
| Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | 2005-10 | 56,802,304 |
| Income Tax Act, 1961 | Income Tax | Commissioner of Income Tax Appeals | 2007 and 2011 | 42,58,921 |
| Income Tax Act, 1961 | Income Tax | Assistant Commissioner of Income Tax | 2010-11 | 11,752,540 |
| Finance Act, 1994 | Service tax | Central Excise & Service Tax Appellate Tribunal | October 2006 to December 2012 | 309,935,701 |
| Finance Act, 1994 | Service tax | Commissioner of Service Tax | October 2006 to March 2014 | 240,136,538 |
| Central Sales Tax Act, 1956 | Sales Tax | Commissioner of Sales Tax | 2008 – 09 and 2010-11 | 1,535,981 |

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has transferred the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under on a timely manner.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks and financial institutions. The Company did not have any debentures outstanding during the year.
- (x) In our opinion and according to the information and the explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xi) In our opinion and according to the information and the explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Pune
Date: 28 April 2015

Juzer Miyajiwala
Partner
Membership No: 047483

Balance Sheet

(Currency - Indian Rupees)

| | Note | As at 31 March, 2015 | As at 31 March, 2014 |
|---|--------------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 376,130,722 | 370,989,440 |
| Reserves and surplus | 3 | 10,052,565,555 | 10,063,435,051 |
| | | 10,428,696,277 | 10,434,424,491 |
| Share application money pending allotment | 29 | 7,652,081 | 14,844,492 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 630,673,570 | 909,875,359 |
| Deferred tax liabilities (net) | 12 | - | 30,644,264 |
| Long-term provisions | 5 | 205,311,614 | 136,243,247 |
| | | 835,985,184 | 1,076,762,870 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 3,489,314,952 | 2,858,574,541 |
| Trade payables | 7 | 661,351,789 | 410,442,514 |
| Other current liabilities | 8 | 1,174,201,219 | 1,031,942,965 |
| Short-term provisions | 9 | 465,412,079 | 722,500,607 |
| | | 5,790,280,039 | 5,023,460,627 |
| | Total | 17,062,613,581 | 16,549,492,480 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible fixed assets | 10A | 1,443,534,859 | 1,290,964,843 |
| Intangible fixed assets | 10B | 505,191,569 | 510,839,309 |
| Capital work in progress | | 34,457,194 | 22,209,551 |
| Intangible assets under development | | 75,369,991 | - |
| Non-current investments | 11 | 4,942,613,283 | 6,492,403,603 |
| Deferred tax assets (net) | 12 | 93,083,661 | - |
| Long-term loans and advances | 13 | 1,548,148,782 | 1,432,666,745 |
| Other non-current assets | 14 | 26,591,319 | 15,662,383 |
| | | 8,668,990,658 | 9,764,746,434 |
| Current assets | | | |
| Current investments | 15 | 590,343,693 | 1,660,549,004 |
| Inventories | 16 | 207,661,482 | 23,338,683 |
| Trade receivables | 17 | 4,690,904,929 | 3,568,028,025 |
| Cash and bank balances | 18 | 1,805,731,634 | 577,306,606 |
| Short-term loans and advances | 19 | 606,277,873 | 612,472,168 |
| Other current assets | 20 | 492,703,312 | 343,051,560 |
| | | 8,393,622,923 | 6,784,746,046 |
| | Total | 17,062,613,581 | 16,549,492,480 |
| Significant accounting policies | 1 | | |
| Notes referred to above form an integral part of the financial statements | 2 - 47 | | |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Statement of Profit and Loss

(Currency - Indian Rupees)

| | Note | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------|--------------------------------------|--------------------------------------|
| Revenue from operations | | | |
| Sale of services | 21 | 11,326,627,362 | 9,278,325,381 |
| Sale of products | | 1,255,480,830 | 27,389,788 |
| Less : Excise duty | | 124,640,005 | 2,716,983 |
| Sale of products (net) | | 1,130,840,825 | 24,672,805 |
| | | 12,457,468,187 | 9,302,998,186 |
| Other income | 22 | 227,559,426 | 170,659,726 |
| Total revenue | | 12,685,027,613 | 9,473,657,912 |
| Expenses | | | |
| Cost of material consumed | 23 | 841,082,297 | 28,742,286 |
| Changes in inventories of finished goods and work-in-progress | 24 | 2,830,269 | (3,024,315) |
| Employee benefit expense | 25 | 6,644,741,497 | 4,623,104,081 |
| Finance costs | 26 | 221,545,174 | 200,339,084 |
| Depreciation and amortization expenses | 10 | 694,304,253 | 399,619,014 |
| Other expenses | 27 | 2,566,499,137 | 2,374,121,607 |
| Total expenses | | 10,971,002,627 | 7,622,901,757 |
| Profit before exceptional items and tax | | 1,714,024,986 | 1,850,756,155 |
| Exceptional items (Refer note 47(4)) | | - | 122,410,304 |
| Profit before tax | | 1,714,024,986 | 1,973,166,459 |
| Tax expenses | | | |
| Current tax (Refer note 47(7)) | | 294,946,113 | 440,330,773 |
| Deferred tax (benefit) / charge | | (101,361,357) | 41,263,147 |
| Total tax expenses | | 193,584,756 | 481,593,920 |
| Profit after tax | | 1,520,440,230 | 1,491,572,539 |
| Profit after tax for the year ended 31 March, 2014 of KPIT Global Solutions Limited incorporated pursuant to the scheme of amalgamation (Refer note 47(6)) | | 493,668,362 | - |
| Profit after tax for the year ended 31 March, 2013 of Sparta Infotech India Private Limited incorporated pursuant to the scheme of amalgamation (Refer note 47(5)) | | - | 204,892,075 |
| Profit for the year | | 2,014,108,592 | 1,696,464,614 |
| Earnings per equity share before profit pursuant to amalgamation (face value per share ₹ 2 each) | | | |
| Basic | 42 | 8.02 | 7.97 |
| Diluted | 42 | 7.62 | 7.76 |
| Earnings per equity share after profit pursuant to amalgamation (face value per share ₹ 2 each) | | | |
| Basic | 42 | 10.62 | 9.06 |
| Diluted | 42 | 10.09 | 8.82 |
| Significant accounting policies | 1 | | |
| Notes referred to above form an integral part of the financial statements | 2 - 47 | | |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Cash Flow Statement

(Currency - Indian Rupees)

| PARTICULARS | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| A] CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 1,714,024,986 | 1,973,166,459 |
| Adjustments for | | |
| Profit on sale of fixed assets (net) | (1,240,441) | (1,027,794) |
| Depreciation / Amortization | 694,304,253 | 399,619,014 |
| Amortisation of ESOP compensation expenses | 9,628,081 | – |
| Finance Cost | 221,545,174 | 124,644,794 |
| Interest income | (78,712,367) | (40,856,980) |
| Dividend income | (50,250,042) | (127,162,953) |
| Exchange differences on translation of foreign currency cash and cash equivalents | 10,617,635 | 2,254,690 |
| Unrealised foreign exchange Loss | 90,812,353 | 219,874,071 |
| Profit on sale of Business Assets | – | (122,410,304) |
| Operating Profit before working capital changes | 2,610,729,632 | 2,428,100,997 |
| Adjustments for changes in working capital: | | |
| Increase / (Decrease) in Other Long-Term Liabilities | – | (820,210) |
| Increase / (Decrease) in Long-Term Provisions | 44,052,487 | 19,455,698 |
| Increase / (Decrease) in Trade Payables | 211,191,077 | 28,823,469 |
| Increase / (Decrease) in Other Current Liabilities | 50,454,275 | 73,031,842 |
| Increase / (Decrease) in Short-Term Provisions | 13,833,867 | (64,822,531) |
| (Increase) / Decrease in Long-term Loans and Advances | (17,656,028) | 25,476,822 |
| (Increase) / Decrease in Other Non-Current Assets | (55,720) | 15,269,652 |
| (Increase) / Decrease in Trade Receivables | 56,136,859 | (1,061,806,382) |
| (Increase) / Decrease in Inventories | (184,322,799) | (23,338,683) |
| (Increase) / Decrease in Short-term Loans and Advances | 37,863,240 | (163,780,485) |
| (Increase) / Decrease in Other Current Assets | (161,503,211) | (156,127,615) |
| Cash generated from operations | 2,660,723,679 | 1,119,462,574 |
| Taxes Paid | (560,780,831) | (439,563,980) |
| Net cash from operating activities (A) | 2,099,942,848 | 679,898,594 |
| B] CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (839,097,485) | (478,592,654) |
| Proceeds from Sale of Fixed Assets | 2,419,264 | 2,168,756 |
| Investment in Equity Shares of Subsidiaries | (1,078,277,956) | (1,348,752,500) |
| Investment in Equity Shares of Joint Venture | – | (50,000,000) |
| (Purchase)/Sale of Mutual Fund Investments | 1,150,908,032 | 374,348,306 |
| Proceeds from Sale of Business Assets | – | 122,410,304 |
| Loan (given to) / repaid by subsidiary | 44,764,750 | (536,167,816) |
| Interest received | 51,662,913 | 38,955,965 |
| Dividend received from Mutual Fund Investments | 50,250,042 | 127,162,953 |
| Fixed Deposit with banks (net) having maturity over three months | (304,544,367) | (23,914,128) |
| Net Cash from / (used in) investing activities (B) | (921,914,807) | (1,772,380,814) |

Cash Flow Statement

(Currency - Indian Rupees)

| PARTICULARS | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| CJ CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-term loan from banks | - | 4,382,251 |
| Repayment of Long-term loan from banks | (304,450,000) | (869,082) |
| Proceeds from Long-term loan from other than banks | - | 4,138,876 |
| Repayment of Long-term loan from other than banks | (36,747,893) | (38,375,924) |
| Proceeds from issue of Share Capital and application money | 141,407,518 | 17,254,390 |
| Securities Premium | - | 58,235,731 |
| Proceeds from Working Capital loan (Net) | 434,781,105 | 1,129,002,353 |
| Proceeds from / (payments for) shares issued / purchased by Employee Welfare Trust (net) | (29,705,602) | 43,856,839 |
| Dividend paid including corporate dividend tax | (241,505,470) | (197,174,802) |
| Interest and finance charges | (226,619,778) | (122,099,459) |
| Net cash from / (used in) financing activities (C) | (262,840,120) | 898,351,173 |
| DJ Exchange differences on translation of foreign currency cash and cash equivalents | (10,617,635) | (2,254,690) |
| Net Increase / (decrease) in cash and cash equivalents (A + B + C + D) | 904,570,286 | (196,385,737) |
| Cash & cash equivalents at close of the year (refer note 1 below) | 1,448,409,300 | 525,798,179 |
| Cash & cash equivalents at beginning of the year (refer note 1 below) | 525,798,179 | 662,680,693 |
| Opening cash balance of Sparta Infotech | - | 51,818,629 |
| Opening cash balance of KPIT Global Solutions Limited | 18,040,835 | - |
| Opening cash balance of Employee Welfare trust | - | 7,684,594 |
| Cash surplus / (deficit) for the year | 904,570,286 | (196,385,737) |
| Note 1: | | |
| Cash and cash equivalents include: | | |
| Cash on hand | 213,507 | 149,360 |
| Cheques in Hand | 1,658,263 | 603,735 |
| Balance with banks | | |
| - In current accounts | 955,923,045 | 423,296,504 |
| - In deposit account (with original maturity of 3 months or less) | 490,614,485 | 101,748,580 |
| Total Cash and cash equivalents (also refer note 18) | 1,448,409,300 | 525,798,179 |
| Note 2: | | |
| Figures in brackets represent outflows of cash and cash equivalents. | | |
| Note 3: | | |
| The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements. | | |
| Note 4 : | | |
| Previous year's figures have been rearranged/regrouped wherever necessary. | | |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Notes forming part of the financial statements

Company overview

KPIT Technologies Limited ("the Company") is a public company incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company's registered office is in Pune and it has subsidiaries across the geographies. Most of the revenue is generated from the export of services.

The Company provides Software Development, global IT consulting and Product Engineering solutions to its clients, predominantly in Automotive & Transportation, Manufacturing and Energy & Utilities verticals. The Company is also engaged in the production of Integrated Systems, under product engineering solutions vertical.

1. Significant accounting policies

Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention as a going concern on the accrual basis and to comply in all material aspects with all the applicable accounting principles in India including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company has adopted the principles of Accounting Standard (AS 30) "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI) to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounts) Rules, 2014 and other authoritative pronouncements. The financial statements are presented in Indian rupees rounded off to the nearest rupee.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

Use of estimates

The preparation of financial statements requires the management of the Company to make judgments, 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. Actual results could differ from estimates. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

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. Revenue from

fixed price contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the proportionate completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenue from the sale of software products is recognized when the sale is completed with the passing of the ownership.

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

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 Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

Notes forming part of the financial statements

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The operating cycle of the Company is less than twelve months.

1.4 Fixed assets

Tangible fixed assets:

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Tangible fixed assets under construction are disclosed as capital work-in-progress.

Intangible fixed assets:

Goodwill that arises on an amalgamation or on the acquisition of a business is presented as an intangible asset. Goodwill arising from amalgamation/ acquisition is measured at cost less accumulated amortisation and any accumulated impairment loss. Such goodwill is amortised over its estimated useful life or five years, whichever is shorter. Goodwill is tested for impairment periodically.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly

attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the Statement of Profit and Loss as incurred.

Non-compete fees are amortised on straight line method over the period of the agreement. The estimated useful life of intangible assets is reviewed by management at each Balance Sheet date.

1.5 Depreciation and amortization :

Depreciation on tangible fixed assets is provided on the straight-line method over the useful lives of the assets. The estimated useful lives for tangible assets are as follows:

| Type of asset | Useful life (Number of years) |
|---------------------------------------|----------------------------------|
| Buildings ⁽¹⁾ | 25 |
| Plant and equipment ⁽¹⁾ | 4 |
| Office equipment ⁽¹⁾ | 10 |
| Owned vehicle ⁽¹⁾ | 5 |
| Furniture and fixtures ⁽¹⁾ | 8 |

⁽¹⁾ For these class of assets, based on internal assessment, the useful lives as given above are believed to best represent the period over which the assets are expected to be used. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Based on the internal evaluation by the Company, the useful life of Buildings has been reassessed from 15 years to 25 years. The impact of this change on the depreciation for the year is not expected to be material.

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

Perpetual Software licenses are amortized over 4 years. However, time-based software licenses are amortized over the license period. Capitalised development costs are amortized over a period of 4 to 5 years.

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 the asset's net selling price and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Notes forming part of the financial statements

Intangible assets which are not yet available for use are tested for impairment annually. Other fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

1.7 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification.

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.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

1.8 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade, stores and spares, and loose tools are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

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 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.

1.10 Earnings per share

The Company reports its basic and diluted earnings per share in accordance with Accounting Standard - 20 Earnings per Share.

Basic earnings per share is computed by dividing the profit for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year 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 realised exchange differences are recognised 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) to the extent the early adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

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.

Notes forming part of the financial statements

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 under Hedging Reserves and the ineffective portion, if any is recognized immediately in the Statement of Profit and Loss.

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 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.

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.

c. Translation of foreign operations

For translating the financial statements of foreign branches, these are classified into 'integral' and 'non-integral' foreign operations. Integral foreign operations are those which carry on their business as if they were an extension of the Company's operations. Other foreign operations are classified as non-integral. Accordingly, the Company's foreign operations have been classified as integral foreign operations.

The financial statements of these operations are translated into Indian Rupees as if the transactions of the foreign operation were those of the Company itself.

1.12 Employee benefits

i) Post-employment benefit plans

Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent

that the benefits are already vested or amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Compensated absences

The employees of certain locations can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation carried out at each Balance Sheet date using the Projected Unit Credit Method.

ii) Other employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences (which cannot be carried forward) such as paid annual leave, overseas social security contributions and performance incentives.

1.13 Accounting for taxes on income

Income tax

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit

Notes forming part of the financial statements

(reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the Statement of Profit or Loss. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum alternate tax

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

1.14 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 provision 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 or disclosed in the financial statements since this may result in the recognition of income that may never be realized.

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 sales 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.

1.15 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 1.4.

1.16 Employee stock option

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the excess of the market price of the shares, at the date of grant of options, over the exercise price is regarded as employee compensation, and recognized on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

Notes forming part of the financial statements

Note 2 - Share capital

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Authorized : | | |
| 625,000,000 (Previous year 375,000,000) equity shares of ₹ 2 each. | 1,250,000,000 | 750,000,000 |
| | 1,250,000,000 | 750,000,000 |
| Issued, subscribed and fully paid-up: | | |
| 188,065,361 (Previous year 185,494,720) equity shares of ₹ 2 each fully paid-up | 376,130,722 | 370,989,440 |
| | 376,130,722 | 370,989,440 |

2.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | As at 31 March, 2015 | | As at 31 March, 2014 | |
|---|----------------------|-------------|----------------------|-------------|
| | Number of shares | (₹) | Number of shares | (₹) |
| At the beginning of the year | 185,494,720 | 370,989,440 | 192,815,199 | 385,630,398 |
| Add: Shares issued on exercise of employee stock options | 2,589,906 | 5,179,812 | 1,257,008 | 2,514,016 |
| Less: Shares held by KPIT Technologies Limited Employee Welfare Trust | 19,265 | 38,530 | 8,577,487 | 17,154,974 |
| Outstanding at the end of the year | 188,065,361 | 376,130,722 | 185,494,720 | 370,989,440 |

2.2 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.

2.3 Number of equity shares held by each shareholder holding more than 5% shares in the Company are as follows:

| Name of the shareholders | Number of shares as at 31 March, 2015 | % of shares held | Number of shares as at 31 March, 2014 | % of shares held |
|--------------------------|---|---------------------|---|---------------------|
| Proficient Finstock LLP | 23,109,330 | 11.75% | 23,109,330 | 11.91% |
| Warhol Limited | 19,483,674 | 9.91% | 18,858,440 | 9.72% |

2.4 5,273,643 equity shares (Previous year 8,169,543) of ₹ 2 each are reserved for issuance towards outstanding employee stock options granted (Refer note 45)

2.5 Aggregate number of equity shares allotted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date 44,789,985 (Previous year 88,971,438)

2.6 Also refer note 28

Notes forming part of the financial statements

Note 3 - Reserves and surplus

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Capital reserve | | |
| At the commencement and at the end of the year | 19,404,500 | 19,404,500 |
| Capital redemption reserve | | |
| At the commencement of the year | - | - |
| Add : Reserve of KPIT Global Solutions Limited on amalgamation (Refer note 47(6)) | 40,000,000 | - |
| | 40,000,000 | - |
| Amalgamation reserve | | |
| At the commencement and at the end of the year | 51,398,256 | 51,398,256 |
| Securities premium account | | |
| At the commencement of the year | 3,705,712,478 | 3,647,476,747 |
| Add : Premium on issue of shares under ESOP scheme | 143,458,647 | 58,235,731 |
| Add : Reserve of KPIT Global Solutions Limited on amalgamation (Refer note 47(6)) | 178 | - |
| | 3,849,171,303 | 3,705,712,478 |
| Employees stock options outstanding | | |
| At the commencement of the year | 2,143,155 | 2,143,155 |
| Add : Amortized during the year | 9,628,081 | - |
| | 11,771,236 | 2,143,155 |
| General reserve | | |
| At the commencement of the year | 1,035,747,622 | 428,937,333 |
| Add : Transferred from Statement of Profit and Loss | 152,000,000 | 149,500,000 |
| Add : Transfer from Community Foundation Reserve | - | 74,370,096 |
| Add : Transfer from Technology Fund | - | 299,321,371 |
| Add : Transfer from Employees' Welfare Fund | - | 299,839,922 |
| Less: Excess of liabilities over assets adjusted pursuant to the scheme of amalgamation with Sparta Infotech India Private Limited (Refer note 47(5)) | - | 216,221,100 |
| Add : Reserve of KPIT Global Solutions Limited, as on the appointed date, acquired pursuant to amalgamation (Refer note 47(6)) | 351,218,821 | - |
| Less: Excess of liabilities over assets adjusted pursuant to the scheme of amalgamation with KPIT Global Solutions Limited (Refer note 47(6)) | 1,386,966,443 | - |
| | 152,000,000 | 1,035,747,622 |
| Hedging reserve | | |
| At the commencement of the year | 82,768,635 | (240,009,938) |
| Add : Reserves of Sparta Infotech India Private Limited on amalgamation (Refer note 47(5)) | - | 4,237,118 |
| Add : (Gain) / losses transferred to the Statement of Profit and Loss on occurrence of forecasted hedge transaction | (82,768,635) | 240,009,938 |
| Add : Reserve of KPIT Global Solutions Limited on amalgamation (Refer note 47(6)) | 9,668,427 | - |
| Add: Change in fair value of effective portion of outstanding cash flow hedges | 45,592,114 | 78,531,517 |
| | 55,260,541 | 82,768,635 |

Notes forming part of the financial statements

Note 3 - Reserves and surplus (continued)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Surplus in statement of Profit and Loss | | |
| At the commencement of the year | 5,166,260,405 | 3,903,221,598 |
| Less : Accumulated deficit of Employee Welfare Trust | 20,286,152 | 304,353,832 |
| Add : Balance in Profit and Loss Account of Sparta Infotech India Private Limited, as on the appointed date, acquired pursuant to amalgamation (Refer note 47(5)) | - | 271,817,292 |
| Add : Balance in Profit and Loss Account of KPIT Global Solutions Limited, as on the appointed date, acquired pursuant to amalgamation (Refer note 47(6)) | 488,153,370 | - |
| Less: Excess of liabilities over assets adjusted pursuant to the scheme of amalgamation with KPIT Global Solutions Limited (Refer note 47(6)) | 1,362,021,042 | - |
| Add : Profit for the year | 2,014,108,592 | 1,696,464,614 |
| Less : Final dividend paid (Refer note 47(2)) | 924,184 | 246,716 |
| Less : Dividend tax on final dividend paid | 150,261 | 1,382,294 |
| Less : Proposed dividend (Refer Note 28) | 216,328,324 | 213,479,428 |
| Less : Dividend tax on proposed dividend (Refer note 28) | 43,252,685 | 36,280,829 |
| Less : Amount transferred to General reserve | 152,000,000 | 149,500,000 |
| | 5,873,559,719 | 5,166,260,405 |
| KPIT Cummins Infosystems Limited Community Foundation Reserve Account | | |
| At the commencement of the year | - | 74,370,096 |
| Less: Transferred to General reserve | - | 74,370,096 |
| | - | - |
| KPIT Cummins Technology Fund | | |
| At the commencement of the year | - | 299,321,371 |
| Less: Transferred to General reserve | - | 299,321,371 |
| | - | - |
| KPIT Employees' Welfare Fund | | |
| At the commencement of the year | - | 299,839,922 |
| Less: Transferred to General reserve | - | 299,839,922 |
| | - | - |
| | 10,052,565,555 | 10,063,435,051 |

Notes forming part of the financial statements

Note 4 - Long-term borrowings

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Term loans | | |
| - From banks (Secured) | | |
| External Commercial Borrowing (ECB) (Refer note i below) | 625,908,000 | 901,497,000 |
| Other loan (Refer note ii below) | 2,075,295 | 3,797,147 |
| - From other than banks (Secured) (Refer note iii below) | - | 4,581,212 |
| Long term maturities of finance lease obligations (Secured) | | |
| (Secured against fixed assets obtained under finance lease arrangements) (Refer note 41(1)) | 2,690,275 | - |
| | 630,673,570 | 909,875,359 |

Notes:

- (i) The ECB loan is secured by *pari passu* 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 loan is repayable in eight equal semi-annual installments of USD 2,500,000 each, with a moratorium of 1 year, upto November 2017.
- (ii) Other term loans from bank are secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 10.25 % p.a. and is repayable in equated monthly installments of INR 169,060 each upto August 2016.
- (iii) Term loans from other than banks are secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is to be repaid in April 2015.

Note 5 - Long-term provisions

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Provision for employee benefits | | |
| - Compensated absences | 33,040,448 | 33,582,839 |
| - Gratuity (Refer note 38) | 170,356,126 | 101,416,673 |
| Other provisions | | |
| - Provision for warranty (Refer note 44) | 1,915,040 | 1,243,735 |
| | 205,311,614 | 136,243,247 |

Note 6 - Short-term borrowings

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|------------------------------------|------------------------------|------------------------------|
| Loans repayable on demand : | | |
| Working capital loan from bank | | |
| - secured (Refer note i below) | 2,589,734,626 | 2,858,574,541 |
| - unsecured (Refer note ii below) | 899,580,326 | - |
| | 3,489,314,952 | 2,858,574,541 |

Notes:

- (i) The above loan is secured by way of "First charge by way of hypothecation of Company's entire book debts, both present and future", on *pari passu* basis, carrying an average interest rate upto 6 months LIBOR plus 2% per annum.
- (ii) The loan amount carries interest rate upto 6 months LIBOR plus 0.75% per annum.

