

A TECHNOLOGY COMPANY THAT CARES

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# Board of Directors

**S.B. (Ravi) Pandit**

Chairman & Group CEO

**Kishor Patil**

CEO & Managing Director

**Sachin Tikekar**

Whole-time Director

**Lila Poonawalla**

Director

**Dr. R.A. Mashelkar**

Director

**Adi Engineer**

Director

**Prof. Alberto Sangiovanni Vincentelli**

Director

**Anant Talaulicar**

Director

**B V R Subbu**

Director

**Sanjay Kukreja**

Director

**Anil Patwardhan**

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**Sneha Padve**

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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

- Deutsche Bank

- ICICI Bank Limited

- DBS Bank Limited

- Kotak Mahindra Bank

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# Letter from the Chairman and Group CEO

Dear Fellow KPites,

The year that went by was a year of transformation for KPIT. We completed the reorganization and by the end of the year are in a position to start building the pillars for growth in the coming years. 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 FY16, our revenues grew by 7.8% in Rupee terms and the bottom line grew by 18.8%. In US Dollar terms, the overall revenue was flattish with a growth of 0.3%. However, the services revenue grew by 5% in US Dollar terms while there was inconsistency in the products revenue. At the beginning of the financial year, we had given an outlook of margin improvement throughout the year and internally had set a target of achieving 15% EBITDA margins in the last quarter of the financial year. I am happy to have been able to achieve the said target.

Another highlight of the year's performance was the improvement in Cashflow and the resultant increase in the dividend payout ratio. We were able to bring down the Days of Sales Outstanding (DSO) by 7 days to 75 days as compared to 82 as at the end of FY15. As at the end of FY15, we had a net debt position of ₹ 675 million. As at the end of FY16, we had a net cash position of ₹ 1,459 million, with total debt coming down to ₹ 2,505 million during FY16. As a special gesture on completion of 25 years post incorporation, we doubled the dividend per share in FY16, as compared to FY15. We intend to work towards further increasing our dividend payout ratio in the years to come. A detailed performance update by Industry Business Units (IBUs) and Strategic Business Units (SBUs) will be covered in my colleagues' letter.

FY16 was a year of introspection for KPIT. As you would recollect, we had single digit operating margins when we exited FY15. In FY16, we had laid down 4 priority areas to focus on, viz. Profitability, Predictability, People and Growth.

**Profitability:** In FY16, we were able to improve the operating margins every quarter and had EBITDA margins of 15%+ in Q4FY16, as we exited the year. Profitability was the first operational focus area for us and I am glad on the performance of the Company on this front. We took many steps in the areas of increasing span of control at multiple senior levels, people pyramid correction with majority of fresh graduate hiring, cutting down on long tail customers

and improving people utilization. We also reduced some staff at the mid and senior level, as a one-time exercise in Q1FY16. The rupee depreciation also aided us during the year.

**Predictability:** It was important to focus on predictability to help improve people utilization and reduce revenue leakage due to non-availability of people at the right time. We took actions on the revenue and cost predictability across all IBUs, SBUs and geographies. We standardized our operating frameworks and business reviews across all levels within the organization. Predictability has helped us improve revenue and project closure visibility on common platforms, across the organization.

**People:** The aim was to hire, retain and grow the right talent at the right time. The major areas of focus under this initiative were fresher recruitment and their training, appraisal and promotion policy and ongoing training and certification across the organization. We revamped the KPIT Performance Management System (KPMS) and the roll out of the same was done completely during the year. We redefined the promotion policy to help fuel individual growth within the organization and enable employee movement and fresher absorption into main stream projects. We have also standardized the training and competency development framework to streamline the training requirements. We have refurbished the internal certification and competency development framework to ensure continuous and broad based learning.

**Growth:** We shifted our focus to growth only during the last quarter of FY16. We have invested in account managers and will continue to do so during the first half of FY17. We have reorganized the sales teams to bring in more IBU focus. We also will direct our investments towards Products and Platforms as we expect a couple of new products to get commercialized in H2FY16. We have also invested a lot over the last 3-4 quarters on digital technologies and are seeing good traction in digital, both in enterprise solutions as well as products & platforms. We will emphasize more on account mining in the identified strategic accounts with annuity revenues, engineering + IT solutions and Infrastructure Management Services (IMS)/Application Management Services (AMS). We will also acquire new enterprise accounts in our focus verticals.