Notes forming part of the financial statements

Note 7 - Trade payables

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Trade payables (for dues to micro and small suppliers, Refer note 31) | 661,351,789 | 410,442,514 |
| | 661,351,789 | 410,442,514 |

Note 8 - Other current liabilities

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Current maturities of long term debt | | |
| -From banks (secured) (refer note 4 - Term loan from banks for details of security and repayment terms) | 312,954,000 | 302,007,475 |
| -From others (secured) (refer note 4 - Term loan from banks for details of security and repayment terms) | 6,368,234 | 36,813,062 |
| Current maturities of finance lease obligations (Secured) (Refer note 41(1)) | 785,988 | 778,112 |
| Interest accrued and due on borrowings | 1,837,083 | 2,857,505 |
| Interest accrued but not due on borrowings | 12,693,387 | 16,747,569 |
| Unearned revenue | 85,048,574 | 58,154,576 |
| Unclaimed dividend | 3,434,845 | 2,128,843 |
| Accrued employee costs | 474,332,752 | 282,067,480 |
| Payable to subsidiaries (Refer note 40) | - | 112,627,947 |
| Statutory liabilities | 198,287,353 | 154,057,929 |
| Payable for purchase of fixed assets | 58,501,577 | 33,544,227 |
| Advances from customers | 4,172,427 | 11,707,548 |
| Other payables | 15,784,999 | 18,450,692 |
| | 1,174,201,219 | 1,031,942,965 |

Note 9 - Short term provisions

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Provision for employee benefits | | |
| - Compensated absences | 94,890,997 | 60,911,404 |
| - Gratuity (Refer note 38) | 5,493,594 | 3,742,638 |
| Provision for tax | | |
| - Current tax (net of advance tax) (Refer note 47(8)) | 92,821,921 | 394,394,363 |
| Service tax payable (net of tax paid under protest) | 3,541,034 | - |
| Fringe benefit tax | 942,559 | - |
| Provision for warranty (Refer note 44) | 8,136,240 | 13,691,945 |
| Proposed dividend (Refer note 28) | 216,328,324 | 213,479,428 |
| Tax on proposed dividend (Refer note 28) | 43,257,410 | 36,280,829 |
| | 465,412,079 | 722,500,607 |

Notes forming part of the financial statements

Note 10 - Fixed assets

(Currency - Indian Rupees)

| Particulars | GROSS BLOCK | | | | Depreciation / Amortization | | | NET BLOCK | | | | |
|--|----------------------|--|---|------------------------|-----------------------------|----------------------|----------------------------------|-------------------|---------------------------|----------------------|----------------------|----------------------|
| | As at 1 April, 2014 | Adjustments or Reclassifications during the year 2014-15 | Additions on account of amalgamation Year 2014-15 | Disposals/ Adjustments | As at 31 March, 2015 | Up to 1 April, 2014 | Adjustments or Reclassifications | For the year | On Disposals/ Adjustments | Up to 31 March, 2015 | As at 31 March, 2015 | As at 31 March, 2014 |
| A. Tangible fixed assets | | | | | | | | | | | | |
| Land (Leasehold) | 258,978,097 | - | 95,185,000 | - | 354,163,097 | 8,929,788 | - | 3,016,721 | - | 11,946,509 | 342,216,588 | 250,048,309 |
| Building | 754,759,050 | 53,660 | 20,289,077 | 56,724,017 | 831,825,804 | 319,881,437 | - | 18,351,302 | 23,590,224 | 361,822,963 | 470,002,841 | 434,877,613 |
| Plant and Equipment | 899,819,926 | 7,427,369 | 58,344,945 | 175,370,861 | 27,494,559 | 553,392,367 | 30,336,745 | 37,003,011 | 163,995,498 | 757,381,728 | 356,086,814 | 346,427,559 |
| Furniture and Fixtures | 257,512,855 | - | 17,504,033 | 18,519,408 | 5,875,748 | 287,660,548 | 205,755,866 | - | 9,004,726 | 227,056,948 | 60,603,600 | 51,756,989 |
| Vehicles | | | | | | | | | | | | |
| - Lease / Hire Purchase (Refer Note 4(f)) | 10,436,457 | 1,920,971 | - | 5,020,967 | 15,886,127 | 6,399,153 | 1,123,013 | - | 2,647,988 | 8,677,100 | 7,209,027 | 4,037,304 |
| - Owned | 11,380,262 | (1,920,971) | - | - | 9,459,291 | 2,856,767 | (1,123,013) | - | 1,680,727 | 3,414,481 | 6,044,810 | 8,523,495 |
| Office Equipments | 557,750,432 | (37,063,753) | 26,708,250 | 30,329,547 | 572,016,016 | 362,456,858 | (44,609,099) | 10,886,331 | 46,600,244 | 370,644,837 | 201,371,179 | 195,293,574 |
| Total tangible fixed assets | 2,750,637,079 | (29,582,724) | 122,846,305 | 381,149,800 | 3,184,479,425 | 1,459,672,236 | (14,272,354) | 75,245,370 | 259,691,526 | 1,740,944,566 | 1,443,534,859 | 1,290,964,843 |
| Previous Year | 2,358,782,803 | - | 146,548,564 | 286,728,438 | 41,422,726 | 1,171,303,872 | - | 71,610,733 | 257,039,395 | 1,459,672,236 | 1,290,964,843 | - |
| B. Intangible fixed assets | | | | | | | | | | | | |
| Internally Generated Intangible | | | | | | | | | | | | |
| - Product Development Cost | 457,751,556 | - | - | - | 457,751,556 | 148,005,192 | (3,501,269) | - | 101,569,142 | 246,073,065 | 211,678,491 | 309,746,364 |
| Other Than Internally Generated Intangible Assets | | | | | | | | | | | | |
| - Goodwill | 81,888,437 | - | - | - | 81,888,437 | 81,888,437 | - | - | - | 81,888,437 | - | - |
| - Non-competee fees | - | - | - | 144,214,008 | 144,214,008 | - | - | 144,214,006 | - | 144,214,006 | 2 | - |
| - 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 | 919,497,493 | 29,582,724 | 49,671,310 | 246,537,460 | 1,245,288,987 | 718,404,548 | 17,773,623 | 26,768,161 | 188,829,579 | 951,775,911 | 293,513,076 | 201,092,945 |
| Total intangible fixed assets | 1,687,473,070 | 29,582,724 | 49,671,310 | 390,751,468 | 2,157,478,572 | 1,176,633,761 | 14,272,354 | 26,768,161 | 434,612,727 | 1,652,287,003 | 505,191,569 | 510,839,309 |
| Previous Year | 1,282,461,397 | - | 11,407,648 | 410,532,119 | 1,687,473,070 | 1,041,721,581 | - | 9,260,655 | 142,579,619 | 1,176,633,761 | 510,839,309 | - |

Notes forming part of the financial statements

Note 11 - Non-current investments

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Trade investments (unquoted) | | |
| Investments in equity instruments of subsidiaries (at cost) | | |
| Systeme Computer Corporation, USA [204,082 (Previous year NIL) common stock of issued equity, no par value] | 469,363,000 | - |
| KPIT Infosystems ME FZE, UAE [1 (Previous year NIL) equity share of nominal value of AED 1,000,000] | 25,411,424 | - |
| KPIT Technologies (UK) Limited (erstwhile KPIT Infosystems Limited) A wholly owned subsidiary company incorporated in UK 10,215,966 (Previous year 8,246,266) Equity shares of ₹1/- each fully paid-up. | 827,084,402 | 631,702,379 |
| KPIT Infosystems Inc. A wholly owned subsidiary company incorporated in USA 12,467 (Previous year 11,867) Equity stock without par value fully paid-up. | 2,879,168,985 | 2,151,848,985 |
| KPIT Technologies France SAS (erstwhile 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 |
| KPIT (Shanghai) Software Technology Co. Limited A wholly owned subsidiary company incorporated in China 11,014,863 (Previous year 8,222,487) Equity shares of RMB 1 each fully paid up | 96,836,900 | 69,096,000 |
| KPIT Global Solutions Limited NIL (Previous year 9,572,523) Equity shares of ₹ 10 each fully paid up (Refer note 47(6)) | - | 2,844,712,715 |
| KPIT Technologies Netherlands B.V. (erstwhile KPIT Infosystems Netherlands B.V.) A wholly owned subsidiary company incorporated in Netherlands 5,000 (Previous year 5,000) Equity shares of Euro 100 each fully paid up | 34,300,000 | 34,300,000 |
| KPIT Technologies Solucoes Em Informatica LTDA (erstwhile KPIT Infosystem (Brasil) Servicos De Tecnologia E Partipacoes Ltda.) A subsidiary of KPIT Infosystems Inc 1,000 (Previous year 1,000) shares of Brazilian Reas 1 each fully paid up | 40,666 | 40,666 |
| Impact Automotive Solutions Limited 31,810,000 (Previous year 14,904,998) Equity shares of ₹ 10 each fully paid-up. (Refer note 46) | 276,885,018 | 149,049,980 |
| Investments in equity instruments of other entities (at cost) | | |
| Investment in Sankalp Semiconductors Private Limited 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) | | |
| KPIT Global Solutions Limited NIL (Previous year 2,781,300) 0.01% Cumulative Redeemable Preference shares of ₹ 100 each fully paid up (Refer note 47(6)) | - | 278,130,000 |
| Non-trade investments (unquoted) | | |
| Investment in equity instruments of other entities Saraswat Co-operative Bank Limited 1 (Previous year NIL) equity share of ₹ 10 each fully paid up | 10 | - |
| | 4,942,613,283 | 6,492,403,603 |

Notes forming part of the financial statements

Note 12 - Deferred tax asset / (liability)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Deferred tax assets | | |
| - Provision for doubtful debts and advances | 77,236,636 | 25,517,578 |
| - Provision for leave encashment | 38,347,818 | 34,870,914 |
| - Provision for gratuity | 52,564,957 | 32,993,223 |
| | 168,149,411 | 93,381,715 |
| Deferred tax liabilities | | |
| - Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts | 75,065,750 | 124,025,979 |
| Net deferred tax asset / (liability) | 75,065,750 | 124,025,979 |
| | 93,083,661 | (30,644,264) |

Note 13 - Long term loans and advances

(Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Loans to related parties (Refer note 40) | | |
| - Loan to KPIT Technologies (UK) Limited | 68,514,077 | - |
| - Loan to KPIT Infosystems Inc. USA | 642,519,245 | 740,383,209 |
| Loans and advances to other than related parties | | |
| Capital advances | 2,766,194 | - |
| Security deposits | 165,914,156 | 78,742,967 |
| Other loans and advances | | |
| - Advance taxes and tax deducted at source (net of provisions) | 385,644,470 | 323,746,876 |
| - Fringe benefit tax paid in excess of provision (net) | 1,450,000 | 3,321,875 |
| - Prepaid expenses | 810,927 | 5,942,105 |
| - MAT Credit entitlement (Refer note 47(8)) | 280,529,713 | 280,529,713 |
| | 1,548,148,782 | 1,432,666,745 |

Note 14 - Other non-current assets

(Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Balance in Group Gratuity Trust Account | 14,972,572 | 14,972,572 |
| Fixed deposits with banks | 11,488,309 | 615,093 |
| Interest accrued on fixed deposits | 130,438 | 74,718 |
| | 26,591,319 | 15,662,383 |

Notes forming part of the financial statements

Note 15 - Current investments

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Investment in Mutual Funds - (unquoted) (non-trade) | | |
| (At cost or fair value whichever is lower) | | |
| 1,123,731 units (Previous year 3,537,446 units) Birla Sun Life Cash Plus Daily Dividend- Regular Plan | 112,706,861 | 354,434,410 |
| 9,810,206 units (Previous year 33,173,910 units) - HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend | 100,047,241 | 344,959,409 |
| 72,837 units (Previous year 68,518 units) - Axis Liquid Fund - Daily Dividend | 72,862,063 | 68,539,412 |
| 102,848 units (Previous year 174,854 units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option | 157,228,651 | 267,306,628 |
| 3 units (Previous year 486,544 units) S.B.I. Premier Liquid Fund - Regular Plan Daily Dividend | 3,621 | 488,125,526 |
| 70,813 units (Previous year 66,557 units) Kotak Floater Short Term- Daily Dividend | 71,643,661 | 67,330,642 |
| 43 units (Previous year 69,831 units) DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend | 43,313 | 69,852,977 |
| 757,600 (previous year - Nil) units of ICICI Prudential Liquid Regular plan - Daily dividend | 75,808,282 | - |
| | 590,343,693 | 1,660,549,004 |

Note 16 - Inventories

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| (Valued at the lower of cost and net realisable value) | | |
| Raw materials (Refer note (i) below) | 207,389,022 | 20,235,954 |
| Work-in-progress (Refer note (iii) below) | 184,046 | 13,100 |
| Finished goods (Refer note (ii) below) | 10,000 | 3,011,215 |
| Stores and spares | 78,414 | 78,414 |
| | 207,661,482 | 23,338,683 |
| Note : | | |
| i) Breakup of raw material | | |
| Single control unit | 61,416,883 | 5,344,075 |
| Bus driver console | 52,348,770 | 1,925,000 |
| Camera | 34,102,388 | 1,596,004 |
| Dome type antenna | 22,724,741 | - |
| Others | 36,796,240 | 11,370,875 |
| | 207,389,022 | 20,235,954 |
| ii) Breakup of finished goods | | |
| Intelligent transport system | 10,000 | 3,011,215 |
| | 10,000 | 3,011,215 |
| iii) Breakup of work in progress | | |
| Intelligent transport system | 184,046 | 13,100 |
| | 184,046 | 13,100 |

Notes forming part of the financial statements

Note 17 - Trade receivables (Unsecured)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| - Considered good | 82,988,947 | 22,503,635 |
| - Considered doubtful | 130,589,502 | 96,976,328 |
| Less: Provision for doubtful trade receivables | 130,589,502 | 96,976,328 |
| | 82,988,947 | 22,503,635 |
| Other trade receivables | | |
| - Considered good | 4,607,915,982 | 3,545,524,390 |
| - Considered doubtful | 114,126,489 | 91,111 |
| Less: Provision for doubtful trade receivables | 114,126,489 | 91,111 |
| | 4,607,915,982 | 3,545,524,390 |
| | 4,690,904,929 | 3,568,028,025 |

Note 18 - Cash and bank balances

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 213,507 | 149,360 |
| Cheques in hand | 1,658,263 | 603,735 |
| Balances with banks | | |
| - In current account | 955,923,045 | 423,296,504 |
| - In deposit account (with original maturity of 3 months or less) | 490,614,485 | 101,748,580 |
| | 1,448,409,300 | 525,798,179 |
| Other bank balances (includes unclaimed dividend of ₹ 3,554,895 (Previous year ₹ 2,285,355)) | 357,322,334 | 51,508,427 |
| | 1,805,731,634 | 577,306,606 |
| Details of bank balances/deposits | | |
| Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents' | 1,446,537,530 | 525,045,084 |
| Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (excluding unclaimed dividend of ₹ 3,554,895 (Previous year ₹ 2,285,355)) | 353,767,439 | 49,223,072 |
| Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' | 11,488,309 | 615,093 |
| | 1,811,793,278 | 574,883,249 |

Notes forming part of the financial statements

Note 19 - Short-term loans and advances (Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Loans and advances to related parties (Refer note 40) | | |
| - Dues from subsidiaries | 162,348,613 | 76,830,175 |
| - Dues from joint venture | - | 4,264,528 |
| Other loans and advances | | |
| - Employee advances | | |
| Considered good | 60,045,955 | 20,162,221 |
| Considered doubtful | 10,215,946 | 7,245,000 |
| | 70,261,901 | 27,407,221 |
| Less: Provision for doubtful advances | 10,215,946 | 7,245,000 |
| | 60,045,955 | 20,162,221 |
| - Security deposits | 19,470,826 | 14,844,026 |
| - Balance with statutory authorities | 67,307,582 | 43,972,606 |
| - Prepaid expenses | 116,804,749 | 99,995,485 |
| - Advance to suppliers | 155,022,705 | 315,296,633 |
| - Other receivables | 25,277,443 | 37,106,494 |
| | 606,277,873 | 612,472,168 |

Note 20 - Other current assets (Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Unbilled revenue | 433,658,883 | 257,262,912 |
| Interest accrued on fixed deposits | 3,781,388 | 3,020,013 |
| Mark to market gain on cash flow hedges | 55,260,541 | 82,768,635 |
| Others | 2,500 | - |
| | 492,703,312 | 343,051,560 |

Notes forming part of the financial statements

Note 21 - Revenue from operations

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Software services (Refer note 47(8)) | 11,326,627,362 | 9,278,325,381 |
| Sale of products | | |
| Finished goods | 1,255,480,830 | 27,389,788 |
| Sale of products (gross) | 1,255,480,830 | 27,389,788 |
| Less : Excise duty | 124,640,005 | 2,716,983 |
| Sale of products (net) | 1,130,840,825 | 24,672,805 |
| | 12,457,468,187 | 9,302,998,186 |
| Break-up of revenue from sale of products (net) | | |
| Intelligent transport system | 862,615,550 | 21,566,900 |
| Others | 268,225,275 | 3,105,905 |
| | 1,130,840,825 | 24,672,805 |

Note 22 - Other income

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Interest income | 78,712,367 | 40,856,980 |
| Dividend income from current investments (non-trade) | 50,250,042 | 127,162,953 |
| Foreign exchange gain (net) | 95,435,266 | - |
| Profit on sale of fixed assets (net) | 1,240,441 | 1,027,794 |
| Other non-operating income (net of expenses directly attributable to such income) (including miscellaneous income) | 1,921,310 | 1,611,999 |
| | 227,559,426 | 170,659,726 |

Note 23 - Cost of materials consumed

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Inventory of materials at the beginning of the year | 20,235,954 | - |
| Purchases | 1,028,235,365 | 48,978,240 |
| Inventory of materials at the end of the year | 207,389,022 | 20,235,954 |
| | 841,082,297 | 28,742,286 |
| Break-up of cost of materials consumed | | |
| Single control unit | 412,986,335 | 10,292,442 |
| Bus driver console | 131,179,290 | 4,697,000 |
| Camera | 75,550,895 | 2,297,643 |
| LED display board | 123,794,080 | - |
| Dome type antenna | 13,974,885 | - |
| Others | 83,596,812 | 11,455,201 |
| | 841,082,297 | 28,742,286 |

Note 24 - Changes in inventories of finished goods and work-in-progress

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Finished goods | | |
| Inventory at the beginning of the year | 3,011,215 | - |
| Inventory at the end of the year | 10,000 | 3,011,215 |
| | 3,001,215 | (3,011,215) |
| Work-in-progress | | |
| Inventory at the beginning of the year | 13,100 | - |
| Inventory at the end of the year | 184,046 | 13,100 |
| | (170,946) | (13,100) |
| | 2,830,269 | (3,024,315) |

Notes forming part of the financial statements

Note 25 - Employee benefits expense

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Salaries, wages and bonus | 6,416,001,750 | 4,465,829,349 |
| Contributions to provident fund (Refer note 38) | 190,175,507 | 132,153,063 |
| Staff welfare expenses | 38,564,240 | 25,121,669 |
| | 6,644,741,497 | 4,623,104,081 |

Note 26 - Finance costs

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Interest expense | 126,403,361 | 124,644,794 |
| Net loss on foreign currency transactions and translations (considered as finance costs) | 95,141,813 | 75,694,290 |
| | 221,545,174 | 200,339,084 |

Note 27 - Other expenses

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Travel and overseas expenses (net) | 413,560,871 | 310,045,166 |
| Transport and conveyance (net) | 151,569,226 | 117,346,401 |
| Cost of service delivery (net) | 291,308,404 | 297,794,941 |
| Cost of professional subcontracting | 272,224,841 | 324,358,912 |
| Recruitment and training expenses | 116,663,317 | 45,481,570 |
| Power and fuel | 100,595,599 | 75,729,018 |
| Rent (Refer Note 41(2)) | 150,266,683 | 107,002,060 |
| Repairs and maintenance : | | |
| - Buildings | 581,824 | 1,271,835 |
| - Plant and equipment | 161,852,494 | 129,319,485 |
| - Others | 53,045,117 | 36,041,499 |
| Insurance | 64,749,779 | 49,138,065 |
| Rates and taxes | 13,374,061 | 2,874,547 |
| Communication expenses (net) | 76,147,193 | 52,910,779 |
| Legal and professional fees | 148,526,530 | 105,909,884 |
| Marketing expenses | 34,522,417 | 29,824,106 |
| Foreign exchange loss (net) | - | 540,394,458 |
| Printing and stationery | 7,322,399 | 7,117,824 |
| Auditors remuneration (net of service tax) | | |
| - Audit fees | 8,500,000 | 7,050,000 |
| - Limited review of quarterly results | 1,340,000 | 1,200,000 |
| - Fees for other services | 3,696,258 | 810,000 |
| - Out of pocket expenses | 518,054 | 497,968 |
| Bad debts written off | 220,991,572 | - |
| Provision for doubtful debts and advances (net) | 120,348,787 | 13,676,813 |
| Miscellaneous expenses | 154,793,711 | 118,326,276 |
| | 2,566,499,137 | 2,374,121,607 |

Note :

Certain expenses are net of recoveries/reimbursements from customers

Notes forming part of the financial statements

- 28.** The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 216,328,324 i.e ₹ 1.10 per share. (Previous year - ₹ 213,479,428 i.e ₹ 1.10 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 a share in the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- 29.** As at 31st March, 2015 the Company has received an amount of ₹ 7,652,081 (Previous year ₹ 14,844,492) towards share application money for 105,108 shares (Previous year 325,438 shares) at a premium of ₹ 7,441,865 (Previous year ₹ 14,193,616). 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.

30. Contingent liabilities and Commitments

(i) Contingent liabilities

| Sr. No. | Particulars | As at 31 March, 2015 | As at 31 March, 2014 |
|---------|--|----------------------|----------------------|
| 1 | Outstanding Bank Guarantees in routine course of business | 157,773,538 | 191,719,175 |
| 2 | Corporate Guarantee provided by the Company for loan availed by KPIT Infosystems Inc. USA | 600,900,000 | 961,440,000 |
| 3 | Corporate Guarantee provided by the Company for loan availed by KPIT Infosystems ME FZE, UAE | 62,590,800 | NIL |
| 4 | Income tax matters | 34,728,933 | 64,552,955 |
| 5 | VAT matters | 2,216,664 | - |
| 6 | Service tax matters | 554,858,243 | 343,766,261 |

(ii) Commitments

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

- Tangible assets - ₹ 153,656,070 (Previous year ₹ 8,274,858).
- Intangible assets - ₹ 8,171,651 (Previous year ₹ 75,345,325).

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

- Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31st March 2015 is ₹ 129,095 (Previous year - ₹ Nil) including unpaid amounts of ₹ Nil (Previous year - ₹ 59,562) outstanding for more than 30 days. Estimated interest due thereon is ₹ Nil (Previous year - ₹ 15,188).
- Amount of payments made to suppliers beyond the appointed date during the year is ₹ 17,694 (Previous year - ₹ Nil). Interest paid thereon is ₹ Nil (Previous year - ₹ Nil) and the estimated interest due and payable thereon is ₹ 87 (Previous year - ₹ Nil).
- The amount of estimated interest accrued and remaining unpaid as at 31st March 2015 is ₹ 30,590 (Previous year - ₹ 30,503).
- The amount of estimated interest due and payable for the period from 1st April 2015 to actual date of payment or 20th April 2015 (whichever is earlier) is Nil.

32. 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 2014-15 | | FY 2013-14 | |
|--|-------------|----------------------------|-------------|----------------------------|
| | Balance | Maximum amount outstanding | Balance | Maximum amount outstanding |
| KPIT Technologies (UK) Limited (including interest) (erstwhile KPIT Infosystems Limited) | 68,514,077 | 74,000,000 | - | - |
| KPIT Infosystems Inc., USA (including interest) | 642,519,245 | 746,796,084 | 740,383,209 | 740,383,209 |

Notes forming part of the financial statements

33. CIF Value of Imports:

| Particulars | FY 2014-15 | FY 2013-14 |
|---------------|------------|-------------|
| Capital goods | 94,483,717 | 112,125,834 |

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

| Particulars | FY 2014-15 | FY 2013-14 |
|--------------------------|--------------------|--------------------|
| Salaries and wages | 177,781,135 | 119,364,099 |
| Cost of service delivery | 102,542,290 | 31,654,212 |
| Travelling expenses | 105,703,164 | 134,704,751 |
| Marketing expenses | 17,356,076 | 13,948,142 |
| Professional expenses | 34,102,347 | 20,865,456 |
| Rent | 983,593 | 1,323,099 |
| Rates and taxes | 1,175,687 | - |
| Financial charges | 17,425,568 | 44,789,134 |
| Other expenses | 12,512,601 | 13,417,167 |
| Total | 469,582,461 | 380,066,060 |

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

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

| Particulars | FY 2014-15 | FY 2013-14 |
|-----------------------------------|----------------------|----------------------|
| Software services | 8,748,728,831 | 5,936,322,802 |
| Interest on fixed deposits | - | 1,532 |
| Interest from inter-company loans | 34,768,733 | 19,353,870 |
| Total | 8,783,497,564 | 5,955,678,204 |

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

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

The Company remits 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 as follows:

| Particulars | FY 2014-15 | FY 2013-14 |
|---|------------|------------|
| Year to which the dividend relates | FY 2013-14 | FY 2012-13 |
| Number of non-resident shareholders to whom remittance was made | 4 | 6 |
| Number of shares on which remittance was made | 5,586,347 | 10,817,691 |
| Amount remitted (in ₹) | 6,144,982 | 9,735,922 |

37. (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 in Indian rupees. The counter party to the Company's foreign currency contracts is 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 31 March 2015 as required by AS-30 'Financial Instruments : Recognition and Measurement' and accordingly recognized a mark - to -market profit of ₹ 55,260,541(Previous year profit of ₹ 82,768,635) in the Hedging Reserve.
- 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 31 March 2015:

Notes forming part of the financial statements

37. (1) Details of Derivative Instruments (for hedging) (Continued)

| Type of cover | | Forward exchange contracts outstanding at the year end in foreign currency | Forward exchange contracts outstanding at the year end in ₹ | Exposure to Buy/ Sell |
|---------------|-----|--|---|-----------------------|
| Forward | EUR | 4,200,000 | 313,848,250 | Sell |
| | EUR | [4,050,000] | [347,655,645] | Sell |
| Forward | USD | 38,850,000 | 2,503,631,755 | Sell |
| | USD | [37,200,000] | [2,363,631,000] | Sell |
| Forward | GBP | 1,200,000 | 118,846,000 | Sell |
| | GBP | [1,200,000] | [124,999,000] | Sell |

The forward contracts entered have maturity between 30 days to 6 months from the balance sheet date.

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

| Particulars | FY 2014-15 | | FY 2013-14 | |
|---|----------------------------|------------------------|----------------------------|------------------------|
| | 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 | 30,557 | 2,825,299 | 14,996 | 1,494,359 |
| EUR | 833,207 | 58,379,390 | 731,827 | 60,431,568 |
| USD | 892,873 | 63,362,007 | 1,429,874 | 85,935,146 |
| JPY | 1,500,000 | 781,650 | 1,660,000 | 976,578 |
| AUD | 10,300 | 491,092 | 5,277 | 291,955 |
| SEK | 30,000 | 216,957 | 26,806 | 246,888 |
| SGD | 16,564 | 752,652 | NIL | NIL |
| CHF | NIL | NIL | 380 | 25,640 |
| NOK | 2,502 | 19,562 | NIL | NIL |
| MYR | 58,690 | 988,164 | NIL | NIL |
| AED | 7,500 | 127,028 | 27,200 | 443,469 |
| CAD | 11,500 | 565,697 | 4,500 | 243,405 |
| Trade receivables/dues from subsidiaries | | | | |
| AUD | 836,896 | 39,902,183 | 183,163 | 10,133,663 |
| SGD | 49,096 | 2,230,878 | 19,088 | 907,100 |
| CAD | 579,441 | 28,503,267 | NIL | NIL |
| EUR | 5,373,597 | 362,773,702 | 1,974,731 | 163,065,965 |
| GBP | 3,356,817 | 310,368,319 | 2,693,355 | 268,930,918 |
| CHF | 66,665 | 4,278,293 | NIL | NIL |
| JPY | 744,916 | 388,176 | NIL | NIL |
| DKK | 1,623,642 | 14,558,877 | NIL | NIL |
| CNY | 862,302 | 8,678,123 | 160,768 | 1,559,561 |
| KRW | 403,731,991 | 22,689,738 | NIL | NIL |
| USD | 56,724,158 | 3,550,410,399 | 960,315 | 57,714,741 |
| NZD | 43,634 | 2,053,556 | NIL | NIL |
| AED | 49,200 | 833,294 | 29,924 | 487,883 |
| PCFC loans | | | | |
| USD | 40,968,495 | 2,564,250,881 | 44,018,238 | 2,645,526,033 |
| EUR | NIL | NIL | 2,580,080 | 213,048,508 |
| EEFC accounts | | | | |
| USD | 2,366,767 | 148,137,828 | 753,832 | 45,305,166 |
| GBP | 539,604 | 49,891,340 | 196,721 | 19,642,518 |
| EUR | 1,477,407 | 99,740,359 | 464,958 | 38,394,515 |
| Bank deposits | | | | |
| GBP | 76,132 | 7,039,093 | 76,132 | 7,601,762 |

Notes forming part of the financial statements

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

| Particulars | FY 2014-15 | | FY 2013-14 | |
|--|----------------------------|------------------------|----------------------------|------------------------|
| | Amount in foreign currency | Equivalent amount in ₹ | Amount in foreign currency | Equivalent amount in ₹ |
| Working capital loan | | | | |
| USD | 14,372,405 | 899,580,326 | NIL | NIL |
| Loans - Granted to subsidiaries | | | | |
| KPIT Technologies (UK) Ltd | | | | |
| EUR | 1,014,867 | 68,514,077 | NIL | NIL |
| KPIT Infosystems Inc. USA. | | | | |
| USD | 10,265,394 | 642,519,245 | 12,319,237 | 740,383,209 |
| External commercial borrowing | | | | |
| USD | 15,000,000 | 938,862,000 | 20,000,000 | 1,201,996,000 |

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

38. 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 ₹190,175,507 (Previous year ₹ 132,153,063)

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, which is un-funded.

Gratuity is a benefit to an employee in India based on 15 days last drawn salary for each completed year of service with a vesting period of five years.

| Particulars | FY 2014-15 | FY 2013-14 |
|--|--------------|--------------|
| Present value of defined benefit obligation at the beginning of the year | 105,159,311 | 92,700,950 |
| Adjustment on account of merger | 26,044,935 | 5,574,233 |
| Adjustment on transfer of employees | NIL | NIL |
| Current service cost | 16,970,796 | 19,091,756 |
| Interest cost | 9,378,596 | 8,093,767 |
| Actuarial loss / (Gain) | 37,516,550 | (10,630,301) |
| Benefits paid | (19,220,468) | (9,671,094) |
| Present value of defined benefit obligation at the end of the year | 175,849,720 | 105,159,311 |

| Analysis of defined benefit obligation | FY 2014-15 | FY 2013-14 |
|---|-------------|-------------|
| Present value of obligation as at the end of the year | 175,849,720 | 105,159,311 |
| Net (asset) / liability recognized in the Balance Sheet | 175,849,720 | 105,159,311 |

| Components of employer expenses recognized in the statement of Profit and Loss | FY 2014-15 | FY 2013-14 |
|--|------------|--------------|
| Current service cost | 16,970,796 | 19,091,756 |
| Interest cost | 9,378,596 | 8,093,767 |
| Actuarial loss / (gain) | 37,516,550 | (10,630,301) |
| Expenses recognized in the Statement of Profit and Loss | 63,865,942 | 16,555,222 |

Notes forming part of the financial statements

| Assumptions | FY 2014-15 | FY 2013-14 |
|-------------------|------------|------------|
| Discount rate | 8.25% | 9.33% |
| Salary Escalation | 5.00% | 5.00% |

| Attrition Rate | FY 2014-15 | FY 2013-14 |
|---------------------|------------|------------|
| - 4 years and below | 20% | 20% |
| - 5 years and above | 2% | 2% |

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

Experience adjustments on plan assets & liabilities

| | Year ended 31 March, | | | | |
|--|----------------------|---------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Defined benefit obligation | 175,849,720 | 105,159,311 | 92,700,950 | 67,440,844 | 49,610,607 |
| Surplus / (deficit) | (175,849,720) | (105,159,311) | (92,700,950) | (67,440,844) | (49,610,607) |
| Experience adjustments on plan liabilities (Gain)/Loss | 46,085,283 | 4,241,017 | 13,887,718 | (1,213,370) | 3,916,149 |

39. 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.

40. 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 Technologies (UK) Limited (erstwhile KPIT Infosystems Limited) |
| | KPIT Infosystems Inc., USA |
| | KPIT Technologies France (erstwhile KPIT Infosystems, France) |
| | KPIT (Shanghai) Software Technology Co. Limited, China |
| | KPIT Technologies Netherlands B.V (erstwhile KPIT Infosystems Netherlands B.V.) |
| | SYSTIME Computer Corporation, USA |
| | KPIT Infosystems ME FZE, Dubai |
| Subsidiary Companies (Indirect holding) | Impact Automotive Solutions Limited |
| | KPIT Technologies GmbH, Germany (Through KPIT Technologies (UK) Ltd) |
| | KPIT medini Technologies AG (erstwhile IKV++ Technologies AG, Germany) (Through KPIT Technologies GmbH, Germany) |
| | KPIT Solutions GmbH (erstwhile HD Solutions GmbH, Germany) (Through KPIT Technologies GmbH, Germany) |
| | CPG Solutions, LLC USA (Through KPIT Infosystems Inc. USA) |
| | Sparta Consulting Inc., USA (Through KPIT Infosystems Inc. USA) |
| | KPIT Technologies Soluções Em Informática Ltda. (erstwhile KPIT Infosystem (Brasil) Servicos De Tecnologia e Participacoes Ltda.) (Through KPIT Infosystems Inc. USA) |
| | Integrated Industrial Information Inc. (Through KPIT Infosystems Inc. USA) |
| | SYSTIME Global Solutions LTDA, Brazil (Through SYSTIME Computer Corporation, USA) |
| | KPIT Technologies Corporation (erstwhile SYSTIME Global Solutions Inc., Canada) (Through SYSTIME Computer Corporation, USA) |
| Associate Company | GAIA System Solution Inc (till 12 March, 2014) |

Notes forming part of the financial statements

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

| Relationship | Name of related party |
|---|--|
| Key Management Personnel (KMP) | Mr. S.B.(Ravi) Pandit |
| | Mr. Kishor Patil |
| | Mr. Sachin Tikekar |
| | Mr. Anil Patwardhan |
| | Mr. Swaminathan R |
| Relative of KMP | Mr. Chinmay Pandit |
| | Mrs. Jayada Pandit |
| | Mr. Shreyas Patwardhan |
| Enterprise over which KMP has significant influence | KP Corporate Solutions Limited Kirtane & Pandit (Chartered Accountants) |

C. Transactions with related parties

| Sr. No. | Name of related party | FY 2014-15 | | FY 2013-14 | |
|---------|---|--|---|--|---|
| | | Amount of transactions during the year (₹) | Balance as on 31 March, 2015 Debit/(Credit) (₹) | Amount of transactions during the year (₹) | Balance as on 31 March, 2014 Debit/(Credit) (₹) |
| 1 | KPIT Technologies (UK) Ltd. | | | | |
| | Investment in equity | 195,382,023 | 827,084,402 | NIL | 631,702,379 |
| | Loan granted to subsidiary | 74,000,000 | | NIL | |
| | Interest on Loan | 1,036,973 | 68,514,077 | NIL | NIL |
| | Sales | 875,295,681 | | 591,327,658 | |
| | Reimbursement revenue | 29,005,332 | 396,621,946 | 29,796,482 | 424,666,865 |
| | Software service charges | 206,210 | (200,667) | NIL | NIL |
| | Advance given (net) | 14,272,999 | | NIL | |
| | Reimbursement of expenses (net) | 38,525,947 | 19,214,270 | 11,281,278 | 10,945,523 |
| 2 | KPIT Technologies France | | | | |
| | Investment in equity | NIL | 215,968,508 | NIL | 215,968,508 |
| | Sales | 344,531,282 | | 301,938,538 | 126,308,504 |
| | Reimbursement revenue | 12,760,691 | 61,031,490 | 9,531,765 | |
| | Reimbursement of expenses (net) | 12,246,333 | 6,236,138 | 3,937,634 | (14,379,684) |
| 3 | KPIT Technologies GmbH, Germany | | | | |
| | Sales | 499,812,435 | | 653,728,057 | |
| | Reimbursement revenue | 9,326,777 | 201,383,430 | 15,663,663 | 330,855,751 |
| | Software service charges | 118,461,029 | (66,004,859) | NIL | NIL |
| | Advance given (net) | 6,756,835 | | NIL | |
| | Reimbursement of expenses (net) | 13,338,459 | 6,486,377 | 17,265,042 | (44,715,269) |
| 4 | KPIT Infosystems Inc., USA | | | | |
| | Investment in equity | 727,320,000 | 2,879,168,985 | NIL | 2,151,848,985 |
| | Sales | 2,988,506,637 | | 3,582,746,916 | |
| | Reimbursement revenue | 102,261,712 | 1,492,890,870 | 44,161,109 | 1,460,642,017 |
| | Software service charges | 1,878,374 | (1,786,527) | NIL | NIL |
| | Advance given (net) | 17,208,535 | | NIL | |
| | Reimbursement of expenses (net) | 213,547,246 | 63,498,887 | 167,844,521 | 56,551,994 |
| | Repayment of loan granted to subsidiary | 152,283,534 | NIL | 14,389,981 | NIL |
| | Loan granted to subsidiary | - | | 504,223,000 | |
| | Interest on Loan | 33,731,276 | 642,519,245 | 19,353,870 | 740,383,209 |
| 5 | Sparta Consulting Inc., USA | | | | |
| | Sales | 472,054,278 | 366,581,902 | 131,327,040 | 124,232,171 |
| | Reimbursement of expenses (net) | NIL | 1,185,000 | 6,691,672 | 6,625,690 |

Notes forming part of the financial statements

| Sr. No. | Name of related party | FY 2014-15 | | FY 2013-14 | |
|---------|---|--|---|--|---|
| | | Amount of transactions during the year (₹) | Balance as on 31 March, 2015 Debit/(Credit) (₹) | Amount of transactions during the year (₹) | Balance as on 31 March, 2014 Debit/(Credit) (₹) |
| 6 | KPIT (Shanghai) Software Technology Co. Limited, China | | | | |
| | Investment in equity | 27,740,900 | 96,836,900 | NIL | 69,096,000 |
| | Sales | 17,059,236 | 16,210,375 | 8,659,981 | 1,567,310 |
| | Reimbursement revenue | 119,362 | | NIL | |
| | Advance given (net) | 309,250 | NIL | NIL | (1,214) |
| | Reimbursement of expenses (net) | 38,065 | | 1,257 | |
| 7 | KPIT Global Solutions Limited | | | | |
| | Investment in equity | NIL | NIL | 1,348,752,500 | 2,844,712,715 |
| | Investment in preference shares | NIL | NIL | NIL | 278,130,000 |
| | Advance received | NIL | NIL | 20,811,649 | (501,649) |
| 8 | KPIT Technologies Corporation, Canada | | | | |
| | Sales | 105,946,559 | 30,946,947 | NIL | NIL |
| | Reimbursement revenue | 57,052 | | NIL | |
| | Advance given (net) | 4,223,365 | 908,235 | NIL | (52,896,391) |
| | Reimbursement of expenses (net) | NIL | | 52,896,391 | |
| 9 | KPIT Infosystems ME FZE, Dubai | | | | |
| | Investment in Equity | NIL | 25,411,424 | NIL | NIL |
| | Sales | 38,128,851 | NIL | NIL | NIL |
| | Reimbursement revenue | 1,043,256 | | NIL | |
| | Advance given (net) | 3,056,446 | 2,305,395 | NIL | 487,883 |
| | Reimbursement of expenses (net) | 105,185 | | 508,710 | |
| 10 | KPIT Infosystems ME FZE (Australia Branch) | | | | |
| | Sales | 605,432 | 24,868,427 | NIL | NIL |
| | Reimbursement revenue | 25,651,000 | | NIL | NIL |
| | Reimbursement of expenses (net) | 14,854,281 | 15,839,749 | 394,502 | 392,178 |
| 11 | KPIT Infosystems ME FZE (Korea Branch) | | | | |
| | Sales | 18,791,460 | 18,886,510 | NIL | NIL |
| | Reimbursement revenue | 38,203 | | NIL | |
| | Advance given (net) | 345,680 | 5,501,746 | NIL | NIL |
| | Reimbursement of expenses (net) | 11,297,315 | | NIL | |
| 12 | KPIT Technologies Netherlands B.V. | | | | |
| | Investment in Equity | NIL | 34,300,000 | NIL | 34,300,000 |
| | Sales | 121,047,173 | 34,161,238 | 104,494,074 | 29,583,891 |
| | Reimbursement revenue | 896,643 | | NIL | 411,583 |
| | Reimbursement of expenses (net) | 166,805 | NIL | 1,074,887 | |
| 13 | KPIT Technologies Soluções Em Informática Ltda. | | | | |
| | Investment in Equity | NIL | 40,666 | NIL | 40,666 |
| | Software service charges | 9,504,534 | (9,487,326) | NIL | NIL |
| 14 | KPIT Infosystems Limited Filial UK, Sweden | | | | |
| | Sales | 73,132,023 | 23,497,933 | 60,115,984 | 45,980,933 |
| | Reimbursement revenue | 924,777 | | 274,975 | |
| | Advance given (net) | 1,733,102 | 494,965 | NIL | NIL |
| | Reimbursement of expenses (net) | 295,536 | | 118,160 | (107,077) |

Notes forming part of the financial statements

| Sr. No. | Name of related party | FY 2014-15 | | FY 2013-14 | |
|---------|---|--|---|--|---|
| | | Amount of transactions during the year (₹) | Balance as on 31 March, 2015 Debit/(Credit) (₹) | Amount of transactions during the year (₹) | Balance as on 31 March, 2014 Debit/(Credit) (₹) |
| 15 | SYSTIME Computer Corporation, USA | | | | |
| | Investment in Equity | NIL | 469,363,000 | NIL | NIL |
| | Sales | 1,502,290,556 | 1,115,598,003 | NIL | NIL |
| | Reimbursement revenue | 40,462,269 | | NIL | NIL |
| | Advance given (net) | 1,500,147 | 39,119,751 | NIL | NIL |
| | Reimbursement of expenses (net) | 170,692,831 | | NIL | |
| 16 | Impact Automotive Solutions Limited | | | | |
| | Investment in Equity | 20,000,000 | 276,885,018 | 50,000,000 | 149,049,980 |
| | Share application money | (20,000,000) | NIL | 20,000,000 | 20,000,000 |
| | Reimbursement of expenses (net) | 5,481,004 | 1,555,624 | 19,129,633 | 4,264,528 |
| | Purchase of Components | 633,191 | (14,451) | 5,084,208 | 5,886,741 |
| | Rent and administration charges | 3,464,010 | NIL | 1,540,000 | NIL |
| | Sales | 229,214 | 206,293 | 309,440 | 309,440 |
| 17 | GAIA System Solution Inc. | | | | |
| | Sales | NIL | NIL | 39,935,693 | 26,475,618 |
| | Commission expenses | NIL | NIL | 7,914,979 | 7,914,979 |
| 18 | KP Corporate Solutions Ltd. | | | | |
| | Sales | 2,900,000 | 3,258,440 | 3,258,440 | 1,629,220 |
| | Professional Fees | 1,095,555 | (65,825) | 1,786,616 | 15,874 |
| 19 | Mr. S. B. (Ravi) Pandit | | | | |
| | Management services fees | NIL | NIL | 13,077,729 | NIL |
| | Salary | 16,140,542 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 1,647,413 | (700) | 1,425,047 | NIL |
| 20 | Mr. Kishor Patil | | | | |
| | Salary | 9,362,038 | NIL | 9,191,903 | NIL |
| | Reimbursement of expenses (net) | 2,310,673 | (38,994) | 2,329,924 | NIL |
| 21 | Mr. Sachin Tikekar | | | | |
| | Salary | 11,539,861 | NIL | 9,573,810 | NIL |
| | Reimbursement of expenses (net) | 5,542,196 | NIL | 4,061,081 | NIL |
| 22 | Mr. Chinmay Pandit | | | | |
| | Salary | 3,415,888 | NIL | 3,419,835 | NIL |
| | Reimbursement of expenses (net) | 396,580 | (1,850) | 301,440 | (12,658) |
| 23 | Mrs. Jayada Pandit | | | | |
| | Salary | 392,718 | NIL | 1,439,442 | NIL |
| | Reimbursement of expenses (net) | 3,751 | NIL | 1,762 | NIL |
| 24 | Mr. Anil Patwardhan (from 1 April 2014) | | | | |
| | Salary | 6,861,915 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 711,325 | NIL | NIL | NIL |
| 25 | Mr. Swaminathan R (from 1 April 2014) | | | | |
| | Salary | 3,826,290 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 375,301 | (10,463) | NIL | NIL |
| 26 | Mr. Shreyas Patwardhan (from 1 April 2014) | | | | |
| | Salary | 465,046 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 18,600 | NIL | NIL | NIL |

Note : Remuneration excludes provision for employee benefits as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

Notes forming part of the financial statements

41. Lease transactions

1) Finance leases

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 the yearend is as follows :

| Particulars | FY 2014-15 | FY 2013-14 |
|---|------------------|----------------|
| Minimum lease payments | | |
| - not later than one year | 1,090,416 | 802,785 |
| - later than one year and not later than five years | 3,089,512 | NIL |
| - later than five years | NIL | NIL |
| Total minimum lease payments | 4,179,928 | 802,785 |
| Amount representing future interest | 703,665 | 24,673 |
| Present value of minimum lease payments | 3,476,263 | 778,112 |
| - not later than one year | 785,988 | 778,112 |
| - later than one year and not later than five years | 2,690,275 | NIL |
| - later than five years | NIL | NIL |

2) Operating leases

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 2014-15 | FY 2013-14 |
|---|--------------------|--------------------|
| Minimum lease payments | | |
| - Not later than one year | 131,072,810 | 100,347,895 |
| - later than one year and Not later than five years | 196,047,778 | 82,817,460 |
| - later than five years | 38,566,083 | NIL |
| Total | 365,686,671 | 183,165,355 |

Rental expenses (net of recoveries / reimbursements) of ₹ 150,266,683 (Previous year ₹ 107,002,060) in respect of obligation under operating leases have been recognized in the Statement of Profit and Loss.

42. Basic and diluted earnings per share

| Particulars | | FY 2014-15 | FY 2013-14 |
|--|---------------|---------------|---------------|
| Nominal value per equity share | ₹ | 2.00 | 2.00 |
| Profit without the profit pursuant to scheme of amalgamation | ₹ | 1,520,440,230 | 1,491,572,539 |
| Profit without the profit pursuant to scheme of amalgamation attributable to equity shareholders | ₹ | 1,520,440,230 | 1,491,572,539 |
| Weighted average number of equity shares | No. of shares | 189,671,704 | 187,194,012 |
| Earnings per share before profit on account of amalgamation - Basic | ₹ | 8.02 | 7.97 |
| Profit with the profit pursuant to scheme of amalgamation | ₹ | 2,014,108,592 | 1,696,464,614 |
| Profit with the profit pursuant to scheme of amalgamation attributable to equity shareholders | ₹ | 2,014,108,592 | 1,696,464,614 |
| Earnings per share after profit on account of amalgamation - Basic | ₹ | 10.62 | 9.06 |
| Effect of dilutive potential equity shares- | | | |
| Employee stock options (including shares held by Employee Welfare Trust) | No. of shares | 9,935,111 | 5,061,958 |
| Weighted average number of diluted equity shares | No. of shares | 199,606,815 | 192,255,970 |
| Earnings per share before profit on account of amalgamation - Diluted | ₹ | 7.62 | 7.76 |
| Earnings per share after profit on account of amalgamation - Diluted | ₹ | 10.09 | 8.82 |

Notes forming part of the financial statements

- 43.** Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 78,205,605 (Previous year ₹ 61,312,373) has been incurred by the Company and disclosed under appropriate account heads.

The Company has received approval from Department of Scientific and Industrial Research, Ministry of science and technology DSIR on 2 June 2011 for its Research and Development (R&D) facility at its premise in Hinjewadi which is effective from 1 April 2014 to 31 March 2018.

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

| Particulars | FY 2014-15 | FY 2013-14 |
|--|------------|------------|
| R&D expenditure debited to statement of Profit and Loss | 78,205,605 | 61,312,373 |
| Capital expenditure : R & D projects | | |
| Revolvo | NIL | 68,198,501 |
| Infotainment | NIL | 51,621,106 |
| Bus Hybrid, Linux and Autosar | 72,733,838 | NIL |

The Company has set up a new facility for its R & D activities, construction of which was completed on 1 March 2015. Total capital expenditure on this facility is as follows, which is disclosed in respective fixed assets blocks:

| Particulars | FY 2014-15 | FY 2013-14 |
|------------------------|------------|------------|
| Building | 56,724,017 | Nil |
| Computers | 6,344,913 | Nil |
| Plant and Machinery | 16,971,900 | Nil |
| Furniture and Fixtures | 14,233,774 | Nil |

- 44.** Details of provisions and movements in each class of provisions as required by the Accounting Standard 29 - Provisions, Contingent liabilities and Contingent assets

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, from the date of sale of license of software to Tier I suppliers. The movement in the said provision is as under :

| Particulars | FY 2014-15 | FY 2013-14 |
|---|------------|------------|
| Carrying amount as at the beginning of the year | 14,935,680 | 19,166,080 |
| Additional provision made during the year | 4,915,560 | 7,783,200 |
| Amount paid/utilized during the year | NIL | NIL |
| Unused amount reversed during the year | 9,799,960 | 12,013,600 |
| Carrying amount at the end of the year | 10,051,280 | 14,935,680 |

45. Stock option plans

- 1 Employee Stock Option Scheme (ESOS) - 1998 (through KPIT Technologies Limited Employee Welfare Trust)

The ESOS was approved by the Board of Directors of the Company on 23 November 1998 and thereafter by the shareholders on 30 November 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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | 200 | 500 |
| Granted during the year | - | - |
| Exercised during the year | 200 | 300 |
| Cancelled / lapsed during the year | - | - |
| Options granted, end of year | - | 200 |

Notes forming part of the financial statements

2 Employee Stock Option Plan- 2004 (through KPIT Technologies Limited Employee Welfare Trust)

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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | 2,133,241 | 2,780,277 |
| Granted during the year | - | - |
| Exercised during the year | 618,602 | 455,359 |
| Cancelled / lapsed during the year | 469,375 | 191,677 |
| Options granted, end of year | 1,045,264 | 2,133,241 |

3 Employee Stock Option Plan - 2006 (through KPIT Technologies Limited Employee Welfare Trust)

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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | 6,036,302 | 7,279,800 |
| Granted during the year | 61,000 | 400,000 |
| Exercised during the year | 1,925,439 | 1,229,094 |
| Cancelled / lapsed during the year | 338,484 | 414,404 |
| Options granted, end of year | 3,833,379 | 6,036,302 |

4 Employee Stock Option Plan - 2014 (through KPIT Technologies Limited Employee Welfare Trust)

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan at their meeting in February 2014 and in April 2014, respectively. Pursuant to this approval, the Company instituted ESOP 2014 Plan in April 2014. 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 linked to continued association with the Company. The options would vest not earlier than one year and not later than five years 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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | - | - |
| Granted during the year | 395,000 | - |
| Exercised during the year | - | - |
| Cancelled / lapsed during the year | - | - |
| Options granted, end of year | 395,000 | - |

Notes forming part of the financial statements

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

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 ₹ 57,995,092 (Previous Year ₹ 50,064,078) and earnings per share as reported would be lower as indicated below:

| Particulars | FY 2014-15 | FY 2013-14 |
|---|---------------|---------------|
| Net profit after tax (without profit pursuant to scheme of amalgamation) | 1,520,440,230 | 1,491,572,539 |
| Add: Total stock based compensation expense determined under intrinsic value based method | NIL | NIL |
| Less: Total stock based compensation expense determined under fair value based method | 57,995,092 | 50,064,078 |
| Adjusted net profit | 1,462,445,138 | 1,441,508,461 |
| Basic earnings per share (in ₹) | | |
| - As reported | 8.02 | 7.97 |
| - Adjusted | 7.71 | 7.70 |
| Diluted earnings per share (in ₹) | | |
| - As reported | 7.62 | 7.76 |
| - Adjusted | 7.33 | 7.50 |

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

| Particulars | FY 2014-15 | FY 2013-14 |
|--------------------------------|------------|------------|
| ESOP 2006 Scheme | | |
| 1. Risk free interest rate (%) | 8.53% | 7.54% |
| 2. Expected life | 3.60 years | 3.60 years |
| 3. Expected volatility (%) | 39.95% | 45.97% |
| 4. Dividend yield (%) | 0.60% | 0.95% |

| Particulars | FY 2014-15 | FY 2013-14 |
|--------------------------------|------------|------------|
| ESOP 2014 Scheme | | |
| 1. Risk free interest rate (%) | 8.75% | - |
| 2. Expected life | 2.99 years | - |
| 3. Expected volatility (%) | 39.79% | - |
| 4. Dividend yield (%) | 0.63% | - |

46. Disclosure of interest in joint venture

During the year, the Company has purchased the remaining stake in its joint venture Impact Automotive Solutions Limited with effect from 1 July, 2014. The interest of the Company as at 31 March, 2014 and its percentage of holding is given below :

| Name of the Company | Country of incorporation | As at 31 March, 2014 |
|---|--------------------------|----------------------|
| Impact Automotive Solutions Limited (JV with Bharat Forge Limited) | India | 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 31 March, 2014 |
|---------------------------------------|--|
| Reserves and surplus | (72,796,290) |
| Non-current liabilities | |
| (a) Long term provisions | 37,823 |
| Current liabilities | |
| (a) Trade payables | 4,164,981 |
| (b) Other current liabilities | 24,555,098 |
| (c) Short term provisions | 67,172 |
| Total liabilities | 28,825,074 |
| Non-current assets | |
| (a) Fixed assets | 26,410,016 |
| (b) Long-term loans and advances | 13,389,762 |
| Current assets | |
| (a) Inventories | 10,921,084 |
| (b) Trade receivables | 2,943,371 |
| (c) Cash and cash equivalents | 46,538,718 |
| (d) Short-term loans and advances | 4,875,834 |
| Total assets | 105,078,785 |
| Particulars | For the year ended 31 March, 2014 |
| Revenue from operations | 2,766,992 |
| Other income | 2,153,162 |
| Total revenue | 4,920,154 |
| Expenses | |
| Cost of material consumed | 3,425,165 |
| Depreciation and amortization expense | 7,191,370 |
| Employee benefit expenses | 5,585,096 |
| Other expenses | 23,871,677 |
| Tax expense | 90,500 |
| Total expenses | 40,163,808 |
| Contingent liabilities | NIL |
| Capital commitments | 682,413 |

47. Other disclosures and explanatory notes

1. The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act 1961. The Company is in the process of updating the documentation for the Financial Year 2014-2015.

The management is of the opinion that international transactions are at arm's length and accordingly the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

2. Final dividend

The Company allotted 802,768 equity shares against exercise of options by the employees, after 31 March, 2014 and before the Book closure for the Annual General Meeting held for financial year 2013-14. The Company paid dividend of ₹ 924,184 on these shares as approved by the shareholders at the Annual General Meeting held on 25 July, 2014.

3. The Company has consolidated the KPIT Technologies Limited Employee Welfare Trust.
4. During the previous year the Company had disinvested its stake in an associate for ₹ 122,410,304.