### Technology and Innovation

Technology is touching every part of our life, like never before. Our endeavor has always been towards building our business around technology and there is no better and exciting time than today. During the year, we have created

a separate CTO function, intended to have a consolidated view of technologies across the Company. The CTO team works with various SBUs and practices to look at the short and mid-term view of technologies, so that our offerings are relevant to customers, today and tomorrow. The CTO team also incubates new technologies and interacts with customers to sense the relevance of these technologies. Engaging with Customers' CTOs, CIOs as well as the Business Leaders, representing external forums, advisory boards, engaging with Technology groups/analysts, with Universities and Academics is an important part of this function. Running Innovation Process, Innovation Council and the Sparkle program, Technical publishing, Patents, which are our current activities, continue to be with the CTO team.

We have successfully completed the second edition of KPIT Sparkle, an annual national design and development innovation contest. KPIT Sparkle 2016, in association with College of Engineering, Pune (COEP) aims at fostering a culture of innovation and critical thinking among engineering and science students across colleges in India. The competition with the theme of 'Smart Solutions for Energy and Transportation' received 1,700 innovative ideas from over 10,000 students across 500 colleges in India. Some of the projects featured ideas on Green Energy, Alternate Fuels & Materials, Autonomous Vehicles and Intelligent Traffic Management. The finalists were evaluated for novelty of their ideas, completeness of prototype, fulfillment of society's expectations/problem statement and technical knowledge at a grand exhibition held at COEP College ground.

The total number of patents filed by KPIT as at the end of FY16 stood at 53, including 46 patents with complete specifications filed. Some of the earlier provisional patents were withdrawn during the year. As at the year end, we have 23 granted patents across different geographies. Most of these patents are in the domain of hybrid technology, along with other areas of VLSI and High Performance computing.

## "The year ahead"

Our growth over the last 3 years has been at the lower end of the industry. As a Company we have a DNA of growth and thus we target to get back on the growth path as soon as possible.

In the coming year we have specific focus on Growth, Technology and KPIT's positioning, while we continue to deliver on People and Profitability. I would like to spend some time explaining the thought process and the 4 initiatives we would pursue.

### **Growth through Account Acquisition & Mining:**

We realise that the focus on industry verticals has yielded us good results. Over 90% of our revenues come from these verticals and we are gaining more traction on account of our specialization. However, we also realised that in quite a few cases, our customer is a "single service customer" and doesn't get the full benefit that KPIT can give through its multiple service offerings. While we continue to pursue revenue from the "Qualified Accounts" (only our verticals, right sized and

geography), we ensure that the account gets the full breadth of our services and all this when we retain and maintain the revenue from all other accounts as well. Following are the steps we will take to ensure that we achieve this:

- Consolidate the sales force in SBUs and Geos with a mandate to sell multiple services to target accounts.
- Appoint dedicated or shared account managers for almost all accounts with a mandate to increase the depth of the services offered.

I believe that these actions would give us deep customer relationships and sustainable revenues. We are also significantly strengthening our marketing function to give us more visibility in our verticals.

### **Leadership in offerings:**

We are a technology Company. Our purpose is to provide the most appropriate technology solutions so that our customers and the world at large benefit. It is therefore essential that we keep a sharp focus on achieving leadership in our offerings. We have done a decent job in this area as evident by leadership that we have in automotive engineering, JD Edwards and the new areas like HANA, SuccessFactors, Hybris, S4 HANA in SAP. We have to continue sharpening our saw and we have to gain expertise in many other offerings that we currently have. We are strengthening our CTO organization with a mandate to scan the technological horizon continuously and to keep us updated. Equally importantly we are strengthening our PDFs (Product Development Forums) to ensure that every practise in every SBU reviews its technology roadmap and investments on a quarterly basis and to gain the leadership position. We will continue to focus on innovation through multiple activities co-ordinated by SBUs as well as the CTO function.

We believe that our new Product Business Units will focus on bringing in revenues from the innovations that we have already brought to the table. We will give special emphasis on new offerings in Digital Transformation, Application/Infrastructure management services and engineering beyond the automotive verticals.

### **People & Processes:**

Over the last 3 quarters, we have focused our efforts on streamlining our people and operating processes. We have the foundation of a good performance management system through KPMS. We have made significant progress on training process and infrastructure, but we would now like to take the next step in our people management efforts. We would like to spend more energy on leadership training across all levels. We would also like to do more to bring in agility and close knit culture like a small company. I believe that the actions in this areas will make us a preferred Company to work with. The people function will focus on these aspects on making our operating processes more simple, effective and easy to understand and follow.