Notes forming part of the financial statements

5. During the previous year ended 31 March, 2014, the Company merged its wholly owned subsidiary Sparta Infotech India Private Limited vide scheme of amalgamation approved by Hon'ble High Court of Bombay via order dated 30 January, 2014 with effective date from 1 April, 2012
6. The Hon'ble High Court of Bombay has approved the Scheme of Amalgamation of KPIT Global Solutions Limited, a wholly owned subsidiary, with the Company, vide order dated 28 August, 2014 and therefore, KPIT Global Solutions Limited has ceased to exist as a separate company. KPIT Global Solutions Limited became wholly owned subsidiary upon payment of consideration for the balance equity shares of the company during the quarter ended 30 June, 2013.

| | |
|---|--|
| Name | KPIT Global Solutions Limited |
| General Nature of Business | Sale of JD Edwards software and its implementation, consultancy, maintenance and support services. |
| Effective date of amalgamation for accounting purposes | 1 April, 2013 |
| Method of accounting used to reflect the amalgamation | Refer note 'a' below |
| Particulars of Scheme | Refer note 'a' below |
| Description and number of shares issued | Nil |
| % of Company's equity shares exchanged | Nil |
| Treatment of difference between consideration and value of net identifiable assets acquired | Refer note 'a' below |

a) Details of the scheme

- i. With effect from the appointed date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required by the law, all the assets and liabilities including reserves, if any, of the Transferor Company shall be recorded in the books of the Transferee Company at the book values as recorded in the books of the Transferor Company as per Accounting Standard 14 - Accounting for Amalgamations following pooling of interest method.
- ii. The balance in reserves and surplus account of the Transferor Company as on the Appointed Date shall be transferred to the corresponding reserves in the Transferee Company. In other words, identity of reserves of the Transferor Company shall be preserved.
- iii. The balance of the Profit and Loss Account of the Transferor Company should be aggregated with the balance of the Profit and Loss Account of the Transferee Company.
- iv. In case of any difference in the accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- v. The difference between the value of the investment in the books of the Transferee Company for the equity and preference shares in the Transferor Company and the amount recorded as Share Capital in the books of the Transferor Company will be debited to Reserves. Accordingly, the Company has debited General reserve to the extent available i.e. ₹1,386,966,443 and the balance of ₹ 1,362,021,042 has been debited to the Statement of Profit and Loss.

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and the cost of investment.

| Assets | Amount (₹) |
|--------------------------------------|----------------------|
| Fixed assets/Intangible assets (net) | 70,967,019 |
| Non-current investments | 494,774,434 |
| Deferred tax asset | 22,366,567 |
| Long-term loans & advances | 141,001,660 |
| Current investments | 80,702,721 |
| Trade receivables | 1,108,356,874 |
| Cash & bank balances | 18,040,835 |
| Short-term loans & advances | 31,668,946 |
| Other current assets | 24,563,687 |
| Total | 1,992,442,743 |

Notes forming part of the financial statements

| Liabilities | Amount (₹) |
|---------------------------|--------------------|
| Long-term provisions | 25,015,880 |
| Short-term borrowings | 54,089,820 |
| Trade payables | 41,866,970 |
| Other current liabilities | 94,892,279 |
| Short-term provisions | 20,013,406 |
| Total | 235,878,355 |

| Difference between cost of investment and share capital as adjusted in Reserves : | |
|---|----------------------|
| - General reserves | 1,386,966,443 |
| - Profit and loss account | 1,362,021,042 |
| Total | 2,748,987,485 |

Pursuant to the said scheme of amalgamation, all assets and liabilities including intangible assets of KPIT Global Solutions Limited have got amalgamated with KPIT Technologies Limited. Resultant excess consideration paid towards acquisition of KPIT Global Solution Limited's established customers and their business in JD Edward space, customer's contracts from manufacturing vertical and market accepted and tested JD Edwards Practice knowhow along with the market reputation built by them over years and acceptance it enjoyed along with goodwill and JDE practice know how was ₹ 1,885,780,717 arising on the appointed date.

As mentioned above, the Hon'ble High Court of Bombay has approved the Scheme of Amalgamation of KPIT Global Solutions Limited with the Company, vide Order dated 28 August 2014. Accordingly, the figures for the current year include the annual figures of KPIT Global Solutions Limited and as such are not comparable to the previous year figures.

As the effective date of amalgamation for accounting purpose is 1 April 2013, the profits after tax of KPIT Global Solutions Limited for the year ended 31 March 2014, have been recorded in the Company's Statement of Profit and Loss.

7. The tax expense for the current period includes credit of ₹ 72,425,476 for matters pertaining to earlier years.
- 7A. The Company has spent ₹ 10,769,669 during FY 2014-15 towards Corporate Social Responsibility.
8. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

| Particulars | Amount as per audited financial statement as on 31 March 2014 | Amount regrouped in current year comparative | Regrouping details |
|------------------------------------|---|--|---|
| Note 9 - Short term provisions | 507,617,970 | 214,882,637 | Included in "MAT Credit Entitlement" under note 13 - Long term loans and advances |
| Note 25 - Employee benefit expense | 4,458,720,372 | 164,383,709 | Included in "Software services" under note 21 - Revenue from operations |
| Note 27 - Other expenses | 2,136,358,897 | 237,762,710 | Included in "Software services" under note 21 - Revenue from operations |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Independent Auditors' Report

To the Members of
KPIT Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KPIT Technologies Limited ("the Company") and its subsidiaries collectively referred to as 'the Group', which comprise the consolidated Balance Sheet as at 31 March, 2015, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 Group's preparation and fair presentation of the consolidated 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 separate financial statements and other financial information of certain subsidiaries referred to below in the Other Matters paragraph, the 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 31 March, 2015;
- (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 certain subsidiaries, whose financial statements reflect the Group's share of total assets of ₹ 474,003,021 as at 31 March, 2015 and total revenues of ₹ 359,577,240 and cash inflows of ₹ 20,126,707 for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Juzer Miyajiwala
Partner
Membership No.: 047483

Place: Pune
Date: 28 April, 2015

Consolidated Balance Sheet

(Currency - Indian Rupees)

| | Note | As at 31 March, 2015 | As at 31 March, 2015 |
|--|--------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 376,130,722 | 370,989,440 |
| Reserves and surplus | 3 | 12,577,716,026 | 12,365,379,442 |
| | | 12,953,846,748 | 12,736,368,882 |
| Share application money pending allotment | 29 | 7,652,081 | 14,844,492 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 779,851,420 | 1,300,524,059 |
| Long term provisions | 5 | 423,300,988 | 233,158,560 |
| | | 1,203,152,408 | 1,533,682,619 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 3,677,158,279 | 3,089,338,277 |
| Trade payables | 7 | 1,307,637,453 | 1,020,568,060 |
| Other current liabilities | 8 | 2,942,021,469 | 2,258,948,484 |
| Short-term provisions | 9 | 609,217,780 | 795,246,039 |
| | | 8,536,034,981 | 7,164,100,860 |
| Total | | 22,700,686,218 | 21,448,996,853 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible fixed assets | 10A | 1,599,368,299 | 1,418,182,738 |
| Intangible fixed assets | 10B | 608,301,073 | 719,999,821 |
| Capital work-in-progress | | 34,457,194 | 22,672,509 |
| Intangible assets under development | | 86,074,187 | - |
| Goodwill (on consolidation) | | 5,087,925,336 | 5,994,097,598 |
| Non-current investments | 11 | 224,721,781 | 117,554,380 |
| Deferred tax assets (net) | 12 | 519,911,335 | 289,249,560 |
| Long term loans and advances | 13 | 1,266,456,178 | 886,752,176 |
| Other non-current assets | 14 | 124,570,671 | 103,146,260 |
| | | 9,551,786,054 | 9,551,655,042 |
| Current assets | | | |
| Current investments | 15 | 590,378,798 | 1,741,294,664 |
| Inventories | 16 | 228,771,427 | 34,259,768 |
| Trade receivables | 17 | 6,978,699,154 | 6,743,008,536 |
| Cash and bank balances | 18 | 3,637,544,111 | 1,907,893,476 |
| Short-term loans and advances | 19 | 681,116,838 | 743,943,857 |
| Other current assets | 20 | 1,032,389,836 | 726,941,510 |
| | | 13,148,900,164 | 11,897,341,811 |
| Total | | 22,700,686,218 | 21,448,996,853 |
| Significant accounting policies | 1 | | |
| Notes referred to above form an integral part of the consolidated financial statements | 2 - 41 | | |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Consolidated Statement of Profit and Loss

(Currency - Indian Rupees)

| | Note | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------|--------------------------------------|--------------------------------------|
| Revenue from operations | 21 | | |
| Sale of services | | 28,767,960,685 | 26,915,724,548 |
| Sale of products | | 1,255,853,770 | 27,389,788 |
| Less: Excise duty | | 124,640,005 | 2,716,983 |
| Sale of products (net) | | 1,131,213,765 | 24,672,805 |
| Other income | 22 | 351,785,357 | 328,965,841 |
| Total revenue | | 30,250,959,807 | 27,269,363,194 |
| Expenses | | | |
| Cost of materials consumed | 23 | 848,763,643 | 28,742,286 |
| Changes in inventories of finished goods and work-in-progress | 24 | 2,830,269 | (3,024,315) |
| Employee benefits expense | 25 | 17,419,550,140 | 13,804,030,240 |
| Finance costs | 26 | 259,833,453 | 257,686,196 |
| Depreciation and amortization | 10 | 851,348,714 | 539,534,621 |
| Other expenses | 27 | 8,383,964,316 | 9,334,479,041 |
| Total expenses | | 27,766,290,535 | 23,961,448,069 |
| Profit before exceptional items and tax | | 2,484,669,272 | 3,307,915,125 |
| Exceptional items (Refer note 41(3)) | | - | 122,410,304 |
| Profit before tax | | 2,484,669,272 | 3,430,325,429 |
| Tax expenses | | | |
| Current tax (Refer note 41(5)) | | 280,023,051 | 1,159,416,505 |
| Deferred tax charge | | (165,228,125) | (218,593,570) |
| Total tax expenses | | 114,794,926 | 940,822,935 |
| Profit for the year | | 2,369,874,346 | 2,489,502,494 |
| Earnings per equity share (face value per share ₹ 2 each) | | | |
| Basic | 36 | 12.49 | 13.30 |
| Diluted | 36 | 11.87 | 12.95 |
| Significant accounting policies | 1 | | |
| Notes referred to above form an integral part of the consolidated financial statements | 2 - 41 | | |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Consolidated Cash Flow Statement

(Currency - Indian Rupees)

| PARTICULARS | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 2,484,669,272 | 3,430,325,429 |
| Adjustments for | | |
| (Profit) on sale of fixed assets (net) | (2,312,759) | (452,604) |
| Depreciation / Amortization / Diminution | 851,348,714 | 539,534,621 |
| Interest expense | 164,691,640 | 181,991,906 |
| Interest income | (46,948,944) | (30,023,855) |
| Dividend income | (50,335,824) | (127,886,159) |
| Exchange differences on translation of foreign currency cash and cash equivalents | 10,617,635 | 3,627,752 |
| Unrealised foreign exchange loss/(gain) | (115,947,879) | 176,524,320 |
| Amortisation of ESOP expenses | 9,628,081 | - |
| Profit on sale of Business Assets | - | (122,410,304) |
| Operating Profit before working capital changes | 3,305,409,936 | 4,051,231,106 |
| Adjustments for changes in working capital: | | |
| Increase / (Decrease) in Long Term Provisions | 190,104,605 | 90,904,246 |
| Increase / (Decrease) in Trade Payables | 230,289,475 | (178,749,856) |
| Increase / (Decrease) in Other Current Liabilities | 446,205,245 | 417,226,920 |
| Increase / (Decrease) in Short Term Provisions | (60,857,663) | (11,356,140) |
| (Increase) / Decrease in Long term Loans and Advances | (22,609,793) | 57,692,361 |
| (Increase) / Decrease in Other Non Current Asset | - | (69,827,760) |
| (Increase) / Decrease in Inventories | (183,202,019) | (34,259,768) |
| (Increase) / Decrease in Trade Receivables | (64,307,830) | (2,048,598,473) |
| (Increase) / Decrease in Short term Loans and Advances | 172,107,696 | (142,742,193) |
| (Increase) / Decrease in Other Current Assets | (342,310,753) | 189,659,816 |
| Cash generated from operations | 3,670,828,899 | 2,321,180,259 |
| Income taxes paid | (776,774,684) | (1,291,344,024) |
| Net cash from operating activities (A) | 2,894,054,215 | 1,029,836,235 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (913,351,471) | (689,043,771) |
| Proceeds from Sale of Fixed Assets | 7,351,025 | 5,133,333 |
| Investment in Equity Shares | (1,182,393,146) | (1,461,887,448) |
| Purchase of shares from minority shareholders | - | (270,242,037) |
| Sale of Mutual Fund Investments | 1,150,915,866 | 295,125,761 |
| Proceeds from Sale of Business Assets | - | 122,410,304 |
| Interest received | 47,110,473 | 27,367,861 |
| Dividend received from Mutual Fund Investments | 50,335,824 | 127,886,159 |
| Fixed Deposit with banks (net) having maturity over three months | (279,955,759) | (64,776,683) |
| Net Cash (used in) investing activities (B) | (1,119,987,188) | (1,908,026,521) |

Consolidated Cash Flow Statement

(Currency - Indian Rupees)

| PARTICULARS | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long term loan from banks | 123,331,925 | 191,246,500 |
| Repayment of Long term loan from banks | (657,203,400) | (181,168,482) |
| Proceeds from Long term loan from other than banks | - | (100,231,244) |
| Repayment of Long term loan from other than banks | (43,283,671) | (38,375,924) |
| Proceeds from issue of Share Capital and application money | 141,407,518 | 75,015,341 |
| Proceeds from Working Capital loan (net) | 473,675,081 | 1,176,019,617 |
| Proceeds from / (payments for) shares issued / purchased by Employee Welfare Trust (net) | (29,705,602) | 43,856,839 |
| Dividend paid including corporate dividend tax | (241,505,470) | (197,207,340) |
| Interest and finance charges paid | (170,060,022) | (178,927,018) |
| Net cash from / (used in) financing activities (c) | (403,343,641) | 790,228,289 |
| D Exchange differences on translation of foreign currency cash and cash equivalents | (10,617,635) | (3,627,752) |
| Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D) | 1,360,105,751 | (91,589,749) |
| Cash & cash equivalents at close of the year (Refer note 1 below) | 3,280,221,777 | 1,810,502,478 |
| Cash & cash equivalents at beginning of the year (Refer note 1 below) | 1,810,502,478 | 1,891,264,176 |
| Less : Cash & cash equivalents on acquisition of subsidiaries | 109,613,548 | 10,828,051 |
| Cash Surplus / (deficit) for the year | 1,360,105,751 | (91,589,749) |
| Note 1 : | | |
| Cash and cash equivalents include: | | |
| Cash on hand | 335,857 | 210,782 |
| Cheques in Hand | 38,537,254 | 23,678,725 |
| Balance with banks | | |
| - In current accounts | 2,740,734,181 | 1,684,864,391 |
| - In deposit accounts (with original maturity of 3 months or less) | 500,614,485 | 101,748,580 |
| Total Cash and cash equivalents (also refer note 18) | 3,280,221,777 | 1,810,502,478 |
| Note 2: | | |
| Figures in brackets represent outflows of cash and cash equivalents. | | |
| Note 3: | | |
| The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements | | |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Notes forming part of the consolidated financial statements

Company Overview

KPIT Technologies Limited (“the Company”) is a public company incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange and Bombay Stock Exchange. The Company’s registered office is in Pune and it has subsidiaries across the geographies. Most of the revenue is generated from the export of services.

The Company provides Software Development, global IT consulting and Product Engineering solutions to its clients, predominantly in Automotive & Transportation, Manufacturing and Energy & Utilities verticals. The Company is also engaged in the production of Integrated Systems, under product engineering solutions vertical.

1. Significant accounting policies

1.1 Basis of consolidation

The Consolidated Financial Statements relate to KPIT Technologies Limited (“the Company”) and its subsidiary companies which constitutes “the Group”.

a. Basis of preparation of financial statements

- i. The financial statements of the subsidiary companies, 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 31 March 2015.
- ii. The Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis to comply in all material aspects with all the applicable accounting principles in India including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The Group has adopted the principles of Accounting Standard (AS 30) “Financial Instruments: Recognition and Measurement” issued by the Institute of Chartered Accountants of India (ICAI) to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounts) Rules, 2014 and other authoritative pronouncements. The financial statements are presented in Indian rupees and rounded off to the nearest rupee.

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of the previous year.

Use of estimates

The preparation of financial statements requires the management of the Group to make judgments, 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. Actual results could differ from estimates. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

b. Principles of consolidation:

The Consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies 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. Until the previous year, the consolidated financial statements included the interest in a joint venture which was accounted for using proportionate consolidation. In current year the Company has acquired balance shares and now it is a wholly owned subsidiary of the Company.
- iii. 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.
- iv. 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.

Notes forming part of the consolidated financial statements

c. Following subsidiaries are considered in the consolidated financial statements:

| Sr. No | Name of the subsidiary | Country of Incorporation | % voting power held | |
|------------------------------|--|--------------------------|----------------------|----------------------|
| | | | As at 31 March, 2015 | As at 31 March, 2014 |
| Direct subsidiaries | | | | |
| 1 | KPIT Technologies (UK) Limited (erstwhile KPIT Infosystems Limited) | United Kingdom | 100 | 100 |
| 2 | KPIT Infosystems Inc., USA | United States of America | 100 | 100 |
| 3 | KPIT Technologies France SAS (erstwhile KPIT Infosystems France SAS) | France | 100 | 100 |
| 4 | KPIT (Shanghai) Software Technology Co. Limited, China | China | 100 | 100 |
| 5 | KPIT Technologies Netherlands B.V (erstwhile KPIT Infosystems Netherlands B.V.) | Netherlands | 100 | 100 |
| 6 | SYSTIME Computer Corporation, USA | United States of America | 100 | 100 |
| 7 | KPIT Infosystems ME FZE, Dubai | United Arab Emirates | 100 | 100 |
| 8 | Impact Automotive Solutions Limited (subsidiary w.e.f 01/07/2014) * | India | 100 | 50 |
| 9 | KPIT Global Solutions Limited (merged w.e.f 01/04/2014) ** | India | N.A. | 100 |
| Indirect subsidiaries | | | | |
| 10 | KPIT Technologies GmbH, Germany (Subsidiary of KPIT Technologies (UK) Limited) | Germany | 100 | 100 |
| 11 | CPG Solutions LLC, USA (Subsidiary of KPIT Infosystems Inc., USA) | United States of America | 100 | 100 |
| 12 | KPIT TECHNOLOGIES SOLUÇÕES EM INFORMÁTICA LTDA. (erstwhile KPIT Infosystem (Brasil) Servicos De Tecnologia E Participoes Ltda.) (Subsidiary of KPIT Infosystems Inc., USA) | Brazil | 100 | 100 |
| 13 | Sparta Consulting Inc., USA (Subsidiary of KPIT Infosystems Inc., USA) | United States of America | 100 | 100 |
| 14 | SYSTIME Global Solutions LTDA, Brazil (Subsidiary of SYSTIME Computer Corporation, USA) | Brazil | 100 | 100 |
| 15 | KPIT Technologies Corporation (Subsidiary of SYSTIME Computer Corporation, USA) | Canada | 100 | 100 |
| 16 | KPIT medini Technologies AG (erstwhile IKV++ Technologies AG) (Subsidiary of KPIT Technologies GmbH, Germany) | Germany | 100 | 100 |
| 17 | Integrated Industrial Information Inc. (Subsidiary of KPIT Infosystems Inc. USA w.e.f. 09/05/2014) | United States of America | 100 | Nil |
| 18 | KPIT Solutions GmbH, Germany (Subsidiary of KPIT Technologies GmbH, Germany we.f. 01/11/2014) (erstwhile HD Solutuions GmbH, Germany) | Germany | 100 | Nil |

* Impact Automotive Solutions Limited was joint venture as at 31 March, 2014

** During the year, KPIT Global Solutions Limited was merged with KPIT Technologies Limited

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. Revenue from fixed price contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the proportionate completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenue from the sale of software products is recognized when the sale is completed with the passing of the ownership.

Revenue from sale of goods in the course of ordinary activities is recognized when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognized as revenue is exclusive of sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Interest income is recognized on time proportion basis.

Dividend income is recognized when the 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 Current–non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realized within 12 months after the reporting date; or

- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Group's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The operating cycle of the Group is less than twelve months.

1.5 Fixed assets

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Tangible fixed assets under construction are disclosed as capital work-in-progress.

Intangible fixed assets

Goodwill that arises on an amalgamation or on the acquisition of a business is presented as an intangible asset. Goodwill arising from amalgamation is measured at

Notes forming part of the consolidated financial statements

cost less accumulated amortization and any accumulated impairment loss. Such goodwill is amortized over its estimated useful life or five years whichever is shorter. Goodwill is tested for impairment periodically.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the Statement of Profit and Loss as incurred.

Non-compete fees are amortised on straight line method over the period of the agreement. The estimated useful life of intangible assets is reviewed by management at each Balance Sheet date.

1.6 Depreciation and amortization

Depreciation on tangible fixed assets is provided on the straight-line method over the useful lives of the assets. The estimated useful lives for tangible assets are as follows:

| Type of asset | Useful life (No. of years) |
|---------------------------------------|-------------------------------|
| Buildings ⁽¹⁾ | 25 |
| Plant and equipment ⁽¹⁾ | 3-4 |
| Office Equipment ⁽¹⁾ | 5-10 |
| Owned Vehicle ⁽¹⁾ | 5 |
| Furniture and fixtures ⁽¹⁾ | 7-10 |

⁽¹⁾ For these class of assets, based on internal assessment, the useful lives as given above are believed to best represent the period over which the assets are expected to be used. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Based on the internal evaluation by the Company, the useful life of Buildings has been reassessed from 15 years to 25 years. The impact of this change on the depreciation for the year is not expected to be material.

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

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

Capitalized development costs are amortized over a period of 4 to 5 years.

Improvements to leased premises are amortized over the remaining non-cancellable period of lease.

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 testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Intangible assets which are not yet available for use are tested for impairment periodically. Other fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such a reversal is recognized in the Statement of Profit and Loss.

1.8 Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification.

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.

Notes forming part of the consolidated financial statements

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

1.9 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade, stores and spares, and loose tools are carried at the lower of cost and net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

1.10 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.

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 recognized in the Statement of Profit and Loss on straight line basis over the term of the lease.

1.11 Earnings per share

The Group reports its basic and diluted earnings per share in accordance with Accounting Standard -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.

1.12 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.

b. Derivative instruments and hedge accounting

The Group 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) to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

The use of hedging instruments is governed by the Group's policy approved by the Board of Directors, which provides written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes. The counter party to the Group's foreign currency forward contracts is 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 under hedging reserves and the ineffective portion, if any is recognized immediately in Statement of Profit and Loss.

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.

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.

Notes forming part of the consolidated financial statements

c. Translation of foreign operations

For translating the financial statements of foreign branches and subsidiaries, these are classified into 'integral' and 'non-integral' foreign operations. Integral foreign operations are those which carry on their business as if they were an extension of the Company's operations. Other foreign operations are classified as non-integral.

The financial statements of an integral foreign operation are translated into Indian Rupees as if the transactions of the foreign operation were those of the Company itself. In the case of a non-integral foreign operation, the assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rate and income and expense items are translated at average exchange rates for the month in which the transactions occur. The resulting exchange differences are accumulated in 'foreign currency translation reserve'. On the disposal of a non-integral foreign operation, the cumulative amount of foreign currency translation reserve which relates to that operation is recognized as income or as expense.

1.13 Employee benefits

i) Post-employment benefit plans

Defined benefit plan

The Group's gratuity scheme is a defined benefit plan. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested or amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards

employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Compensated absences

The employees of certain locations can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

ii) Other employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences (which cannot be carried forward) such as paid annual leave, overseas social security contributions and performance incentives.

1.14 Accounting for taxes on income

Income tax

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in the Statement of Profit or Loss. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the

Notes forming part of the consolidated financial statements

corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum alternate tax

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

1.15 Provisions, Contingent liabilities and Contingent assets

The Group 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 provision 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.

Warranty

The Group 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 Group estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

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.

1.17 Employee stock option

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the excess of the market price of the shares, at the date of grant of options, over the exercise price is regarded as employee compensation, and recognized on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

Notes forming part of the consolidated financial statements

Note 2 - Share capital

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Authorised: | | |
| 625,000,000 (Previous year 375,000,000) equity shares of ₹2 each. | 1,250,000,000 | 750,000,000 |
| | 1,250,000,000 | 750,000,000 |
| Issued subscribed and fully paid up: | | |
| 188,065,361 (Previous year 185,494,720) equity shares of ₹2 each fully paid up | 376,130,722 | 370,989,440 |
| | 376,130,722 | 370,989,440 |

2.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | As at 31 March, 2015 | | As at 31 March, 2014 | |
|---|----------------------|-------------|----------------------|-------------|
| | Number of shares | (₹) | Number of shares | (₹) |
| Equity shares | | | | |
| At the beginning of the year | 185,494,720 | 370,989,440 | 192,815,199 | 385,630,398 |
| Add: Shares issued on exercise of employee stock options | 2,589,906 | 5,179,812 | 1,257,008 | 2,514,016 |
| Less: Increase in Shares held by KPIT Technologies Limited Employee Welfare Trust | 19,265 | 38,530 | 8,577,487 | 17,154,974 |
| Outstanding at the end of the year | 188,065,361 | 376,130,722 | 185,494,720 | 370,989,440 |

2.2 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.

2.3 Number of equity shares held by each shareholder holding more than 5% shares in the Company are as follows:

| Name of the shareholders | Number of shares as at 31 March, 2015 | % of shares held | Number of shares as at 31 March, 2014 | % of shares held |
|--------------------------|---------------------------------------|------------------|---------------------------------------|------------------|
| Proficient Finstock LLP | 23,109,330 | 11.75% | 23,109,330 | 11.91% |
| Warhol Limited | 19,483,674 | 9.91% | 18,858,440 | 9.72% |

2.4 5,273,643 equity shares (Previous year 8,169,543) of ₹ 2 each are reserved for issuance towards outstanding employee stock options granted (Refer note 39)

2.5 Aggregate number of equity shares allotted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date - 44,787,985 (Previous year 88,971,438)

2.6 Also refer note 28

Notes forming part of the consolidated financial statements

Note 3 - Reserves and surplus

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Capital reserve | | |
| At the commencement of the year | 23,861,417 | 23,861,417 |
| Add : Additions during the year | 3,852,441 | - |
| | 27,713,858 | 23,861,417 |
| Amalgamation reserve | | |
| At the commencement and at the end of the year | 51,398,256 | 51,398,256 |
| Securities premium account | | |
| At the commencement of the year | 3,705,712,478 | 3,647,476,747 |
| Add : Premium on issue of shares under ESOP scheme | 143,458,647 | 58,235,731 |
| | 3,849,171,125 | 3,705,712,478 |
| Employees stock options outstanding | | |
| At the commencement of the year | 2,143,155 | 2,143,155 |
| Add : Amortized during the year | 9,628,081 | - |
| | 11,771,236 | 2,143,155 |
| General reserve | | |
| At the commencement of the year | 936,957,496 | 78,686,335 |
| Add : Transferred from Statement of Profit and Loss | 152,000,000 | 149,500,000 |
| Add : Transfer from Community Foundation Reserve | - | 74,370,096 |
| Add : Transfer from Technology Fund | - | 299,321,371 |
| Add : Transfer from Employees' Welfare Fund | - | 299,839,922 |
| Add/(Less) : Adjustment under scheme of amalgamation ((Refer note 41(4) & (4A)) | (1,035,747,622) | 35,239,772 |
| | 53,209,874 | 936,957,496 |
| Capital Redemption Reserve | | |
| At the commencement of the year | - | - |
| Add : Transferred from KPIT Global Solutions Limited on amalgamation (Refer note 41(4)) | 40,000,000 | - |
| | 40,000,000 | - |
| Hedging reserve | | |
| At the commencement of the year | 92,437,062 | (260,411,657) |
| Add : (Gain)/ losses transferred to the Statement of Profit and Loss on occurrence of forecasted hedge transaction. | (92,437,062) | 260,411,657 |
| Add : Change in fair value of effective portion of outstanding cash flow hedges | 55,260,541 | 92,437,062 |
| | 55,260,541 | 92,437,062 |
| Surplus in Statement of Profit and Loss | | |
| At the commencement of the year | 7,566,873,515 | 5,782,646,658 |
| Add: Profit for the year | 2,369,874,346 | 2,489,502,494 |
| Less : Adjustment under scheme of amalgamation (Refer note 41(4)) | 1,146,326,608 | - |
| Less : Final dividend paid (Refer note 41(2)) | 924,184 | 274,529 |
| Less : Dividend tax on final dividend paid | 150,261 | 1,387,019 |
| Less : Proposed dividend (Refer note 28) | 216,328,324 | 213,479,428 |
| Less : Dividend tax on proposed dividend | 43,252,685 | 36,280,829 |
| Less: Accumulated deficit of Employee Welfare Trust | 20,286,152 | 304,353,832 |
| Less : Amount transferred to General reserve | 152,000,000 | 149,500,000 |
| | 8,357,479,647 | 7,566,873,515 |

Notes forming part of the consolidated financial statements

Note 3 - Reserves and surplus (Contd.)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| KPIT Cummins Infosystems Limited Community Foundation Reserve | | |
| At the commencement of the year | - | 74,370,096 |
| Less : Transferred to General reserve | - | 74,370,096 |
| | - | - |
| KPIT Cummins Technology Fund | | |
| At the commencement of the year | - | 299,321,371 |
| Less : Transferred to General Reserve | - | 299,321,371 |
| | - | - |
| KPIT Employees' Welfare Fund | | |
| At the commencement of the year | - | 299,839,922 |
| Less : Transferred to General Reserve | - | 299,839,922 |
| | - | - |
| Foreign currency translation reserve | | |
| At the commencement of the year | (14,003,937) | (23,957,106) |
| Add : Foreign exchange gain/(loss) during the year | 145,715,427 | 9,953,169 |
| | 131,711,490 | (14,003,937) |
| | 12,577,716,026 | 12,365,379,442 |

Note 4 - Long-term borrowings

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Term loans | | |
| - From banks (Secured) | | |
| External Commercial Borrowing (ECB) (Refer note i below) | 625,908,000 | 901,497,000 |
| Other loan (Refer note ii below) | 2,075,295 | 3,797,147 |
| - From other than banks (Secured) (Refer note iii below) | - | 4,581,212 |
| - From banks (Unsecured) | 140,829,300 | 390,648,700 |
| (Against corporate guarantee issued by the holding company) (Refer note iv below) | | |
| Long-term maturities of finance lease obligations (Secured) | 11,038,825 | - |
| (Secured against fixed assets obtained under finance lease arrangements) (Refer note 35(1)) | | |
| | 779,851,420 | 1,300,524,059 |

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 loan is repayable in eight equal semi-annual installments of USD 2,500,000 each, with a moratorium of 1 year, upto November 2017.
- (ii) Other term loans from bank is secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 10.25 % p.a. and is repayable in equated monthly installments of INR 169,060 each upto August 2016.
- (iii) Term loans from other than banks are secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repaid in April 2015.
- (iv) The term loan from Bank availed by one of the subsidiaries carries interest rate of 6 months LIBOR + 150 basis points and is repayable over a period of 5 years and is availed against the Corporate guarantee issued by the Company.

Notes forming part of the consolidated financial statements

Note 5 - Long-term provisions

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Provision for employee benefits | | |
| - Compensated Absences | 250,798,598 | 105,482,273 |
| - Gratuity (Refer note 32) | 170,587,350 | 126,432,552 |
| Other provisions | | |
| - provision for warranty (Refer note 38) | 1,915,040 | 1,243,735 |
| | 423,300,988 | 233,158,560 |

Note 6 - Short-term borrowings

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Loans repayable on demand | | |
| - Working capital loans from banks (Secured)(Refer note i below) | 2,777,577,953 | 3,062,913,861 |
| - Working capital loans from banks (Secured) (Secured by local charge on current assets of subsidiary) | - | 26,424,416 |
| - Working capital loan from bank (unsecured) (Refer note ii below) | 899,580,326 | - |
| | 3,677,158,279 | 3,089,338,277 |

Notes:

- (i) The above loan is secured by way of "First charge by way of hypothecation of Company's entire book debts, both present and future, on *pari pasu* basis, carrying an average interest rate upto 6 months LIBOR plus 2% per annum.
- (ii) The loan carries interest rate upto 6 months LIBOR plus 0.75% per annum.

Note 7 - Trade payables

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|----------------|------------------------------|------------------------------|
| Trade payables | 1,307,637,453 | 1,020,568,060 |
| | 1,307,637,453 | 1,020,568,060 |

Notes forming part of the consolidated financial statements

Note 8 - Other current liabilities

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Current maturities of long-term debt | | |
| - from banks (Secured) (Refer note 4 - Term loan from banks for details of security and repayment terms) | 312,954,000 | 302,007,475 |
| - from others (Secured) (Refer note 4 Term loan from other than banks for details of security and repayment terms) | 6,368,233 | 45,070,692 |
| - from banks (Unsecured) (Refer note 4 - Term loan from banks for repayment terms) | 266,010,900 | 210,349,300 |
| - Current maturities of finance lease obligations (Refer note 35(1)) | 7,202,979 | 778,112 |
| Accrued employee costs | 1,205,009,741 | 928,744,326 |
| Interest accrued and due | 3,009,890 | 4,261,613 |
| Interest accrued and not due | 12,693,387 | 16,810,046 |
| Unearned revenue | 409,387,549 | 129,852,161 |
| Unclaimed dividend | 3,434,845 | 2,128,843 |
| Statutory remittances | 615,757,409 | 541,469,740 |
| Payables in respect of fixed assets | 58,501,577 | 37,054,164 |
| Advances from customers | 21,730,959 | 21,038,515 |
| Others (Disputed matters, etc) | 19,960,000 | 19,383,497 |
| | 2,942,021,469 | 2,258,948,484 |

Note 9 - Short-term provisions

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Provision for employee benefit | | |
| - Compensated Absences | 171,880,717 | 202,120,996 |
| - Gratuity (Refer note 32) | 5,495,078 | 4,771,694 |
| Provision for taxes | | |
| - Current tax (net of advance tax) (Refer note 41(6)) | 158,384,889 | 314,971,009 |
| Other provisions | | |
| - Service tax payable (net of tax paid under protest) | 3,541,034 | 3,541,034 |
| - Provision for warranty (Refer note 38) | 10,330,328 | 19,949,654 |
| - Proposed dividend (Refer note 28) | 216,328,324 | 213,606,098 |
| - Tax on proposed dividend (Refer note 28) | 43,257,410 | 36,285,554 |
| | 609,217,780 | 795,246,039 |

Notes forming part of the consolidated financial statements

Note 10 – FIXED ASSETS - TANGIBLE AND INTANGIBLE ASSETS

| Particulars | GROSS BLOCK | | | | | DEPRECIATION / AMORTIZATION | | | | | NET BLOCK | | | | | |
|--|----------------------|---|-----------------------------------|---|-----------------------------------|-----------------------------|----------------------|--------------------------------|-------------------------------------|-------------------------|---|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 1 April, 2014 | Adjustment or Reclassification account of acquisition | Additions during the Year 2014-15 | Adjustment on account of Foreign Exchange translation during the year | Deletions during the Year 2014-15 | As at 31 March, 2015 | Up to 1 April, 2014 | Adjustment or Reclassification | Additions on account of acquisition | During the Year 2014-15 | Adjustment on account of Foreign Exchange translation during the year | On Disposals during the year 2014-15 | Up to 31 March, 2015 | As at 31 March, 2015 | As at 31 March, 2014 | |
| A. TANGIBLE ASSETS | | | | | | | | | | | | | | | | |
| Land (Leasehold) | 285,021,628 | (26,043,531) | - | 95,185,000 | - | 354,163,097 | 18,944,630 | (10,014,846) | - | 3,016,725 | - | - | 11,946,509 | 342,216,588 | 266,076,998 | |
| Building | 762,171,171 | 12,930,612 | - | 56,724,017 | - | 831,825,800 | 327,451,656 | 10,781,412 | - | 23,579,783 | 10,104 | - | 36,182,955 | 470,002,845 | 434,719,515 | |
| Plant and Equipment | 1,039,099,342 | 5,814,166 | 16,725,300 | 231,583,537 | 2,034,084 | 43,676,279 | 1,251,580,150 | 16,795,379 | 12,852,420 | 183,305,250 | 489,730 | 42,866,460 | 829,191,066 | 422,389,084 | 380,484,595 | |
| Furniture and Fixtures | 339,840,261 | (86,513,304) | 25,688,270 | 25,651,615 | 1,805,138 | 10,417,650 | 346,054,330 | 245,677,021 | (15,390,880) | 9,589,087 | 22,744,822 | 342,529 | 254,230,926 | 91,823,404 | 94,163,240 | |
| Vehicles | | | | | | | | | | | | | | | | |
| - Lease / Hire Purchase (Refer note 35(1)) | 3,107,181 | 9,853,495 | - | 5,020,967 | 23,421 | 1,492,268 | 16,512,736 | 1,641,649 | 6,483,765 | - | 2,647,198 | 23,424 | 9,303,769 | 7,209,027 | 1,465,532 | |
| - Owned | 21,341,346 | (11,882,055) | 84,909 | - | (10,648) | - | 9,533,552 | 8,520,164 | (6,786,412) | 84,832 | 1,680,729 | (10,640) | 3,488,673 | 6,044,879 | 12,821,182 | |
| Office Equipment | 634,959,243 | (10,575,441) | 23,146,670 | 34,704,681 | (27,595) | 15,355,575 | 666,851,983 | 408,178,560 | (20,760,740) | 14,079,656 | 45,969,846 | 904,299 | 434,783,672 | 232,068,311 | 226,780,683 | |
| Leasehold Improvement | 13,666,658 | 11,842,575 | 341,99,607 | 355,361 | 434,511 | 764,522 | 59,734,190 | 11,995,665 | (108,1199) | 12,396,368 | 8,893,533 | 160,574 | 32,120,029 | 27,614,161 | 1,670,993 | |
| TOTAL TANGIBLE ASSETS | 3,099,206,830 | (44,573,483) | 99,844,756 | 449,225,178 | 4,258,911 | 71,706,294 | 3,536,255,898 | 1,681,024,092 | (19,973,461) | 49,002,363 | 291,837,886 | 1,920,020 | 66,923,301 | 1,936,887,599 | 1,599,368,299 | 1,418,182,738 |
| Previous Year | 2,817,504,414 | - | 7,748,960 | 339,577,601 | 9,528,029 | 75,152,174 | 3,099,206,830 | 1,432,559,677 | - | 6,631,555 | 302,016,276 | 10,288,029 | 70,471,445 | 1,681,024,092 | 1,418,182,738 | - |
| B. INTANGIBLE ASSETS | | | | | | | | | | | | | | | | |
| Internally Generated Intangible Assets | | | | | | | | | | | | | | | | |
| - Product Development Cost | 594,347,323 | (7,867,427) | - | - | 5,335,497 | - | 591,815,393 | 199,960,031 | 32,610,980 | - | 142,988,813 | 4,577,076 | 380,136,900 | 211,678,493 | 394,387,292 | - |
| - Technical Knowhow | - | 9,500,000 | 9,500,000 | - | - | - | 19,000,000 | - | 2,847,398 | 3,321,096 | 3,326,302 | - | 9,494,796 | 9,505,204 | - | - |
| Other Than Internally Generated Intangible Assets | | | | | | | | | | | | | | | | |
| - Goodwill | 279,807,152 | - | - | - | 7,696,449 | - | 287,503,601 | 140,029,084 | 510,197 | - | 69,214,260 | 3,473,000 | 213,226,541 | 74,277,060 | 139,778,068 | |
| - Non compete fees | - | - | - | 144,214,008 | - | - | 144,214,008 | - | - | - | 144,214,006 | - | 144,214,006 | 2 | - | |
| - 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 | 977,610,388 | 42,940,910 | 32,137,710 | 248,668,869 | 1,750,322 | 1,473,338 | 1,301,674,861 | 791,775,927 | (15,995,114) | 13,414,249 | 199,767,447 | 1,090,104 | 988,834,547 | 312,840,314 | 165,854,461 | |
| TOTAL INTANGIBLE ASSETS | 2,080,100,447 | 44,573,483 | 41,637,710 | 392,882,877 | 14,822,268 | 1,473,338 | 2,572,543,447 | 1,360,100,026 | 16,735,345 | 559,510,828 | 9,140,180 | 1,218,066 | 1,964,242,374 | 608,301,073 | 719,999,821 | |
| Previous Year | 1,517,687,105 | - | 563,718,622 | 21,632,794 | 22,938,074 | 2,080,100,447 | 1,360,100,026 | 1,360,100,026 | - | 5,122,573 | 2,938,074 | 1,360,100,026 | 1,360,100,026 | 719,999,821 | - | |

Notes forming part of the consolidated financial statements

Note 11 - Non current investments

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Trade Investments (Unquoted) | | |
| Investments in equity instruments of other entities (At cost) | | |
| Investment in Sankalp Semiconductors Private Limited 771,000 (Previous Year 771,000) equity shares of ₹ 2 each fully paid up | 117,554,370 | 117,554,370 |
| Investments in GAIA System Solutions Inc 550 (Previous year Nil) Equity shares at par fully paid up | 107,167,401 | - |
| Non-trade Investments (Unquoted) | | |
| Investments in equity instruments of other entities | | |
| Saraswat Co-operative Bank Limited (Refer note 41(6)) 1 (Previous year 1) equity share of ₹ 10 each fully paid up | 10 | 10 |
| | 224,721,781 | 117,554,380 |

Note 12 - Deferred tax assets (net)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Deferred tax assets | | |
| -Provision for doubtful debts and advances | 77,236,637 | 136,552,563 |
| -Provision for leave encashment | 148,291,067 | 87,040,540 |
| -Provision for gratuity | 52,564,957 | 44,625,534 |
| -Provision for depreciation | 24,422,276 | - |
| -Bad debts reserve | 242,968,193 | - |
| -Others | 65,285,682 | 166,380,446 |
| | 610,768,812 | 434,599,083 |
| Deferred tax liabilities | | |
| -Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts | 90,857,477 | 143,027,062 |
| -Others | - | 2,322,461 |
| | 90,857,477 | 145,349,523 |
| Net deferred tax asset | 519,911,335 | 289,249,560 |

Note 13 - Long term loans and advances

(Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Loans and advances to other than related parties | | |
| Capital advances | 2,766,194 | - |
| Security deposits | 166,123,717 | 124,488,209 |
| Other loans and advances | | |
| - Advance taxes and tax deducted at source (net of provisions) | 814,507,662 | 471,020,274 |
| - Fringe benefit tax paid in excess of provision (net) | 1,450,000 | 4,771,875 |
| - Prepaid expenses | 1,078,892 | 5,942,105 |
| - MAT Credit entitlement (Refer note 41(6)) | 280,529,713 | 280,529,713 |
| | 1,266,456,178 | 886,752,176 |

Notes forming part of the consolidated financial statements

Note 14 - Other non-current assets

(Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| | ₹ | ₹ |
| Balance in Group Gratuity Trust Account | 14,972,572 | 14,972,572 |
| Fixed deposits with banks | 11,488,309 | 615,093 |
| Margin money deposits | 97,979,352 | 87,558,595 |
| Interest accrued on fixed deposits | 130,438 | - |
| | 124,570,671 | 103,146,260 |

Note 15 - Current investments

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| | ₹ | ₹ |
| Investments in Mutual funds (unquoted) (non-trade) | | |
| <i>(At cost or market value whichever is lower)</i> | | |
| 1,123,731 units (Previous year 3,537,446 units) Birla Sun Life Cash Plus Daily Dividend- Regular Plan | 112,706,861 | 354,434,409 |
| 9,810,206 units (Previous year 33,173,910 units) - HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment) | 100,047,241 | 344,959,409 |
| 72,837 units (Previous year 68,518 units) - Axis Liquid Fund - Daily Dividend | 72,862,063 | 68,539,412 |
| 102,848 units (Previous year 174,854 units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option | 157,228,651 | 267,306,628 |
| 3 units (Previous year 486,544 units) S.B.I. Premier Liquid Fund - Regular Plan Daily Dividend | 3,621 | 488,125,526 |
| 70,813 units (Previous year 66,557 units) Kotak Floater Short Term- Daily Dividend Reinvestment | 71,643,661 | 67,330,642 |
| 43 units (Previous year 69,831 units) DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend | 43,313 | 69,852,977 |
| 757,600 units (Previous year 806,493 units) ICICI Prudential Liquid - Investment pan-Daily Dividend) | 75,808,282 | 80,702,721 |
| Other fund | 35,105 | 42,940 |
| Total | 590,378,798 | 1,741,294,664 |

Notes forming part of the consolidated financial statements

Note 16 - Inventories

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| <i>(Valued at the lower of cost and net realisable value)</i> | | |
| Raw materials (Refer note (i) below) | 228,498,967 | 31,151,571 |
| Work-in-progress (Refer note (iii) below) | 184,046 | 13,100 |
| Finished goods (Refer note (ii) below) | 10,000 | 3,011,215 |
| Stores and spares | 78,414 | 83,882 |
| | 228,771,427 | 34,259,768 |
| Note : | | |
| i) Breakup of raw material : | | |
| Single control unit | 61,416,883 | 5,344,075 |
| Camera | 34,102,388 | 1,596,004 |
| Bus driver console | 52,348,770 | 1,925,000 |
| Dome type antenna | 22,724,741 | - |
| Others | 57,906,185 | 22,286,492 |
| | 228,498,967 | 31,151,571 |
| ii) Breakup of finished goods : | | |
| Intelligent transport system | 10,000 | 3,011,215 |
| | 10,000 | 3,011,215 |
| iii) Breakup of work in progress : | | |
| Intelligent transport system | 184,046 | 13,100 |
| | 184,046 | 13,100 |

Note 17 - Trade receivables

(Unsecured)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Outstanding for a period exceeding six months from the date they were due for payment | | |
| - Considered good | 346,561,297 | 71,060,388 |
| - Considered doubtful | 732,925,727 | 355,774,510 |
| | 1,079,487,024 | 426,834,898 |
| Others receivables | | |
| - Considered good | 6,632,137,856 | 6,671,948,148 |
| - Considered doubtful | 134,616,563 | 61,365,573 |
| | 6,766,754,419 | 6,733,313,721 |
| Less: Provision for doubtful trade receivables | 867,542,289 | 417,140,083 |
| | 6,978,699,154 | 6,743,008,536 |

Notes forming part of the consolidated financial statements

Note 18 - Cash and bank balances

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 335,857 | 210,782 |
| Cheques in hand | 38,537,254 | 23,678,725 |
| Balances with banks | | |
| - In current accounts | 2,740,734,181 | 1,684,864,391 |
| - In deposit accounts(with original maturity of 3 months or less) | 500,614,485 | 101,748,580 |
| | 3,280,221,777 | 1,810,502,478 |
| Other bank balances (includes unclaimed dividend of ₹ 3,554,895 (Previous year ₹ 2,285,355)) | 357,322,334 | 97,390,998 |
| | 3,637,544,111 | 1,907,893,476 |
| Details of bank balances/deposits | | |
| Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents' | 3,241,348,666 | 1,786,612,971 |
| Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (excludes unclaimed dividend of ₹ 3,554,895 (Previous year ₹ 2,285,355)) | 353,767,439 | 95,105,643 |
| Bank deposits due to mature after 12 months of the reporting date included under "Other non-current assets" (Refer note 14) | 109,467,661 | 88,173,688 |
| | 3,704,583,766 | 1,969,892,302 |

Note 19 - Short term loans and advances

(Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| Loans and advances to other than related parties | | |
| Other loans and advances | | |
| Employee advances | | |
| - Considered good | 193,444,608 | 40,289,530 |
| - Considered doubtful | 10,215,946 | 8,870,000 |
| | 203,660,554 | 49,159,530 |
| Less: Provision for doubtful advances | 10,215,946 | 8,870,000 |
| | 193,444,608 | 40,289,530 |
| Prepaid expenses | 187,610,764 | 155,935,476 |
| Balances with statutory authorities | 52,114,225 | 115,785,109 |
| Security deposits | 57,408,372 | 40,371,926 |
| Claims recoverable | 1,059,341 | 3,908,679 |
| Advance to suppliers | 160,898,812 | 317,077,007 |
| Other receivables | 28,580,716 | 70,576,130 |
| | 681,116,838 | 743,943,857 |

Note 20 - Other current assets

(Unsecured, considered good unless otherwise stated)

| | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| Unbilled revenue | 973,220,637 | 929,111,119 |
| Less : Provision for unbilled revenue | - | 298,807,296 |
| | 973,220,637 | 630,303,823 |
| Interest accrued on fixed deposits | 3,908,658 | 4,200,625 |
| Mark to market gain on cash flow hedges (Refer Note 31(1)) | 55,260,541 | 92,437,062 |
| | 1,032,389,836 | 726,941,510 |

Notes forming part of the consolidated financial statements

Note 21 - Revenue from operations

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Software services | 28,767,960,685 | 26,915,724,548 |
| Sale of products | | |
| Finished goods | 1,255,853,770 | 27,389,788 |
| Sale of products (gross) | 1,255,853,770 | 27,389,788 |
| Less : Excise duty | 124,640,005 | 2,716,983 |
| Sale of products (net) | 1,131,213,765 | 24,672,805 |
| | 29,899,174,450 | 26,940,397,353 |
| Breakup of revenue from sale of products (net) | | |
| Intelligent transport system | 862,615,550 | 21,566,900 |
| Others | 268,598,215 | 3,105,905 |
| | 1,131,213,765 | 24,672,805 |

Note 22 - Other income

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Interest income | 46,948,944 | 30,023,855 |
| Dividend income from current investments (non trade) | 50,335,824 | 127,886,159 |
| Profit on sale of fixed assets(net) | 2,312,759 | 452,604 |
| Foreign exchange gain (net) | 242,410,876 | - |
| Sundry credit balances and accruals no longer required written back | - | 21,290,000 |
| Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income) | 9,776,954 | 149,313,223 |
| | 351,785,357 | 328,965,841 |

Note 23 - Cost of materials consumed

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Inventory of materials at the beginning of the year | 31,151,571 | - |
| Purchases | 1,046,111,039 | 59,893,857 |
| Inventory of materials at the end of the year | 228,498,967 | 31,151,571 |
| | 848,763,643 | 28,742,286 |
| Break-up of cost of materials consumed | | |
| Single control unit | 412,986,335 | 10,292,442 |
| Bus driver console | 131,179,290 | 4,697,000 |
| Camera | 75,550,895 | 2,297,643 |
| LED display board | 123,794,080 | - |
| Dome type antenna | 13,974,885 | - |
| Others | 91,278,158 | 11,455,201 |
| | 848,763,643 | 28,742,286 |

Note 24 - Changes in inventories of finished goods and work-in-progress

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Finished goods | | |
| Inventories at the beginning of the year | 3,011,215 | - |
| Inventories at the end of the year | 10,000 | 3,011,215 |
| | 3,001,215 | (3,011,215) |
| Work-in-progress | | |
| Inventories at the beginning of the year | 13,100 | - |
| Inventories at the end of the year | 184,046 | 13,100 |
| | (170,946) | (13,100) |
| | 2,830,269 | (3,024,315) |

Notes forming part of the consolidated financial statements

Note 25 - Employee benefits expense

| | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|---|---|
| Salaries, wages and incentives | 17,163,449,986 | 13,604,311,287 |
| Contribution to provident and other funds (Refer note 32) | 190,175,507 | 156,019,680 |
| Staff welfare expenses | 65,924,647 | 43,699,273 |
| | 17,419,550,140 | 13,804,030,240 |

Note 26 - Finance costs

| | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|--|---|---|
| Interest expense | 164,691,640 | 181,991,906 |
| Net (gain)/loss on foreign currency transactions and translations (considered as finance costs) | 95,141,813 | 75,694,290 |
| | 259,833,453 | 257,686,196 |

Note 27 - Other expenses

| | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|---|---|
| Travel and overseas expenses (net) | 1,300,493,448 | 1,147,079,117 |
| Transport and conveyance (net) | 270,373,430 | 201,364,316 |
| Cost of service delivery (net) | 267,809,658 | 432,706,935 |
| Purchases of Licenses | - | 44,120,461 |
| Cost of professional sub-contracting (net) | 4,125,363,097 | 4,625,689,097 |
| Recruitment and training expenses | 217,170,707 | 113,389,392 |
| Power and fuel | 105,731,768 | 91,911,516 |
| Rent (refer note 35(2)) | 315,555,571 | 253,783,934 |
| Repairs and maintenance - | | |
| - buildings | 587,726 | 2,814,152 |
| - plant & equipment | 173,600,566 | 143,204,881 |
| - others | 68,569,597 | 48,256,696 |
| Insurance | 102,619,560 | 58,921,171 |
| Rates & taxes | 41,553,375 | 45,281,376 |
| Communication expenses (net) | 158,358,061 | 123,145,913 |
| Professional and legal expenses | 354,745,993 | 275,014,582 |
| Marketing expenses | 284,712,609 | 651,698,644 |
| Foreign exchange loss (net) | - | 406,576,719 |
| Printing & stationery | 14,343,416 | 12,608,936 |
| Auditors remuneration (net of service tax) | | |
| - Audit fees | 8,500,000 | 8,500,000 |
| - Limited review of quarterly results | 1,340,000 | 1,200,000 |
| - Fees for other services | 3,696,258 | 810,000 |
| - Other matters | - | 27,636 |
| - Out of pocket expenses reimbursed | 518,054 | 532,232 |
| Bad debts written off | 162,370,207 | 21,482,223 |
| Provision for doubtful debts, unbilled revenue and advances (net) | 151,406,567 | 528,707,864 |
| Miscellaneous expenses (net) | 254,544,648 | 95,651,248 |
| | 8,383,964,316 | 9,334,479,041 |

Note

Certain expenses are net of recoveries/reimbursements from customers

Notes forming part of the consolidated financial statements

- 28.** The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 216,328,324 i.e. ₹ 1.10 per share. (Previous year – ₹ 213,479,428 i.e. ₹ 1.10 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 a share in the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- 29.** As at 31 March 2015 the Company has received an amount of ₹ 7,652,081 (Previous year ₹ 14,844,492) towards share application money for 105,108 shares (Previous year 325,438 shares) at a premium of ₹ 7,441,865 (Previous year ₹ 14,193,616). 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.