### **Profitability & Productivity:**

We have done reasonable progress on the profitability front. Much of this progress has been achieved by using operating leverages such as utilization, span of control, fresher hiring,

charge out ratios, etc. We have still not tapped into the engineering leverages such as personal productivity, tools and automation. I believe that in the new world, these leverages are going to count a lot. We intend to focus on them in the coming year.

We would like to run next year using these 4 key initiatives as the backbone of our actions. We shall be converting these initiatives in to a goal tree which will cascade down the entire organization.

I believe that the current year will see significant changes in our industry arising out of technological disruptions as well as business volatility and focused, agile and collaborative organizations will gain from this environment. Our experience so far this year, suggests our revenues will be under stress, at least for the initial quarters.

With a right strategy, a capable and motivated team, a good set of customers, quality offerings that we have, coupled with focused actions on these 4 initiatives will give us a good foundation for the years to come.

## “The years ahead”

The whole industry is going through transformation and traditional strong growth areas like ERP and Application Development and Maintenance (ADM) are going through sea changes. Cloud is emerging as a strong trend in ERPs making deal sizes smaller both in terms of dollar value and time to implement. Automation is changing the way companies worked with customers in the area of ADM.

Digital Technologies like Cloud, Big Data and Analytics, sensors, Internet of Things, mobility and social are fast emerging as bigger spend areas for the customers. In these areas, customers are not wary of working with smaller but niche players. Thus, Digital Technologies have opened up opportunities for niche players – niche in technology and niche in domain. At KPIT, with the industry domain focus, investment in R&D and innovation and a nice launch pad for newer products, we feel confident of capturing a good share of these new growth areas. Our digital strategy is to create value for clients’ business transformation through ‘icams technology’ (IOT, Cloud, Analytics, Mobility and Social). Digital Transformation will help improve customer experience for our clients, optimize their supply chain operations and provide predictive asset management.

## Our goal is to build a *Vertically Focused, Technology Company, That Cares*

### Vertically Focused

We will continue to concentrate on a few cognate industries relating to manufacturing (mostly discrete) and energy. These verticals have/will have end products with intelligence and already are or will be connected.

Thus, the industry verticals that we would continue to focus on:

1. Automotive & Transportation

2. Manufacturing, further broken into
  - a. Industrial and Consumer Products
  - b. Hi Tech
  - c. Life Sciences
3. Energy & Resources
4. Utilities

As you would notice, we have now broken up the broad vertical of manufacturing into 3 distinct sub-verticals viz. Industrial and Consumer Products, Hi Tech and Life Sciences.

### Technology

Technology led Engineering + Business IT solutions will be at the core of our offerings to the customers in the above mentioned industry verticals. We will bring in more and more of practice specialization, digitization, innovation and IP/Patent creation for catering to the business/domain/technology needs of our customers. This is being enabled by absorption of Technology Subject Matter Experts (TSMEs) in each of our Industry Business.

### Care

Care and relationship forms the nucleus of our overall business strategy. We will continue to deepen our relationships with our strategic customers, employees and stakeholders at large. Individual Account Managers along with shared Business Subject Matter Experts (BSMEs) will strengthen and advance our relationships with strategic accounts. Our solutions and products will largely be themed around Green, Safe, Connected and Smart, thus caring for the environment and the world at large.

### 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-and-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. I regard this highly and appreciate it thoroughly.

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,

The year 2016 is a very special year for us, as we completed 25 years of operations since our incorporation in 1990. It definitely feels good to look back at the journey and recall the important landmarks like getting the first customer, opening of different offices in new countries, revenue milestones, public issue and numerous awards. However, the best part is the leadership that we have been able to establish, the teams that we have worked with over the years and the recognitions that we have received from our customers for being leaders in certain businesses.

Looking back, FY16 was a year of change for us. At the beginning of the year we had set certain priorities and action areas for the Company. These were profitability improvement, predictability improvement, people development and growth. By the end of the year, we have been able to deliver well on profitability, predictability improvement and people development. Besides, we have taken several initiatives on growth but the rigor would increase in the next year. In the year gone by our revenue growth has been flat with modest growth in services business and inconsistency in products business. However, we have achieved sustainable improvement in our operating profits, largely due to internal measures like operational efficiency, people productivity and delivery excellence and also aided by rupee depreciation.