30. Contingent liabilities and commitments:

(i) Contingent liabilities

| Sr. No. | Particulars | As at 31 March, 2015 | As at 31 March, 2014 |
|---------|--|-------------------------|-------------------------|
| 1 | Outstanding bank guarantees in routine course of business | 157,773,538 | 197,089,396 |
| 2 | Corporate guarantee provided by the Company for loan availed by KPIT Infosystems Inc. USA | 600,900,000 | 961,440,000 |
| 3 | Corporate Guarantee provided by the Company for loan availed by KPIT Infosystems ME FZE, UAE | 62,590,800 | - |
| 4 | Income tax matters | 35,263,616 | 75,725,667 |
| 5 | VAT matters | 2,216,664 | - |
| 6 | Service Tax matters | 554,858,243 | 434,239,023 |

(ii) Commitments:

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

- Tangible fixed assets – ₹ 154,671,882 (Previous Year ₹ 87,225,343)
- Intangible fixed assets – ₹ 8,171,651 (Previous Year ₹ 75,345,325)

- (iii)** Based on the deals already entered by the Company, the contingent payout on performance and other consideration would be approximately ₹ 1,112,557,600.

31. (1) Details of Derivative Instruments (for hedging)

(A) Cash flow hedges: In accordance with its risk management policy and business plan the Group has hedged its cash flows. The Group enters into Derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than in Indian rupees. The counter party to the Group's foreign currency contracts is 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 31 March 2015 as required by AS-30 'Financial Instruments: Recognition and Measurement' and accordingly recognized a mark-to-market profit of ₹ 55,260,541 (Previous year profit of ₹ 92,437,062) in the Hedging Reserve.

(B) The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Group which has been designated as Cash Flow Hedges as on 31 March 2015:

| Type of cover | Forward exchange contracts outstanding at the year end in foreign currency | Forward exchange contracts outstanding at the year end in ₹ | Exposure to Buy/Sell |
|---------------|--|---|----------------------|
| Forward | EUR | 4,200,000 | 313,848,250 |
| | EUR | [4,050,000] | [347,655,645] |
| Forward | USD | 38,850,000 | 2,503,631,755 |
| | USD | [42,300,000] | [3,010,669,435] |
| Forward | GBP | 1,200,000 | 118,846,000 |
| | GBP | [1,200,000] | [124,999,000] |

The forward contracts entered have maturity between 30 days to 6 months from the Balance Sheet date.

Notes forming part of the consolidated financial statements

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

| Particulars | FY 2014-2015 | | FY 2013-2014 | |
|--|----------------------------|------------------------|----------------------------|------------------------|
| | Amount in Foreign Currency | Equivalent amount in ₹ | Amount in Foreign Currency | Equivalent amount in ₹ |
| Trade payables including payables for purchase of fixed assets. | | | | |
| AUD | 10,300 | 491,092 | 14,177 | 784,357 |
| AED | 7,500 | 127,028 | 27,200 | 443,469 |
| CAD | 11,500 | 565,697 | 6,000 | 324,540 |
| EUR | 129,073 | 8,713,754 | 212,068 | 17,511,793 |
| GBP | 27,409 | 2,534,179 | 31,315 | 3,126,762 |
| JPY | 1,500,000 | 781,650 | 1,660,000 | 976,578 |
| MYR | 58,690 | 988,164 | 18,818 | 345,480 |
| SEK | 30,000 | 216,957 | 16,000 | 147,360 |
| SGD | 16,564 | 752,652 | 4,580 | 217,651 |
| USD | 669,642 | 41,913,450 | 669,428 | 40,232,493 |
| Trade receivables | | | | |
| AUD | 51,252 | 2,443,650 | 176,032 | 9,739,161 |
| EUR | 640,718 | 43,255,128 | 1,969,543 | 162,637,564 |
| NZD | 43,634 | 2,053,556 | NIL | NIL |
| USD | 4,891,768 | 306,179,673 | NIL | NIL |
| SGD | 44,192 | 2,008,040 | 19,088 | 907,100 |
| GBP | NIL | NIL | 2,583,735 | 257,985,395 |
| CNY | NIL | NIL | 160,768 | 1,559,561 |
| PCFC loans | | | | |
| USD | 40,968,495 | 2,564,250,881 | 44,918,238 | 2,591,436,213 |
| EUR | NIL | NIL | 2,580,080 | 213,048,508 |
| EEFC accounts | | | | |
| USD | 2,366,767 | 148,137,828 | 1,081,240 | 64,982,290 |
| GBP | 539,604 | 49,891,340 | 196,721 | 19,642,518 |
| EUR | 1,477,407 | 99,740,359 | 491,722 | 40,604,550 |
| Bank deposits | | | | |
| GBP | 76,132 | 7,039,093 | 76,132 | 7,601,762 |
| Working Capital Loan | | | | |
| USD | 14,372,405 | 899,580,326 | NIL | NIL |
| External Commercial Borrowings | | | | |
| USD | 15,000,000 | 938,862,000 | 20,000,000 | 1,201,996,000 |

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

32. 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 ₹ 190,175,507 (Previous Year ₹ 156,019,680)

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, which is unfunded.

Gratuity is a benefit to an employee in India based on 15 days of last drawn salary for each completed year of service with a vesting period of 5 years.

Notes forming part of the consolidated financial statements

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

| Particulars | FY 2014-15 | FY 2013-14 |
|---|--------------|--------------|
| Present value of defined benefit obligation at the beginning of the year* | 131,280,176 | 124,568,326 |
| Current service cost | 17,033,587 | 22,740,092 |
| Interest cost | 9,385,714 | 10,197,291 |
| Actuarial loss / (gain) | 37,603,419 | (12,339,093) |
| Benefits paid | (19,220,468) | (13,962,370) |
| Present value of defined benefit obligation at the end of the year | 176,082,428 | 131,204,246 |

* Includes ₹ 75,930 (Previous year ₹ Nil) on account of the acquisition of the balance interest in Impact Automotive Solutions Limited during the year.

| Analysis of defined benefit obligation | FY 2014-15 | FY 2013-14 |
|---|-------------|-------------|
| Present value of obligation as at the end of the year | 176,082,428 | 131,204,246 |
| Net (asset) / liability recognized in the Balance Sheet | 176,082,428 | 131,204,246 |

| Components of employer expenses recognized in the statement of Profit and Loss | FY 2014-15 | FY 2013-14 |
|--|------------|--------------|
| Current service cost | 17,033,587 | 22,740,092 |
| Interest cost | 9,385,714 | 10,197,291 |
| Actuarial loss / (gain) | 37,603,419 | (12,339,093) |
| Expenses recognized in the Statement of Profit and Loss | 64,022,720 | 20,598,290 |

| Assumptions: | FY 2014-15 | FY 2013-14 |
|---|------------|------------|
| For KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Private limited) | | |
| Discount rate | - | 8.00% |
| Salary escalation | - | 5.00% |
| Attrition Rate | | |
| - 4 years and below | - | 20.00% |
| - 5 years and above | - | 2.00% |
| For Impact Automotive Solutions Limited | | |
| Discount rate | 8.25% | 9.38% |
| Salary escalation | 5.00% | 5.00% |
| Attrition Rate | | |
| - 4 years and below | 5.00% | 5.00% |
| - 5 years and above | 2.00% | 2.00% |
| For KPIT Technologies Limited | | |
| Discount rate | 8.25% | 9.33% |
| Salary escalation | 5.00% | 5.00% |
| Attrition Rate | | |
| - 4 years and below | 20.00% | 20.00% |
| - 5 years and above | 2.00% | 2.00% |

- 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.
- 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 31 March, | | | | |
|---|----------------------|---------------|---------------|--------------|--------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Defined benefit obligation | 176,082,428 | 131,204,246 | 124,553,958 | 92,121,476 | 51,231,660 |
| Surplus / (Deficit) | (176,082,428) | (131,204,246) | (124,553,958) | (92,121,476) | (51,231,660) |
| Experience adjustments on plan liabilities (gain)/ loss | 46,125,655 | 7,085,395 | 9,800,959 | (10,827,636) | 3,825,998 |

Notes forming part of the consolidated financial statements

33. 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.

| | 31 March 2015 | | | | 31 March 2014 | | | |
|---|----------------|------------------|--------------------|-----------------|----------------|------------------|--------------------|-----------------|
| | USA ₹ | UK & Europe ₹ | Rest of World ₹ | Total ₹ | USA ₹ | UK & Europe ₹ | Rest of World ₹ | Total ₹ |
| a) Segment Revenue | | | | | | | | |
| Revenue from External customers | 20,014,809,342 | 4,589,346,617 | 5,295,018,491 | 29,899,174,450 | 19,539,067,764 | 3,884,401,930 | 3,516,927,659 | 26,940,397,353 |
| Inter Segment Revenue | - | - | - | - | - | - | - | - |
| Total Segment Revenue | 20,014,809,342 | 4,589,346,617 | 5,295,018,491 | 29,899,174,450 | 19,539,067,764 | 3,884,401,930 | 3,516,927,659 | 26,940,397,353 |
| Segment Results | 4,011,411,825 | 1,489,301,529 | 709,452,826 | 6,210,166,180 | 4,699,165,273 | 1,194,050,349 | 1,068,412,649 | 6,961,628,271 |
| Unallocated Corporate expenses (Net) | | | (3,562,948,223) | (3,562,948,223) | | | | (3,553,936,964) |
| Finance Cost | | | (259,833,453) | (259,833,453) | | | | (257,686,196) |
| Interest income | | | 46,948,944 | 46,948,944 | | | | 30,023,855 |
| Dividend income | | | 50,335,824 | 50,335,824 | | | | 127,886,159 |
| Exceptional Items | | | - | - | | | | 122,410,304 |
| Profit / (Loss) before tax | | | 2,484,669,272 | 2,484,669,272 | | | | 3,430,325,429 |
| Income Tax | | | (280,023,051) | (280,023,051) | | | | (1,159,416,505) |
| Deferred Tax | | | 165,228,125 | 165,228,125 | | | | 218,593,570 |
| Profit/ (Loss) after Tax | | | 2,369,874,346 | 2,369,874,346 | | | | 2,489,502,494 |
| Segment Assets | 5,057,526,933 | 1,279,597,515 | 1,614,795,344 | 7,951,919,792 | 4,944,772,484 | 1,199,848,659 | 1,228,702,199 | 7,373,323,342 |
| Unallocated Segment Assets | | | 993,643,586 | 993,643,586 | | | | 997,242,839 |
| Unallocated Corporate Assets | | | 13,755,122,840 | 13,755,122,840 | | | | 12,863,548,035 |
| Total Assets | | | 22,700,686,218 | 22,700,686,218 | | | | 21,234,114,216 |
| Segment Liabilities | 186,899,262 | 113,482,702 | 130,736,545 | 431,118,509 | 66,328,210 | 14,700,343 | 69,862,124 | 150,890,677 |
| Unallocated Segment Liabilities | | | 4,266,175,150 | 4,266,175,150 | | | | 3,383,942,250 |
| Unallocated Corporate Liabilities | | | 5,049,545,811 | 5,049,545,811 | | | | 4,948,067,915 |
| Total Liabilities | | | 9,746,839,470 | 9,746,839,470 | | | | 8,482,900,842 |
| Cost incurred during the period to acquire Segment Fixed Assets | | | - | - | | | | - |
| Depreciation / Amortisation | | | 851,348,714 | 851,348,714 | | | | 539,534,621 |
| Non cash expenses other than Depreciation / Amortisation | | | - | - | | | | - |

B) Secondary segment - Business segments

| | March 31, 2015 | | | | March 31, 2014 | | | | | |
|--------------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|----------------|
| | Auto ₹ | IES ₹ | SAP ₹ | Others ₹ | Total ₹ | Auto ₹ | IES ₹ | SAP ₹ | Others ₹ | Total ₹ |
| a) Segment Revenue | 9,019,295,649 | 11,780,725,675 | 6,271,963,870 | 2,827,189,256 | 29,899,174,450 | 10,758,838,170 | 6,662,232,158 | 6,657,434,876 | 2,861,892,149 | 26,940,397,353 |
| b) Segment Assets | - | - | - | - | 8,945,563,378 | - | - | - | - | 8,370,566,181 |

*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 and non-cash expenses are not attributable to any reportable segment.

Notes forming part of the consolidated financial statements

33b Disclosure relating to entities considered in the consolidated financial statements

| Sr. No. | Name of the entity | Net assets i.e. total assets minus total liabilities | | Share in profit or loss | |
|-----------|--|--|-----------------|---------------------------------------|---------------|
| | | As % of consolidated net assets | Amount | As % of consolidated profit or (loss) | Amount |
| A | Parent Company: | | | | |
| | KPIT Technologies Limited | 81% | 10,428,696,277 | 64% | 1,520,440,230 |
| | | (A) | 10,428,696,277 | | 1,520,440,230 |
| B | Subsidiaries: | | | | |
| I | Indian: | | | | |
| 1 | Impact Automotive Solutions Limited | 1% | 104,494,830 | -2% | (58,650,291) |
| II | Foreign: | | | | |
| 1 | KPIT Technologies (UK) Limited | 8% | 971,866,728 | 8% | 186,426,216 |
| 2 | KPIT Infosystems Inc., USA | 32% | 4,140,821,233 | 25% | 593,253,707 |
| 3 | KPIT Technologies France SAS | 1% | 137,299,574 | 2% | 43,883,492 |
| 4 | KPIT (Shanghai) Software Technology Co. Limited, China | 0% | 48,435,425 | 0% | (3,741,734) |
| 5 | KPIT Technologies Netherlands B.V | 0% | 45,950,888 | 1% | 23,838,411 |
| 6 | SYSTIME Computer Corporation, USA | 5% | 669,968,118 | 8% | 186,720,531 |
| 7 | KPIT Infosystems ME FZE, Dubai | -1% | (152,899,000) | -6% | (133,355,177) |
| 8 | KPIT Technologies GmbH, Germany (Subsidiary of KPIT Technologies (UK) Limited) | 4% | 539,937,648 | 2% | 49,614,009 |
| 9 | CPG Solutions LLC, USA (Subsidiary of KPIT Infosystems Inc., USA) | 2% | 201,324,601 | -11% | (251,029,447) |
| 10 | KPIT TECHNOLOGIES SOLUÇÕES EM INFORMÁTICA LTDA. (Subsidiary of KPIT Infosystems Inc., USA) | 1% | 79,774,887 | 2% | 50,124,659 |
| 11 | Sparta Consulting Inc., USA (Subsidiary of KPIT Infosystems Inc., USA) | -1% | (104,279,489) | 11% | 260,787,483 |
| 12 | SYSTIME Global Solutions LTDA, Brazil (Subsidiary of SYSTIME Computer Corporation, USA) | 0% | 21,632,121 | -1% | (25,338,836) |
| 13 | KPIT Technologies Corporation (Subsidiary of SYSTIME Computer Corporation, USA) | 2% | 241,967,372 | 4% | 89,381,380 |
| 14 | KPIT medini Technologies AG (Subsidiary of KPIT Technologies GmbH, Germany) | 0% | 32,678,121 | 2% | 37,128,866 |
| 15 | Integrated Industrial Information Inc. (Subsidiary of KPIT Infosystems Inc. USA w.e.f. 09/05/2014) | 1% | 66,411,404 | -2% | (52,037,123) |
| 16 | KPIT Solutions GmbH, Germany (Subsidiary of KPIT Technologies GmbH, Germany we.f. 01/11/2014) | 0% | 29,370,223 | 1% | 14,678,389 |
| | | (B) | 7,074,754,684 | | 1,011,684,533 |
| C | Intercompany eliminations | -35% | (4,549,604,212) | -7% | (162,250,417) |
| D | Minority interest | 0% | NIL | 0% | NIL |
| E | Total (A + B + C + D) | 100% | 12,953,846,748 | 100% | 2,369,874,346 |

Notes forming part of the consolidated financial statements

34. Related party disclosures

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

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

| | |
|--|---|
| Key Management Personnel ('KMP') | Mr. S.B.(Ravi) Pandit Mr. Kishor Patil Mr. Sachin Tikekar Mr. Anil Patwardhan Mr. Swaminathan R |
| Relative of KMP | Mr. Chinmay Pandit Mrs. Jayada Pandit Mr. Shreyas Patwardhan |
| Enterprise over which KMP have significant influence | KP Corporate Solutions Ltd. Kirtane & Pandit (Chartered Accountants) |
| Associate Company | GAIA System Solution Inc (till 12 March 2014) |

C. Transactions with related parties:

| Sr. No. | Name of related party | FY 2014-2015 | | FY 2013-2014 | |
|---------|--|--|--|--|--|
| | | Amount of transactions during the year (₹) | Balance as on 31 March 2015 Debit/(Credit) (₹) | Amount of transactions during the year (₹) | Balance as on 31 March 2014 Debit/(Credit) (₹) |
| 1 | Mr. S. B. (Ravi) Pandit | | | | |
| | Salary | 16,140,542 | NIL | NIL | NIL |
| | Management services fees | NIL | NIL | 13,077,729 | NIL |
| | Reimbursement of expenses (net) | 1,662,079 | (700) | 1,425,047 | NIL |
| 2 | Mr. Kishor Patil | | | | |
| | Salary | 12,040,636 | NIL | 11,468,120 | NIL |
| | Reimbursement of expenses (net) | 2,612,516 | (38,994) | 5,150,230 | NIL |
| 3 | Mr. Sachin Tikekar | | | | |
| | Salary | 11,833,721 | NIL | 9,573,810 | NIL |
| | Reimbursement of expenses (net) | 5,994,205 | NIL | 4,368,088 | NIL |
| 4 | Mr. Chinmay Pandit | | | | |
| | Salary | 3,415,888 | NIL | 3,419,835 | NIL |
| | Reimbursement of expenses (net) | 396,580 | (1,850) | 301,440 | (12,658) |
| 5 | Mrs. Jayada Pandit | | | | |
| | Salary | 392,718 | NIL | 1,439,442 | NIL |
| | Reimbursement of expenses (net) | 3,751 | NIL | 1,762 | NIL |
| 6 | Mr. Anil Patwardhan (1 April 2014) | | | | |
| | Salary | 6,861,915 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 711,325 | NIL | NIL | NIL |
| 7 | Mr. R Swaminathan (1 April 2014) | | | | |
| | Salary | 3,826,290 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 375,301 | (10,463) | NIL | NIL |
| 8 | Mr. Shreyas Patwardhan (1 April 2014) | | | | |
| | Salary | 465,046 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 18,600 | NIL | NIL | NIL |
| 9 | KP Corporate Solutions Limited | | | | |
| | Sales | 2,900,000 | 3,258,440 | 3,258,440 | 1,629,220 |
| | Professional expenses | 1,095,555 | (65,825) | 1,786,616 | 15,874 |
| 10 | GAIA System Solution Inc. | | | | |
| | Sales | NIL | NIL | 39,935,693 | 29,228,731 |
| | Commission | NIL | NIL | 7,914,979 | 7,914,979 |

Note : Remuneration excludes provision for employee benefits as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

Notes forming part of the consolidated financial statements

35. Lease transactions

1) Finance leases

The Group 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 Group has the option of acquiring the vehicles. During the lease period, the Group 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 year end is as follows.

| Particulars | FY 2014-15 | FY 2013-14 |
|---|-------------------|----------------|
| Minimum lease payments | | |
| - Not later than one year | 8,528,178 | 802,785 |
| - Later than one year and not later than five years | 12,000,659 | NIL |
| - Later than five years | NIL | NIL |
| Total minimum lease payments | 20,528,837 | 802,785 |
| Amount representing future Interest | 2,287,033 | 24,673 |
| Present value of minimum lease payments | 18,241,804 | 778,112 |
| - Not later than one year | 7,202,979 | 778,112 |
| - Later than one year and not later than five years | 11,038,825 | NIL |
| - Later than five years | NIL | NIL |

2) Operating leases

Obligations towards non-cancellable operating leases:-

The Group has taken facilities and office premises on lease. The future lease payments for these facilities are as under:

| Particulars | FY 2014-15 | FY 2013-14 |
|---|--------------------|--------------------|
| Minimum lease payments | | |
| - Not later than one year | 228,501,763 | 135,251,339 |
| - Later than one year and not later than five years | 390,115,740 | 119,322,313 |
| - Later than five years | 185,899,293 | NIL |
| Total minimum lease payments | 804,516,796 | 254,573,652 |

Rental expenses of ₹ 315,555,571 (Previous year ₹ 253,783,934) in respect of obligation under operating leases have been recognized in the Statement of Profit and Loss.

36. Basic and diluted earnings per share

| Particulars | | FY 2014-15 | FY 2013-14 |
|--|---------------|---------------|---------------|
| Nominal value per equity share | ₹ | 2 | 2 |
| Profit for the year | ₹ | 2,369,874,346 | 2,489,502,494 |
| Profit attributable to equity shareholders | ₹ | 2,369,874,346 | 2,489,502,494 |
| Weighted average number of equity shares | No. of Shares | 189,671,704 | 187,194,012 |
| Earnings per share – basic | ₹ | 12.49 | 13.30 |
| Effect of dilutive potential equity shares - | | | |
| Employee stock options (including shares held by Employee Welfare Trust) | No. of shares | 9,935,111 | 5,061,958 |
| Weighted average number of diluted equity shares | No. of shares | 199,606,815 | 192,255,970 |
| Earnings per share – diluted | ₹ | 11.87 | 12.95 |

Notes forming part of the consolidated financial statements

- 37.** Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 78,205,605 (Previous year ₹ 61,312,373) has been incurred by the Company and disclosed under appropriate account heads.

The Company has received approval from Department of Scientific and Industrial Research, Ministry of science and technology DSIR on 2 June 2011 for its Research and Development (R&D) facility at its premise in Hinjewadi which is effective from 1 April 2014 to 31 March 2018.

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

| Particulars | FY 2014-15 | FY 2013-14 |
|--|------------|------------|
| R&D expenditure debited to Statement of Profit and Loss | 78,205,605 | 61,312,373 |
| Capital expenditure : R & D projects | | |
| Revolvo | NIL | 68,198,501 |
| Infotainment | NIL | 51,621,106 |
| Bus Hybrid, Linux and Autosar | 83,438,033 | NIL |

The Company has set up a new facility for its R & D activities, construction of which was completed on 1 March 2015. Total capital expenditure on this facility is as follows, which is disclosed in respective fixed assets blocks:

| Particulars | FY 2014-15 | FY 2013-14 |
|------------------------|------------|------------|
| Building | 56,724,017 | Nil |
| Computers | 6,344,913 | Nil |
| Plant and Machinery | 16,971,900 | Nil |
| Furniture and Fixtures | 14,233,774 | Nil |

- 38. Details of provisions and movements in each class of provisions as required by the Accounting Standard AS 29 on Provisions, Contingent Liabilities and Contingent Assets.**

Warranty

The Group 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 2014-15 | FY 2013-14 |
|---|------------|------------|
| Carrying amount as at the beginning of the year | 21,193,389 | 24,605,010 |
| Additional provision made during the year | 8,699,222 | 8,601,979 |
| Addition on account of acquisition | 1,978,055 | NIL |
| Amount paid/utilized during the year | NIL | NIL |
| Unused amount reversed during the year | 19,625,298 | 12,013,600 |
| Carrying amount at the end of the year | 12,245,368 | 21,193,389 |

39. Stock option plans

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

The ESOS was approved by the Board of Directors of the Company on 23 November 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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | 200 | 500 |
| Granted during the year | - | - |
| Exercised during the year | 200 | 300 |
| Cancelled / lapsed during the year | - | - |
| Options granted, end of year | - | 200 |

Notes forming part of the consolidated financial statements

2. Employee Stock Option Plan– 2004 (through KPIT Technologies Limited Employee Welfare Trust)

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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | 2,133,241 | 2,780,277 |
| Granted during the year | - | - |
| Exercised during the year | 618,602 | 455,359 |
| Cancelled / lapsed during the year | 469,375 | 191,677 |
| Options granted, end of year | 1,045,264 | 2,133,241 |

3. Employee Stock Option Plan – 2006 (through KPIT Technologies Limited Employee Welfare Trust)

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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | 6,036,302 | 7,279,800 |
| Granted during the year | 61,000 | 400,000 |
| Exercised during the year | 1,925,439 | 1,229,094 |
| Cancelled / lapsed during the year | 338,484 | 414,404 |
| Options granted, end of year | 3,833,379 | 6,036,302 |

4. Employee Stock Option Plan – 2014 (through KPIT Technologies Limited Employee Welfare Trust)

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan at their meeting in February 2014 and in April 2014, respectively. Pursuant to this approval, the Company instituted ESOP 2014 Plan in April 2014. 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 linked to continued association with the Company. The options would vest not earlier than one year and not later than five years 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 2014-15 | FY 2013-14 |
|--|------------|------------|
| Options granted, beginning of the year | - | - |
| Granted during the year | 395,000 | - |
| Exercised during the year | - | - |
| Cancelled / lapsed during the year | - | - |
| Options granted, end of year | 395,000 | - |

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.

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 ₹ 57,995,092 (Previous Year ₹ 50,064,078) and earnings per share as reported would be lower as indicated below:

| Particulars | FY 2014-15 | FY 2013-14 |
|---|---------------|---------------|
| Net profit after tax | 2,369,874,346 | 2,489,502,494 |
| Add: Total stock based compensation expense determined under intrinsic value based method | NIL | NIL |
| Less: Total stock based compensation expense determined under fair value based method | 57,995,092 | 50,064,078 |
| Adjusted net profit | 2,311,879,254 | 2,439,438,416 |
| Basic earnings per share (in ₹) | | |
| - As reported | 12.49 | 13.30 |
| - Adjusted | 12.19 | 13.03 |
| Diluted earnings per share (in ₹) | | |
| - As reported | 11.87 | 12.95 |
| - Adjusted | 11.58 | 12.69 |

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

| Particulars | FY 2014-15 | FY 2013-14 | FY 2014-15 | FY 2013-14 |
|--------------------------------|------------------|------------|------------------|------------|
| | ESOP 2006 scheme | | ESOP 2014 Scheme | |
| 1. Risk free interest rate (%) | 8.53% | 7.54% | 8.75% | - |
| 2. Expected life | 3.60 years | 3.60 years | 2.99 years | - |
| 3. Expected volatility (%) | 39.95% | 45.97% | 39.79% | - |
| 4. Dividend yield (%) | 0.60% | 0.95% | 0.63% | - |

40. Disclosure of interest in joint venture

During the year, the Company has purchased the remaining stake in its joint venture Impact Automotive Solutions Limited with effect from 1 July 2014. The interest of the Company as at 31 March 2014 and its percentage of holding is given below:

| Name of the Company | Country of incorporation | As at 31 March, 2014 |
|---|--------------------------|----------------------|
| Impact Automotive Solutions Limited (JV with Bharat Forge Limited) | India | 50% |

Notes forming part of the consolidated 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 31 March, 2014 |
|---------------------------------------|--|
| Reserves and surplus | (72,796,290) |
| Non-current liabilities | |
| (a) Long term provisions | 37,823 |
| Current liabilities | |
| (a) Trade payables | 4,164,981 |
| (b) Other current liabilities | 24,555,098 |
| (c) Short term provisions | 67,172 |
| Total liabilities | 28,825,074 |
| Non-current assets | |
| (a) Fixed assets | 26,410,016 |
| (b) Long-term loans and advances | 13,389,762 |
| Current assets | |
| (a) Inventories | 10,921,084 |
| (b) Trade receivables | 2,943,371 |
| (c) Cash and cash equivalents | 46,538,718 |
| (d) Short-term loans and advances | 4,875,834 |
| Total assets | 105,078,785 |
| Particulars | For the year ended 31 March, 2014 |
| Revenue from operations | 2,766,992 |
| Other income | 2,153,162 |
| Total revenue | 4,920,154 |
| Expenses | |
| Cost of material consumed | 3,425,165 |
| Depreciation and amortization expense | 7,191,370 |
| Employee benefit expenses | 5,585,096 |
| Other expenses | 23,871,677 |
| Tax expense | 90,500 |
| Total expenses | 40,163,808 |
| Contingent liabilities | NIL |
| Capital commitments | 682,413 |

41. Other disclosures and explanatory notes

- The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act 1961. The Company is in the process of updating the documentation for the Financial Year 2014-2015.

The management is of the opinion that international transactions are at arm's length and accordingly the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

- Final dividend

The Company allotted 802,768 equity shares against exercise of options by the employees, after 31 March 2014 and before the Book closure for the Annual General Meeting held for FY 2013-14. The Company paid dividend of ₹ 924,184 on these shares as approved by the shareholders at the Annual General Meeting held on 25 July 2014.

Notes forming part of the consolidated financial statements

- 3 During the previous year the Company had disinvested its stake in an associate for ₹ 122,410,304.
- 4 The Hon'ble High Court of Bombay has approved the Scheme of Amalgamation of KPIT Global Solutions Limited (the "Transferor Company"), a wholly owned subsidiary, with KPIT Technologies Limited (the "Transferee Company"), vide order dated 28 August, 2014 and therefore, KPIT Global Solutions Limited has ceased to exist as a separate company. KPIT Global Solutions Limited became wholly owned subsidiary upon payment of consideration for the balance equity shares of the company during the quarter ended 30 June, 2013.

| | |
|---|--|
| Name | KPIT Global Solutions Limited |
| General Nature of Business | Sale of JD Edwards software and its implementation, consultancy, maintenance and support services. |
| Effective date of amalgamation for accounting purposes | 1 April, 2013 |
| Method of accounting used to reflect the amalgamation | Refer note 'a' below |
| Particulars of Scheme | Refer note 'a' below |
| Description and number of shares issued | Nil |
| % of Company's equity shares exchanged | Nil |
| Treatment of difference between consideration and value of net identifiable assets acquired | Refer note 'a' below |

a) Details of the scheme

- i. With effect from the appointed date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required by the law, all the assets and liabilities including reserves, if any, of the Transferor Company shall be recorded in the books of the Transferee Company at the book values as recorded in the books of the Transferor Company as per Accounting Standard 14 - Accounting for Amalgamations following pooling of interest method.
- ii. The balance in reserves and surplus account of the Transferor Company as on the Appointed Date shall be transferred to the corresponding reserves in the Transferee Company. In other words, identity of reserves of the Transferor Company shall be preserved.
- iii. The balance of the Profit and Loss Account of the Transferor Company should be aggregated with the balance of the Profit and Loss Account of the Transferee Company.
- iv. In case of any difference in the accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- v. The difference between the value of the investment in the books of the Transferee Company for the equity and preference shares in the Transferor Company and the amount recorded as Share Capital in the books of the Transferor Company will be adjusted against the Reserves.

Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and the cost of investment.

| Assets | Amount (₹) |
|--------------------------------------|----------------------|
| Fixed assets/Intangible assets (net) | 70,967,019 |
| Non-current investments | 494,774,434 |
| Deferred tax asset | 22,366,567 |
| Long-term loans & advances | 141,001,660 |
| Current investments | 80,702,721 |
| Trade receivables | 1,108,356,874 |
| Cash & bank balances | 18,040,835 |
| Short-term loans & advances | 31,668,946 |
| Other current assets | 24,563,687 |
| Total | 1,992,442,743 |

Notes forming part of the consolidated financial statements

| Liabilities | Amount (₹) |
|---------------------------|--------------------|
| Long-term provisions | 25,015,880 |
| Short-term borrowings | 54,089,820 |
| Trade payables | 41,866,970 |
| Other current liabilities | 94,892,279 |
| Short-term provisions | 20,013,406 |
| Total | 235,878,355 |

| Difference between cost of investment and share capital as adjusted in Reserves : | |
|---|----------------------|
| - General reserves | 1,386,966,443 |
| - Profit and loss account | 1,362,021,042 |
| Total | 2,748,987,485 |

Pursuant to the said scheme of amalgamation, all assets and liabilities including intangible assets of KPIT Global Solutions Limited have got amalgamated with KPIT Technologies Limited. Resultant excess consideration paid towards acquisition of KPIT Global Solution Limited's established customers and their business in JD Edward space, customer's contracts from manufacturing vertical and market accepted and tested JD Edwards Practice knowhow along with the market reputation built by them over years and acceptance it enjoyed along with goodwill and JDE practice know how was ₹ 1,885,780,717 arising on the appointed date.

- 4A During the previous year ended 31 March 2014, KPIT Technologies Limited merged its wholly owned subsidiary Sparta Infotech India Private Limited vide scheme of amalgamation approved by Hon'ble High Court of Bombay via order dated 30 January, 2014 with effective date from 1 April, 2012.
- 5 The tax expense for the current period includes credit of ₹ 245,924,656 on account of revised tax return of earlier years filed in the US jurisdiction following completion of extensive documentation requirements and ₹ 72,425,476 for other matters in India pertaining to earlier years.
- 5A The Company has spent ₹ 10,769,669 during FY 2014-15 towards Corporate Social Responsibility.
- 6 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

| Particulars | Amount as per audited financial statement as on 31 March, 2014 | Amount regrouped in current year | Regrouping details |
|-------------------------------------|--|----------------------------------|---|
| Note 9 - Short-term provisions | 580,363,402 | 214,882,637 | Included in "MAT Credit Entitlement" under note 13 - Long-term loans and advances |
| Note 18 - Cash and cash equivalents | 117,554,370 | 10 | Included in note 11 - Non-Current Investments |

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No : 047483

Place: Pune
Date: 28 April, 2015

**For and on behalf of the Board of Directors
of KPIT Technologies Limited**

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

R. Swaminathan
Company Secretary

Place: Pune
Date: 28 April, 2015

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

Kishor Patil
CEO & Managing Director

Registered office, Corporate office and Software Development Centre

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1st Floor, Raghuma Towers,
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KPIT Technologies Limited
(erstwhile KPIT Cummins Infosystems Limited)

CIN: L72200PN1990PLC059594

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Tel.: +91 20 6652 5000 | Fax No.: +91 20 66525001 | Website: www.kpit.com

Notice

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of KPIT Technologies Limited will be held on Wednesday, 19th day of August, 2015, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjewadi, Pune – 411 057, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements and Audited Consolidated Financial Statements for the financial year that ended on March 31, 2015, together with the reports of the Auditors thereon and the report of the Board of Directors for the financial year that ended on that date.
2. To declare dividend for the financial year that ended on March 31, 2015.
3. To appoint a Director in place of Mr. Sachin Tikekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of statutory auditors.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Section 149 and Section 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and Clause 49 of the Listing Agreement, the appointment of Mr. Anant Talaulicar (DIN: 00031051) as an Independent Director of the Company for a period of three years from October 21, 2014, be and is hereby approved.

RESOLVED FURTHER THAT Mr. Anant Talaulicar shall not be liable to retire by rotation.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

6. 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 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and the Articles of Association of the Company, commission be paid to the Non-Executive Directors of the Company, for a period of five years commencing from the financial year 2014-15, of such an aggregate amount not exceeding 1% of the net profits of the Company for the relevant financial year computed in the manner laid down under Section 198 of the Companies Act, 2013, as may, from time to time, be determined by the Board of Directors, and that such aggregate amount of commission shall be divided amongst the Non-Executive Directors in such proportion and in such manner as may be decided by the Board of Directors in that behalf.

RESOLVED FURTHER THAT the Board of Directors and the key managerial personnel be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolutions as SPECIAL RESOLUTIONS:
 - a) Approval of KPIT Technologies Limited Employee Stock Options Plan 2015 and grant of Stock Options to the employees of the Company.

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder, the Memorandum of Association and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “SEBI SBEB Regulations”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval and consent of the Company be and are hereby accorded respectively to the ‘KPIT Technologies Limited Employee Stock Option Plan 2015’ (hereinafter referred to as the “ESOP 2015”/ “Plan”) and 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 HR & Compensation (Nomination & Remuneration) Committee which the Board has constituted or may constitute from time to time, to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant such number of Employee Stock Options ("Options"), to the permanent employees including Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), whether whole-time or otherwise, whether working in India or out of India, as may be decided solely by the Board under the Plan, exercisable into not more than 25,00,000 (Twenty Five Lacs) fully paid-up Equity Shares in the Company in aggregate, of face value of ₹ 2 each, at such price or prices determined in the manner described in the explanatory statement to this resolution attached herewith, in one or more tranches and on such other terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations and the said Plan may be administered either directly or through an Employee Welfare Trust (hereinafter referred to as "Trust") set up by the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of Options from time to time in accordance with ESOP 2015 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the number of Employee Stock Options that may be granted to any employee including any Director of the Company (not being an independent director), in any one year under the ESOP 2015 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 25,00,000 (Twenty Five Lacs) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment.

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 grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate ESOP 2015 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may, at its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2015 and do all other things incidental and ancillary thereto.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2015.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2015 on the stock exchanges, where the securities of the Company are listed as per the provisions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary including authorizing or directing the Trust to appoint merchant bankers, brokers, solicitors, registrars, advertisement agency, compliance officer, investors service centre and other advisors, consultants or representatives, being incidental to the effective implementation and administration of ESOP 2015 as also to prefer applications to the appropriate authorities, institutions and other persons for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/stock exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions which may be required in this regard."

- b) **Grant of Stock Options to the employees of the Subsidiary Company(s) of the Company under KPIT Technologies Limited Employee Stock Options Plan 2015.**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder, the Memorandum of Association and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee

Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval 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 HR & Compensation (Nomination & Remuneration) Committee which the Board has constituted or may constitute from time to time, to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time, such number of Employee Stock Options ("Options") to the permanent employees including the Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) whether whole time or otherwise, whether working in India or out of India, of any existing or future subsidiary company(s) of the Company whether in or outside India, as may be decided solely by the Board under the 'KPIT Technologies Limited Employee Stock Option Plan 2015' (hereinafter referred to as the "ESOP 2015"/ "Plan"), such that the total number of shares resulting from exercise of options by the employees and directors of the Company and by those of the subsidiary companies do not exceed 25,00,000 (Twenty Five Lacs) fully paid-up Equity Shares in the Company in aggregate, of face value of ₹ 2 each, and at such price or prices, determined in the manner described in the explanatory statement to this resolution attached herewith, in one or more tranches and on such other terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT the number of Options that may be granted to any employee including any director of the Subsidiary Company(s) (not being an independent director), in any one year under the ESOP 2015 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 25,00,000 (Twenty Five Lacs) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment.

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 grantees.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary in this regard."

c. **Approval of Acquisition of Secondary Shares through Employee Welfare Trust for the implementation of Employee Stock Option Plans of the Company.**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, the Memorandum of Association and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations"), in particular Regulation 6 thereof and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval 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 HR & Compensation (Nomination & Remuneration) Committee which the Board has constituted or may constitute, from time to time, to exercise its powers, including the powers, conferred by this resolution), to acquire, hold and deal in Equity Shares of the Company acquired from the secondary market through an Employee Welfare Trust (hereinafter referred to as "Trust") such that the total number of shares under secondary acquisition held by the Trust does not exceed, at any time, 5% of the paid-up equity share capital of the Company as on March 31, 2015, for the purpose of implementation of the employee stock option plans of the Company including but not limited to, Employee Stock Option Plan 2004, Employee Stock Option Plan 2006, Employee Stock Option Plan 2014 and Employee Stock Option Plan 2015 (hereinafter referred to as the "Plans"), or for any other purpose(s) as contemplated under and in due compliance with the provisions of the SEBI SBEB Regulations.

RESOLVED FURTHER THAT Equity Shares that can be acquired from the secondary market in any financial year by the Trust shall not exceed 2% of the Paid-up Equity Share Capital as at the end of the financial year preceding the date of acquisition thereof.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/

undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the shareholders, the maximum number of Equity Shares to be acquired from the secondary market in any financial year as well as the maximum number of Equity Shares acquired from the secondary market and held by the Trust at any point of time, as aforesaid shall be increased by the same proportion that the number of such additional Equity Shares issued bears to the number of Equity Shares outstanding immediately prior to such issue.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things as it may deem necessary in this regard."

d. **Approval of extension of exercise period under Employee Stock Option Plan 2004.**

"RESOLVED THAT pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations"), in particular, Regulation 7 thereof, applicable provisions, if any, of the Companies Act, 2013, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the extension of the period for exercise of vested options from 3 years to 5 years under the Employee Stock Option Scheme of the Company namely, **KPIT Technologies Limited – Employee Stock Option Plan 2004 ("ESOP 2004")**, being a variation of terms not detrimental but beneficial to the interest of the employees;

RESOLVED FURTHER THAT the aforesaid extension of exercise period shall apply to such employees and in such manner as the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee, including the HR & Compensation (Nomination & Remuneration) Committee which the Board has constituted or may constitute from time to time, to exercise its powers, including the powers, conferred by this resolution) may determine subject to the compliance with applicable laws and regulations.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary, or being incidental for the effective implementation of this resolution and ESOP 2004 scheme, including any filings or submissions with any stock exchange(s), or any other authority or agency in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

e. **Approval of extension of exercise period under Employee Stock Option Plan 2006.**

"RESOLVED THAT pursuant to provisions of Securities and Exchange Board of India (Share Based Employee

Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations"), in particular, Regulation 7 thereof, applicable provisions, if any, of the Companies Act, 2013, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the extension of the period for exercise of vested options from 3 years to 5 years under the Employee Stock Option Scheme of the Company namely, **KPIT Technologies Limited – Employee Stock Option Plan 2006 ("ESOP 2006")**, being a variation of terms not detrimental but beneficial to the interest of the employees;

RESOLVED FURTHER THAT the aforesaid extension of exercise period shall apply to such employees and in such manner as the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee, including the HR & Compensation (Nomination & Remuneration) Committee which the Board has constituted or may constitute from time to time, to exercise its powers, including the powers, conferred by this resolution) may determine subject to the compliance with applicable laws and regulations.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary, or being incidental for the effective implementation of this resolution and ESOP 2006 scheme, including any filings or submissions with any stock exchange(s), or any other authority or agency in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

f. **Approval of extension of exercise period under Employee Stock Option Plan 2014.**

"RESOLVED THAT pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations"), in particular Regulation 7 thereof, applicable provisions, if any, of the Companies Act, 2013, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the extension of the period for exercise of vested options from 3 years to 5 years under the Employee Stock Option Scheme of the Company namely, **KPIT Technologies Limited – Employee Stock Option Plan 2014 ("ESOP 2014")**, being a variation of terms not detrimental but beneficial to the interest of the employees;

RESOLVED FURTHER THAT the aforesaid extension of exercise period shall apply to such employees and in such manner as the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall

be deemed to include any committee, including the HR & Compensation (Nomination & Remuneration) Committee which the Board has constituted or may constitute from time to time, to exercise its powers, including the powers, conferred by this resolution) may determine subject to the compliance with applicable laws and regulations.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary, or being incidental for the effective implementation of this resolution and ESOP 2014 scheme, including any filings or submissions with any stock exchange(s), or any other authority or agency in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

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 the provisions of Section 67 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder (and any statutory modification(s) or re-enactment(s) thereof for the time being in force) including Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 as amended from time to time (hereinafter referred to as "Companies Rules"), the Memorandum of Association and Articles of Association of the Company, regulations and guidelines of Securities and Exchange Board of India, including Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations"), and subject to such other approvals, permissions and sanctions as may be necessary and subject further to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, which may be accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof), approval and consent of the members of the Company, be and is hereby accorded to the scheme for provision of money, by way of grant of loan or provision of guarantee or security in connection with a loan granted or to be granted to, KPIT Technologies Employee Welfare Trust (hereinafter referred to as "Trust") set up by the Company, in one or more tranches for the purpose of subscription and /or purchase of equity shares of the Company by the Trust / Trustees, in one or more tranches, for the benefit or welfare of employees under various Employee Stock Option Plans of the Company now existing or as may be created in future (together hereinafter referred to as the "ESOPs"/"Plans"), or for any other purpose(s) as permitted under and in due compliance with the provisions of the SEBI SBEB Regulations, the Companies Rules and other applicable laws and regulations.

RESOLVED FURTHER THAT the total amount of finance provided by the Company under the scheme, both by way of grant of loan and by way of guarantee/security for any loan granted by any other person, to the Trust/ Trustees and outstanding at any point of time, shall not exceed ₹ 20,00,00,000 (Rupees Twenty Crores only) and that any loan granted by the Company under the scheme shall carry interest at such rate, not being a rate lower than the rate prescribed under Section 186 of the Companies Act, 2013, as the Board may determine.

RESOLVER FURTHER THAT the Board shall be authorized to finalize all other terms of the scheme such as the tenure of the loan, details of the security and date of commencement of the scheme and authorized to do such other acts, matters, deeds and things as deemed necessary, expedient or convenient by the Board."

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 14 and all other applicable provisions, if any, of the Companies Act, 2013, 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 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 a new set of articles as per the draft placed before this meeting and initialled by the Chairman for the purpose of identification, in place of the existing set of articles, be and is hereby approved and that the key managerial personnel of the Company, be and are hereby severally authorized, to take all necessary steps expedient or desirable to give effect to this resolution."

By Order of the Board of Directors
For KPIT Technologies Limited

Place : Pune
Date : July 10, 2015

R. Swaminathan
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, is annexed hereto.
2. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue showing the prominent landmarks is given elsewhere in this Notice. Further, the Company has uploaded the above route map on its website at <http://www.kpit.com/company/investors/corporate-governance>.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. A person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other shareholder.
5. Proxies are requested to bring their valid photo identity proof at the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **August 13, 2015 to August 19, 2015 (both days included)**.
7. Members holding shares in physical form are requested to communicate immediately any change in address to the Registrar & Share Transfer agents of the Company at Link Intime India Private Limited (Attention Mr. Bhagavant 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. Members holding shares in dematerialized form are requested to notify change in address, if any, to their respective Depository Participants (DPs).
8. 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@kpit.com or to the secretarial department at investorassist@kpit.com so as to reach them 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.
9. Securities and Exchange Board of India ("SEBI") has made it mandatory to distribute dividends through National Electronic Clearing System (NECS). Members are requested to notify change in their Bank account details, if any, to their DPs immediately and not to send the requests directly to the Company or to its Registrar & Share Transfer Agents.

Members holding shares in physical form are requested to intimate change in their Bank account details, if any, to the Registrar & Share Transfer Agents of the Company.
10. SEBI has mandated the submission of the permanent account number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit

their PAN to their DPs. Members holding shares in physical form are required to submit their PAN details to the Company, or to its Registrar & Share Transfer Agents.

11. Members are requested to:
 - quote their Registered Folio number in case of shares in physical form and DP ID and Client ID in case of shares in demat form, in their correspondence(s) to the Company.
 - direct all correspondence related to shares including consolidation of folios, if shareholdings are under multiple folios, to the Registrar and Share Transfer Agents of the Company or to the Registered Office of the Company.
 - bring copies of the Annual Report and the Attendance Slip duly filled in at the Annual General Meeting.
 - take note that SEBI has 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.

Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the resolution of the Board authorizing their representative to attend and vote on their behalf at the meeting.
12. The certificate from Auditors of the Company certifying that the Company's Employee Stock Option Scheme 1998, Employee Stock Option Plan 2004, Employee Stock Option Plan 2006 and Employee Stock Option Plan 2014 are being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time and in accordance with the resolutions passed at the general meeting(s) will be placed before the members at the Meeting.
13. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the secretarial department at investorassist@kpit.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 of the dividend 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).
14. ₹ 246,104/-, being the unclaimed dividend required to be transferred to the Investor Education and Protection Fund under Section 205A (5) of the Companies Act, 1956, during the year 2014-15, was transferred to said Fund.

15. All documents referred to in any item of business hereinabove will be available for inspection at the Company's registered office on all working days, except holidays during business hours upto the date of the Annual General Meeting.
16. Members interested in availing transport facility (within Pune) for attending the Annual General Meeting are requested to register themselves at least five days before the meeting by contacting Mr. Vishal Parekh at vishal.parekh@kpit.com or at +91 20 6652 5000, Ext. 3390.
17. Pursuant to the provisions of Section 108 of the Companies Act, 2013, the rules made thereunder and Clause 35B of the Listing Agreement entered into with the stock exchanges, the Company is providing an option to the shareholders to exercise their right to vote by electronic means (e-voting). Instructions for e-voting are attached to this notice.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Clause 49.VIII(E) of Listing Agreement with Stock Exchanges]

Item No. 3

Mr. Sachin Tikekar, aged 47 years, was inducted as a director on the Board of the Company on October 20, 2011. He holds a Masters' degree in Strategic Management and International Finance from Temple University's Fox School of Business and Management, Pennsylvania. He is a co-founder of KPIT and has played various leadership roles over the years. Currently, he has taken up the role of President – Strategic Relationships. 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. Mr. Tikekar possesses 22 years of experience.

The details of his directorships and memberships of committees in other Indian companies are as follows:

| Name of the Company | Designation |
|-------------------------------|-------------|
| Sanis Estates Private Limited | Director |

Mr. Tikekar is not a member/chairman of any committee in any other company.

Mr. Tikekar is currently holding office as a Whole-time Director of the Company for a period of five years from October 20, 2011 subject to retirement by rotation. Since the proposed reappointment is caused by his retirement

by rotation and the members have already approved his remuneration upto October 19, 2016, no additional remuneration will be payable to Mr. Tikekar consequent upon his reappointment as a director.

As on March 31, 2015, Mr. Tikekar held 10,03,800 shares in the Company. The details of his remuneration and the number of Board meetings attended by him during the year are mentioned elsewhere in the annual report.

Mr. Tikekar is not related to any other director or key managerial personnel of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Mr. Anant Talaulicar, aged 54 years, was appointed as an Additional Director and Independent Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 with effect from October 21, 2014.

Mr. Anant Talaulicar holds B.E. (Mechanical) degree from Mysore University, M.S. degree from the University of Michigan in Ann Arbor and a MBA from Tulane University, USA. He has been serving Cummins group for the past 18 years in varied fields like Finance, Manufacturing, Product Management, Strategy, Marketing and General Management. He has led the North & South American Commercial Power Generation business for Cummins with revenues of \$ 300 million. Currently, he is Chairman and Managing Director of Cummins India Limited.

The details of his directorships and memberships of committees in other Indian companies are as follows:

Directorships

| Name of the Company | Designation |
|---|-------------------|
| Cummins India Limited | Managing Director |
| Remex Finance Private Ltd | Director |
| Trihans Trading Private Ltd | Director |
| Cummins Research and Technology India Private Limited | Director |
| Cummins Technologies India Private Limited | Director |
| Tata Cummins Private Limited | Director |
| Cummins Generator Technologies India Private Limited | Director |
| Valvoline Cummins Private Limited | Director |

Committee memberships/chairmanships

| Name of the Company | Name of the Committee | Member/ Chairman |
|---|---|------------------|
| Cummins India Limited | 1. Audit and Risk Management Committee | Member |
| | 2. Stakeholders Relationship Committee | Member |
| | 3. Nomination & Remuneration Committee | Member |
| | 4. Corporate Social Responsibility Committee. | Member |
| Valvoline Cummins Private Limited | 1. Corporate Social Responsibility Committee | Chairman |
| Tata Cummins Limited | 1. Finance Audit Committee | Member |
| | 2. Corporate Social Responsibility Committee | Member |
| Cummins Technologies India Private Limited | 1. Corporate Social Responsibility Committee | Chairman |
| Cummins Research & Technologies India Private Limited | 1. Corporate Social Responsibility Committee | Member |
| Cummins Generator Technologies India Private Limited | 1. Corporate Social Responsibility Committee | Member |

Mr. Talaulicar did not hold any shares in the Company as on March 31, 2015. Mr. Talaulicar is not related to any other director or key managerial personnel of the Company.

According to the provisions of the Companies Act, 2013, the appointment of independent director(s) of the Company shall be approved at the meeting of shareholders. Accordingly, it is proposed to approve the appointment of Mr. Talaulicar as an Independent Director in the annual general meeting for a period of three years from October 21, 2014, not liable to retire by rotation. Mr. Talaulicar will be entitled to receive sitting fees and commission in the same manner as any other independent director is entitled to. The terms and conditions of appointment are given more elaborately in the appointment letter of Independent Directors displayed on the website of the Company at <http://www.kpit.com/company/investors/corporate-governance>.

The Company has received a notice in writing from a member along with a deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Talaulicar for the office of a Director of the Company.

Mr. Talaulicar has submitted a declaration of his independent status as required under Section 149 of the Companies Act, 2013, which has been taken on record by the Board of Directors of the Company. In the opinion of the Board of Directors, Mr. Talaulicar fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as an Independent Director and Mr. Talaulicar is independent of the management.

Considering the qualifications, experience, expertise and the accomplishments of Mr. Talaulicar, the Board of Directors is of the view that appointment of Mr. Talaulicar as an Independent Director will benefit the Company and recommends the ordinary resolution set forth as Item No. 5 of the Notice for the approval of the shareholders.

Mr. Talaulicar will be deemed to be concerned or interested in the proposed resolution to the extent of the remuneration that the office of an independent director may carry. None of the other Directors or key managerial personnel or the relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 6

To acknowledge the contribution of Non-Executive Directors to the growth of the Company, the Company has been paying commission not exceeding 1% of the net profit, to the Non-Executive Directors every year. It is proposed to continue the payment of commission to Non-Executive Directors as per the current practice for a period of five more years starting with the financial year 2014-15. Under the provisions of section 197 of the Companies Act, 2013, payment of remuneration to Non-Executive Directors shall be approved by the Company in general meeting. Accordingly, this resolution is being proposed for the approval of the members.

The Board of Directors recommends the special resolution set forth as Item No. 6 of the Notice for the approval of the shareholders.

All the Non-Executive Directors of the Company will be deemed to be concerned or interested in the proposed resolution to the extent of the remuneration that the Non-Executive Directors may be paid pursuant to the resolution.

None of the other Directors or key managerial personnel or the relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 7 (a) & 7 (b)

Equity based compensation is considered to be an integral part of employee compensation across various sectors which enables alignment of personal goals of the employees with organizational objectives by enabling participation of the employee in the ownership of the Company through share based compensation scheme/ plan. Your Company believes in rewarding its employees including Directors of the Company as well as that of the Subsidiary Company(s)

for their continuous hard work, dedication and support, which has led the Company and the Subsidiary Company(s) on the growth path. The Company intends to implement **KPIT Technologies Limited Employee Stock Option Plan 2015** ("ESOP 2015"/ "Plan") with a view to attracting and retaining key talent for the Company and its Subsidiary Company(s) by way of rewarding their performance and motivating them to contribute to the overall corporate growth and profitability.

The Company intends to implement ESOP 2015 either directly or through an Employee Welfare Trust (herein after referred to as "Trust") set up by the Company for the convenient administration thereof.

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Company seeks members' approval for grant of employee stock options under the Plan ("Options") to the eligible employees/ Directors of the Company and those of its Subsidiary Company(s) as decided by the HR & Compensation (Nomination & Remuneration) Committee from time to time in due compliance of the SEBI SBEB Regulations.

The main features of ESOP 2015 are as under:

1. Brief Description of the Scheme(s):

This proposed Scheme called the KPIT Technologies Limited Employee Stock Option Plan 2015 is intended to reward the Eligible Employees of the Company, its Subsidiary Companies in India and abroad, for their performance and to motivate them to contribute to the growth and profitability of the Company. Your Company also intends to use this Scheme to retain talent in the organization as it views Employee Stock Options as instruments that would enable the Employees also to benefit directly from the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

2. Total number of Options to be granted:

The number of options that would be available for grant to the eligible employees of the Company and eligible employees of the Subsidiary Company(s) under ESOP 2015, in one or more tranches will not exceed 25,00,000 (Twenty Five Lacs). Each option would carry a right to apply for one Equity Share in the Company of face value of ₹ 2/- each, fully paid-up.

Vested Options lapsed due to non-exercise and/ or unvested Options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled Options as per the provisions of ESOP 2015, within overall ceiling.

The SEBI SBEB Regulations 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 required to be issued pursuant to any corporate action, the above ceiling of Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued subject to compliance of the SEBI SBEB Regulations.

3. Identification of classes of employees entitled to participate in ESOP 2015:

Following classes of employees are entitled to participate in ESOP 2015:

- a) Permanent employees of the Company working in India or out of India;
- b) Directors of the Company; and
- c) Permanent employees and Directors of the Subsidiary Company(s).

Following persons are not eligible:

- a) an employee who is a Promoter or belongs to the Promoter Group;
- b) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- c) an Independent Director within the meaning of the Companies Act, 2013.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The HR & Compensation (Nomination & Remuneration) Committee may also, at its discretion, lay down certain performance metrics on the achievement of which such 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 vesting period of 1 year.

5. Maximum period within which the Options shall be vested:

Options granted under ESOP 2015 would vest subject to maximum period of 4 years from the date of grant of such Options.

6. Exercise price or pricing formula:

The Exercise price per Options shall be equal to the Market Price of an Equity Share of the Company or any other price as decided by the HR & Compensation (Nomination & Remuneration) Committee ("Exercise Price").

"Market price" under the SEBI SBEB Regulations means the closing price of the Company's equity share on the stock exchange on which the equity shares of the company are listed, on the trading day immediately prior to the date of grant of options. If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trade volume shall be considered as the market price.

7. Exercise period and the process of Exercise:

The vested Options shall be allowed for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 5 years from the date of vesting of such Options.

The vested Options shall be exercisable by the employees by a written application to the Trust or Company expressing his/ her desire to exercise such Options in such manner and in such format as may be prescribed by the Trust/ HR & Compensation (Nomination & Remuneration) Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of employees under ESOP 2015:

The appraisal process for determining the eligibility of the employees will be decided by the HR & Compensation HR & Compensation (Nomination & Remuneration) Committee from time to time.

The employees would be granted Options under the ESOP 2015 based on various parameters such as performance rating, period of service, rank or designation and such other parameters as may be decided by the HR & Compensation (Nomination & Remuneration) Committee from time to time.

9. Maximum Quantum of benefits to be provided per employee under the ESOP 2015:

The Maximum quantum of benefits underlying the Options issued to an eligible employee will depend upon the market price of the shares as on the date of sale of shares arising out of exercise of Options, exercise price of Options, the dividends declared, bonus or rights shares issued and share splits.

10. Scheme Implementation through a Trust:

The Scheme may also be implemented and administered by KPIT Technologies Employee Welfare Trust ("Trust").

11. Source of Acquisition of Shares by Trust:

The Scheme contemplates both new issue of shares by the Company ("Primary Shares") as well as secondary acquisition of shares ("Secondary Shares") by the Trust.

12. The amount of loan provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, repayment terms etc.:

For the effective implementation of the Scheme, the Company may provide, loan to the Trust, from time to time.

The details of Loan to the Trust are as below:

| | |
|----------------|--|
| Amount of Loan | Maximum amount of loan outstanding at any point of time not to exceed ₹ 20,00,00,000/- |
| Tenure of Loan | To be decided by the board of directors from time to time (Please see the explanatory statement to Item No. 8) |

| | |
|---------------------|---|
| Utilisation of Loan | Subscribing to the primary shares and/ or acquisition of equity shares of the Company from the secondary market |
| Repayment Terms | To be repaid with interest at such rates not below the rates mentioned under Section 186 of the Companies Act, 2013 as the board of directors may decide from time to time. |

13. Maximum percentage of Secondary Acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purchase of the scheme:

The total number of shares under secondary acquisition held by the Trust shall not, at any time, exceed 5% of the paid up equity capital of the Company as on March 31, 2015.

Equity Shares that can be acquired from the secondary market in any financial year by the Trust shall not exceed 2% of the Paid-up Equity Share Capital as at the end of the financial year preceding the date of acquisition (or such other limits as may be prescribed under the SEBI SBEB Regulations).

14. Accounting and Disclosure Policies:

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards/policies prescribed by the Institute of Chartered Accountants of India or Central Government or SEBI, from time to time, including the disclosure requirements prescribed therein.

15. Method of Option Valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the Options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on earning per share of the Company shall also be disclosed in the Board's Report.

Consent/approval of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder and as per the SEBI SBEB Regulations, in particular, Regulation 6 thereof.

The Board of Directors recommends the special resolutions set forth as Item Nos. 7 (a) and 7 (b) of the notice for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the Plan.

Item No. 7 (c)

Your Company intends to implement the various Employee Stock Options Plans ("Plans") with a view to attracting and

retaining key talent for the Company and its Subsidiary Company(s). Under the Plans, the Company has to issue fresh equity shares to the Option holders upon exercise of options and this results in dilution of equity. Acquisition of shares from the secondary market will avoid equity dilution and therefore, acquisition of the Company's shares from the secondary market by KPIT Technologies - Employee Welfare Trust ("Trust") is contemplated.

Under SEBI SBEB Regulations, shareholders of the Company shall approve acquisition of shares from secondary market for implementation of employee benefit schemes, by passing a special resolution. The said Regulations also provide that the secondary acquisition by the Trust, in any financial year, for implementing employee benefit schemes shall not exceed 2% of the total number of shares of the Company at the end of the preceding financial year. Further, the said Regulations also stipulate that the total number of shares acquired from the secondary market and held by the Trust at any time, shall not exceed 5% of the total number of shares of the Company at the end of the financial year preceding the year in which the resolution for secondary acquisition of shares is passed by the shareholders.

Approval of the members is being sought by way of a special resolution pursuant to Regulation 6 of the SEBI SBEB Regulations, for secondary acquisition of shares of the Company by the Trust.

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the Plan.

The Board of Directors recommends the special resolution set forth as Item No. 7(c) of the notice for approval of the Members.

Item No. 7 (d), 7 (e) and 7 (f)

The Company had implemented Employee Stock Option Plans namely **KPIT Technologies Limited – Employee Stock Option Plan 2004**, **KPIT Technologies Limited – Employee Stock Option Plan 2006**, **KPIT Technologies Limited – Employee Stock Option Plan 2014** (jointly referred to as "ESOP Plans") during the financial years 2004-05, 2006-07 and 2014-15 respectively. These ESOP Plans were approved by the members by way of special resolutions in due compliance with the then prevailing Securities & Exchange Board of India Guidelines.

Exercise period of 3 year was prescribed in each of the ESOP Plans. It was recommended by your Board that the exercise period may be extended from 3 years to 5 years which seems more beneficial to the interests of the employees. This also helps in employee retention as life of an Employee Stock Options is increased.

This is allowed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations) subject to your approval by way of special resolution.

Particulars to be disclosed in accordance with Sub-Regulation 4 of Regulation 7 of the SEBI SBEB

Regulations 2014, for the variation of the terms of the ESOP Plan are given below:

- a. **Details of the variation:** Extension of exercise period from 3 years to 5 years for ESOP 2004, ESOP 2006 and ESOP 2014.
- b. **Rationale for the variation:** The aforementioned variation is not detrimental/prejudicial to the interest of the employees. The rationale for the variation is to ensure employee retention as life of an Employee Stock Options is bound to increase upon increase in the Exercise Period.
- c. **Details of the employees who are beneficiaries of such variation:** The beneficiaries of these variations shall be the employees to whom Options already granted under the Scheme in the past/pre-existing grants under the ESOP 2004, ESOP 2006 and ESOP 2014 and the eligible employees for whom Options may be granted in future under these Schemes.

The Board of Directors recommends the special resolution set forth as Item Nos. 7 (d), 7 (e) and 7 (f) for approval of the Members.

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the Plan.

Item No. 8

The Company has implemented various stock option plans with a view to attract and retain key talent for the Company and its Subsidiary Company(s). The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, ("SEBI SBEB Regulations") which governs share based employee benefit schemes/plans permit implementation of the plan through a trust and in some situations, even make it mandatory.

The Board of Directors has already set up an Employee Welfare Trust namely KPIT Technologies - Employee Welfare Trust ("Trust"). The Trust may need funds, from time to time, for subscribing to the Company's shares or for purchasing the Company's shares, for implementing the stock option plans of the Company. Under the provisions of Companies Act, 2013, any provision of finance by a Company to any other person for purchase of or subscription for its own shares has to be in accordance with a scheme approved by the members by way of a special resolution.

The major terms of the Scheme are as below:

1. The total amount of loans granted by the Company to the Trust and the amount of guarantee/security provided by the Company in connection with a loan provided by another person to the Trust and outstanding at any point of time, shall not exceed ₹ 20,00,00,000 (Rupees Twenty crores only).
2. The loans shall carry interest at such rate, not being less than the rate of interest prescribed under section 186 of the Companies Act, 2013, as may be determined by the Board of Directors of the Company.

3. All other terms of the scheme shall be framed by the Board of Directors.

Particulars in respect of the Trust:

- a) **Class of employees for whose benefit the scheme is being implemented and money is being provided for purchase of or subscription to shares:**

The Plan is being implemented and money is being provided for purchase and subscription of shares for the benefit of employees within the meaning of the Plan. The class/classes of employees who are eligible subject to selection by the Nomination and Remuneration Committee ("Committee") are as under:

- (i) Permanent employees of the Company working with the Company or on deputation with any other company in India or out of India;
- (ii) Directors of the Company; and
- (iii) Permanent employees and Directors of the Subsidiary Company(s)/working with respective subsidiary company or on deputation with any other company.

Following class/classes of employees are not eligible:

- (i) an employee who is a Promoter or belongs to the Promoter Group;
- (ii) a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- (iii) an Independent Director within the meaning of the Companies Act, 2013.

- b) **The particulars of the Trustee or employees in whose favor such shares are to be registered:**

KPIT Technologies - Employee Welfare Trust ("Trust"). Trust shall acquire and hold the shares in due compliance of the relevant provisions of SEBI SBEB Regulations and other applicable provisions. The shares will be registered in the names of the trustees.

- c) **The particulars of Trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any:**

Name and address of Trust: KPIT Technologies - Employee Welfare Trust, 35 & 36, Rajiv Gandhi Infotech Park, Phase 1, MIDC, Hinjewadi, Pune - 411 057, Maharashtra at Pune.

Particulars of Trustees:

| Sr. No. | Name | Address | Occupation | Nationality |
|---------|---------------------|---|------------|-------------|
| 1. | Mr. Shriharsh Ghate | 68 Shailesh Society, Ganesh Nagar, Pune - 411 052 | Service | Indian |

| Sr. No. | Name | Address | Occupation | Nationality |
|---------|---------------------|---|------------|-------------|
| 2. | Mr. Sudheer Tiloo | Amit Blossom, 12 th Lane, Prabhat Road, Pune - 411 004 | Service | Indian |
| 3. | Mr. Suhas Deshpande | 101, Bhosale Saptasur Apts, Plot N-61/62, Bhosale Nagar, Pune - 411 007 | Service | Indian |

The Board (including a Committee thereof) at its sole discretion may add or remove, any of the trustees, at any time.

None of the trustees is related to the promoters, directors or key managerial personnel of the Company.

- d) **Any interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof:**

Promoters are not eligible to be covered under any stock option plan and therefore, do not have any interest in this scheme or in the Trust. Key managerial personnel and non-promoter directors may be covered under the stock option plans in due compliance with the SEBI SBEB Regulations and therefore, may be considered to be interested in the Scheme or Trust to the extent of options granted or exercised by them.

- e) **The detailed particulars of benefits which will accrue to the employees from the implementation of the Scheme:**

Employees of the Company and its subsidiaries, considered eligible by the HR & Compensation (Nomination & Remuneration) Committee ("Committee") of the Board, may be granted employee stock options under the Plan which would vest according to the vesting conditions prescribed by the Committee. After vesting and on exercise of the Options, either the Company or the Trust/Trustees may allot or transfer corresponding number of shares to the employees against payment of the exercise price. The employees may hold, sell or otherwise deal in such shares, as per their discretion subject to applicable laws and regulations. Provision of loans by the Company to the Trust enables the Trust to operate the stock option plans including cashless stock option scheme. Under cashless scheme, the Trust holds a certain number of shares of the Company and on exercise of stock options by an employee, the Trust can sell the corresponding number of shares, out of its holdings, in the market and pay the employee the proceeds of such sale after deducting the exercise price, taxes and the transaction charges. This provides the employees an avenue for realizing the benefit of stock options without having to make upfront investment. This also gives instant liquidity to the options which is of great benefit to the employees.

f) **The details about who would exercise and how the voting rights in respect of the shares to be purchased under the Plan would be exercised:**

As per SEBI SBEB Regulations, the Trustees shall not vote in respect of equity shares held in the Trust. In these circumstances, the voting rights can be exercised by an employee only when the equity shares are transferred to them after due process of exercise of Options.

In term of the provisions of Regulation 3(8) of the SEBI SBEB Regulations read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, approval of the Shareholders is being sought by way of a special resolution set forth as Item No. 8 of this Notice.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is in any way concerned or interested in the aforesaid special resolution, except to the extent of their entitlements, if any, under the Plan.

The Board of Directors recommends the special resolution set forth as Item No. 8 of the notice for approval of the shareholders.

Item No. 9

The Companies Act, 2013 (the "Act") and the rules framed thereunder (the "Rules") have replaced Companies Act, 1956 and the rules framed under Companies Act, 1956. The existing Articles of Association of the Company are based on the provisions of Companies Act, 1956 and therefore, the regulations contained in the existing articles may not be in conformity with the new Act and the Rules. Therefore, it is considered desirable to replace the existing Articles of Association with a new set of Articles of Association to bring the same in line with the provisions of the Act and the Rules. Under the provisions of the Act, adoption of new set of Articles of Association has to be approved by a special resolution of the Members.

The proposed set of Articles of Association is available for inspection by the Members, at the Company's registered office on all working days, except holidays, upto the date of the Annual General Meeting. The proposed set of articles are also available on the Company's website at <http://www.kpit.com/company/investors/corporate-governance>.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives is interested or concerned in the proposed resolution.

The Board of Directors recommends the special resolution set forth as Item No. 9 of the notice for approval of the shareholders.

By Order of the Board of Directors
For **KPIT Technologies Limited**

Place : Pune
Date : July 10, 2015

R. Swaminathan
Company Secretary

INSTRUCTIONS FOR ELECTRONIC VOTING BY MEMBERS

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting" or "e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for casting the vote through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on August 15, 2015 (9:00 am) and ends on August 18, 2015 (5:00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 12, 2015, may cast their vote by remote e-voting. The remote e-voting shall be disabled by NSDL after the remote e-voting period ends. Once the vote is cast, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participant(s)] :
 - (i) Open e-mail and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as the password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) When password change menu appears, please change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Once the home page of remote e-voting opens, click on "remote e-voting: Active Voting Cycles".
 - (vii) Select "EVEN" of "KPIT Technologies Limited".
 - (viii) Now Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vinayak.khanvalkar@kanjcs.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose e-mail IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
- (i) Initial password is provided at the bottom of the Attendance Slip for the AGM
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available under the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to the number of shares held by the member as on the cut-off date, August 12, 2015.
- X. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch

of the notice and holding shares as of the cut-off date i.e. August 12, 2015 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or bhagwant.sawant@linkintime.co.in

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. The Company has appointed Mr. V. S. Khanvalkar, Partner, Kanj & Associates, Practicing Company Secretaries, as the Scrutinizer to scrutinize the e-voting process and ballot process in a fair and transparent manner.
- XIII. The Chairman will, at the end of discussion on the resolutions on which voting is to be held, allow voting by use of "Ballot Paper" for all those members who are present at the AGM and have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company (www.kpit.com) and on the website of NSDL (www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the shares of the Company are listed.



KPIT TECHNOLOGIES LIMITED
(erstwhile KPIT Cummins Infosystems Limited)

CIN: L72200PN1990PLC059594

Registered Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjewadi, Pune – 411 057. India.
Tel.: +91 20 6652 5000 I Fax: +91 20 6652 5001 I website: www.kpit.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|------------------------|--|
| Name of the member(s): | |
| Registered address: | |
| E-mail Id: | |
| Folio No/ Client Id: | |
| DP ID: | |

I/We, being the member(s) of _____ shares of the above named company, hereby appoint:

- 1) Name: _____ Email Id: _____
Address: _____

Signature: _____
or failing him / her
- 2) Name: _____ Email Id: _____
Address: _____

Signature: _____
or failing him / her
- 3) Name: _____ Email Id: _____
Address: _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Wednesday, August 19, 2015 at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune – 411 057 and at any adjournment thereof in respect of such resolutions as are listed below:

Resolutions:

1. To receive, consider and adopt the Audited Financial Statements and Audited Consolidated Financial Statements for the financial year that ended on March 31, 2015, together with the reports of the Auditors thereon and the report of the Board of Directors for the financial year that ended on that date.
2. To declare dividend for the financial year that ended on March 31, 2015.
3. To appoint a Director in place of Mr. Sachin Tikekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of statutory auditors.
5. To appoint Mr. Anant Talaulicar as an Independent Director.
6. To approve payment of commission to Non-Executive Directors.
7.
 - a) To approve KPIT Technologies Employee Stock Options Plan 2015 and grant of Stock Options to the employees of the Company.
 - b) To grant Stock Options to the employees of the Subsidiary Company(s) of the Company under KPIT Technologies Employee Stock Options Plan 2015.
 - c) To approve Acquisition of Secondary Shares through Employee Welfare Trust for the implementation of Employee Stock Options Plans of the Company.
 - d) To approve extension of exercise period under Employee Stock Option Plan 2004.
 - e) To approve extension of exercise period under Employee Stock Option Plan 2006.
 - f) To approve extension of exercise period under Employee Stock Option Plan 2014.
8. To approve a scheme for provision of money by the Company to employee welfare trust/trustees for purchase of or subscription for fully paid-up shares of the Company for the benefit of employees under various Employee Stock Option Plans.
9. To adopt a new set of Articles of Associations of the Company.

Signed this ____ day of _____ 20 ____.

Signature of the shareholder

Signature of Proxy holder(s)



Note: This form of Proxy in order to be effective should be duly completed and deposited at Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





KPIT TECHNOLOGIES LIMITED

(erstwhile KPIT Cummins Infosystems Limited)

CIN: L72200PN1990PLC059594

Registered Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune – 411 057. India.

Tel.: +91 20 6652 5000 I Fax: +91 20 6652 5001 I website: www.kpit.com

ATTENDANCE SLIP

(Please complete this attendance slip and hand over at the entrance of the meeting venue)

| | |
|---|--|
| Registered Folio No. / DP ID & Client ID | |
| Name and address of the Member(s) | |
| Joint Holder 1 Joint Holder 2 | |
| No. of Shares | |

I/We hereby record my/our presence at the Annual General Meeting of the Company held on Wednesday, August 19, 2015 at 10:30 a.m. at KPIT Auditorium, SBD-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune-411057, India.

Member's / Proxy's name in Block Letters

Member's / Proxy's Signature

NOTES:

- Interested Joint Members may obtain Attendance Slip from the Registered/Corporate office of the Company.
- Members/Joint Members/Proxies are requested to bring the Attendance Slip with them. Duplicate Attendance Slip will not be issued at the meeting venue.

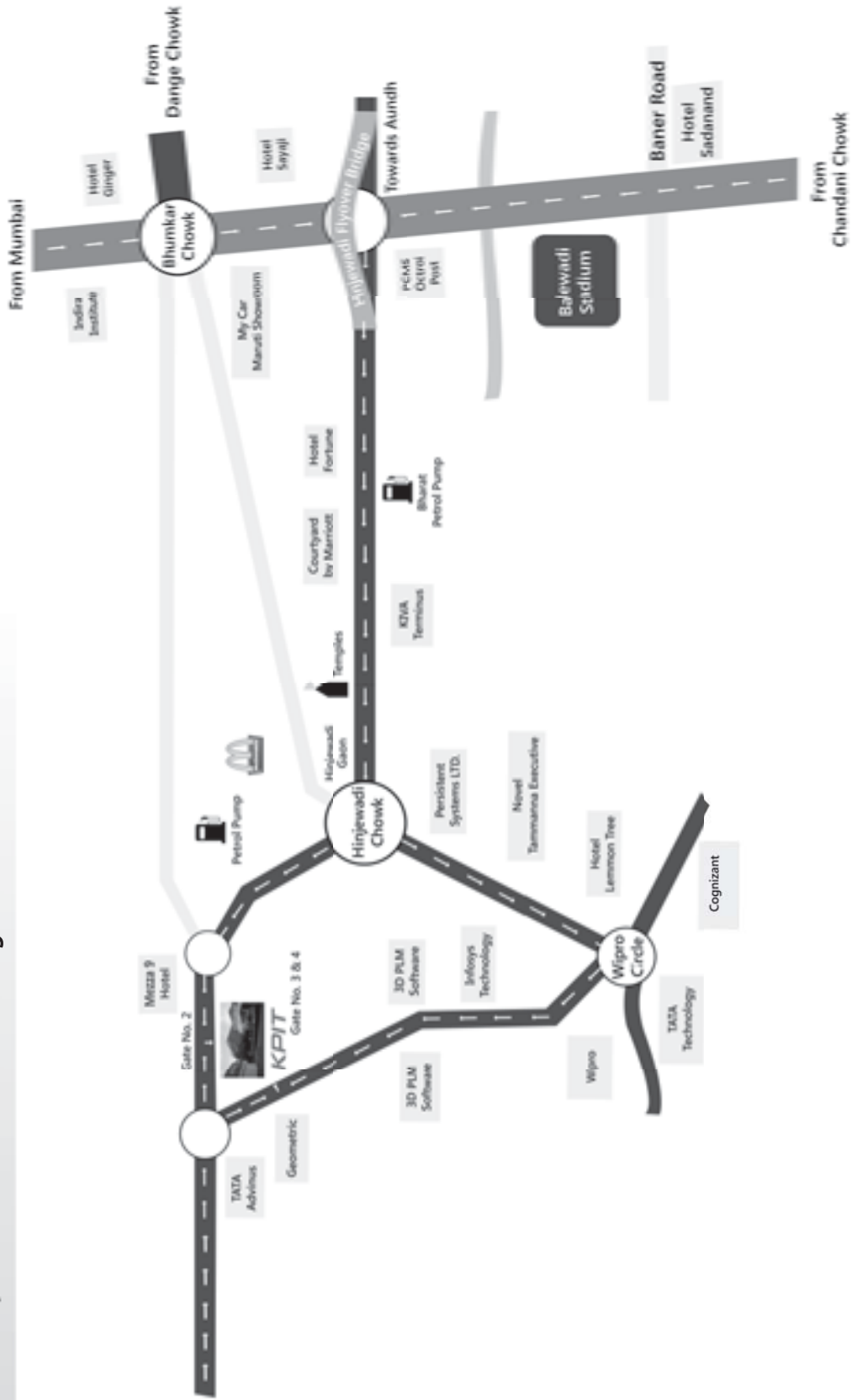
ELECTRONIC VOTING PARTICULARS

| EVEN (Electronic Voting Event Number) | User ID | Password |
|--|---------|----------|
| | | |

Notes:

- Please read the instructions for electronic voting printed along with the notice of the annual general meeting to be held on Wednesday, August 19, 2015 at 10:30 am.
- The remote e-Voting period starts from August 15, 2015 (9.00 a.m.) to August 18, 2015 (till 5.00 p.m.) The voting module shall be disabled by National Securities Depository Limited (NSDL) for voting thereafter.
- A proxy is requested to bring his/her valid photo identity proof at the meeting.

Road map of AGM venue - **KPIT Technologies Limited**



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 - US Geography and Manufacturing, E & U Industry Business Unit |
| Pankaj Sathe | President - Europe and Chief People Officer |
| Anup Sable | Sr. Vice President & Head - Automotive & Allied Engineering |
| Anil Patwardhan | Sr. Vice President & Head - Corporate Finance & Governance |
| Frederic Ramioulle | President - Automotive & Transportation Industry Business Unit (IBU) |
| Mellissa Womack | Head - Global Corporate Marketing |

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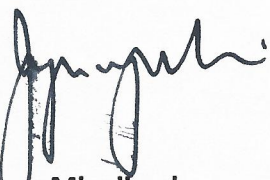
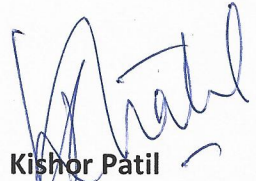




KPIT Technologies Limited

35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune - 411 057, India
Phone: +91 - 20 - 6652 5000 | Fax: +91 - 20 - 6652 5001 | connectwithus@kpit.com


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 Technologies Limited |
| 2. | Annual Standalone Financial Statements for the year ended | March 31, 2015 |
| 3. | Type of Observations | Unqualified |
| 4. | Frequency of observations | Unqualified, hence not applicable |
| <p>Refer our Audit Report dated April 28, 2015 on the Standalone financial statements of the Company</p> <p>For B S R & CO. LLP Chartered Accountants Registration No: 101248W/W-100022</p> <p> Juzer Miyajiwala Partner Membership No: 047483</p> <p> Kishor Patil CEO & Managing Director</p> <p> Anil Patwardhan Sr. Vice President & Head Corporate Finance & Governance</p> <p> Lila Poonawalla Chairman - Audit Committee</p> <p>Pune,</p> | | |

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 Technologies Limited |
| 2. | Annual Consolidated Financial Statements for the year ended | March 31, 2015 |
| 3. | Type of Observations | Unqualified |
| 4. | Frequency of observations | Unqualified, hence not applicable |
| <p>Refer our Audit Report dated April 28, 2015 on the Consolidated financial statements of the Company</p> <p>For B S R & CO. LLP Chartered Accountants Registration No: 101248W/W-100022</p> <p> Juzer Miyajiwala Partner Membership No: 047483</p> <p>Pune,</p> <p> Kishor Patil CEO & Managing Director</p> <p> Anil Patwardhan Sr. Vice President & Head Corporate Finance & Governance</p> <p> Lila Poonawalla Chairman - Audit Committee</p> | | |