We will discuss the performance of individual units and the markets as we see them, in detail in the ensuing paras.

## BUSINESS UPDATE:

### INDUSTRY BUSINESS UNIT (IBU) UPDATE:

#### MANUFACTURING IBU

During the year, manufacturing vertical grew by 11%, with revenue share at 36%. In manufacturing, we focus on three sub-verticals: Hi-Tech, Industrials and Life sciences. There are a few emerging disruptive technologies which are changing the traditional methods, processes and practices of manufacturing industry and these include IoT, Mobile, social media, cloud and predictive analytics. In discreet manufacturing industry, manufacturers want to bring in agility in their operations to overcome the limitations in their existing legacy systems. They are adapting to technologies such as supply chain enabled PLM, Cloud based PLM applications and cloud computing in manufacturing operations and model based manufacturing. We are investing in strategic platforms, technologies and solution offerings aligned to the industry trends viz. IoT,

Social ERP, P2P automation etc. Our Oracle Accelerate solutions and IoT solutions for shop floor management are helping customers enhance their productivity and deliver customer value. We are also partnering with ERP product companies to deliver solutions in areas of cloud, field service and mobility. We are building solutions and connectors in cloud and mobility domain that will help our customers connect disparate systems to the new cloud systems. Our customers have also been able to leverage on IoT and analytics through our industry expertise in engineering and IT. With the increase in software content in manufactured products we are well positioned to capture these growth areas. Our investments are aligned towards engineering abilities (Digital Transformation in Product) and business IT expertise (Digital Transformation in Processes). In life sciences industry, the healthcare reforms are driving convergence of life sciences and healthcare sector, while the consumerization of healthcare is changing the customer engagement model. There is also growth in M&A activity in life sciences industry. We are building industry presence with continued penetration in large pharma and device manufacturing customer base. We are offering solutions that will help customers with their M&A strategy. These solutions are built on JDE and SAP platform and have been preferred by many large customers. We are also investing to develop industry specific solutions for this vertical like:

- **Big data analytics solutions** enabling real-world comparative efficacy and cost analysis
- **Social analytics and connected real-time field service platform as a service (PaaS)** solutions to understand and improve customers' product/service/brand experiences
- **Cloud-based Global Trade Management and newer regulations compliance solutions**
- **Application Lifecycle Management (ALM) solutions** enabling compliant development of increasingly complex, software-enabled healthcare devices.
- We have also developed SAP MedEdge/PharmaEdge solution on HANA/Cloud and we are in the process of completing certification for these solutions.

#### AUTOMOTIVE & TRANSPORTATION IBU

The Automotive & Transportation vertical grew by 10% in FY 16 with revenue share at 38%. The key growth areas for automotive industry are connectivity, Advanced Driver Assistance Systems (ADAS), powertrain, infotainment, body & chassis. These are our core offerings in the Automotive & Transportation IBU, where we have been investing over



the years both in terms of Subject Matter Experts (SME) for domain expertise and patents for IP creation. We are making practice investments to enhance our capabilities in ADAS and strengthen our system, software integration and validation/verification capabilities to a leadership position. As automotive companies are diversifying towards on-demand mobility services and data driven services, we are also developing core competencies and practice offerings around connectivity, cybersecurity and IoT/Mobility services and analytics by combining our strengths in engineering and IT domain. We believe this will further strengthen our leadership position in the industry.

### ENERGY & UTILITIES (E&U) IBU

During the year, E&U vertical grew by 5% with revenue share at 20%. Utility companies are focusing on energy provisioning transformation and digitization of communication platform for both employees and customers. We have developed domain solutions for the E&U vertical in SAP, Oracle and JDE. Our offerings in SAP HANA, Cloud technologies in both SAP as well as Oracle, IoT solutions in the Automated Meter Reading (AMR) areas and smart metering solutions will enable us to capture good share in the expected utilities spend. We are working on cloud and mobility solutions with integration to legacy systems and infrastructure, for improved asset utilization, compliance and security. To construct and maintain sustainable energy, utilities require Asset Management solutions which is a part of our Enterprise Asset Management (EAM) offerings - UtilitiesEdge. We are well positioned to address the M&A related requirements of the industry. With our SAP Utilities solution set, we are now amongst the top 3 SIs in North America for SAP utilities. In terms of our solutions portfolio we are creating a solution through utilizing the capabilities of three different solutions:

- The KPIT IoT Hana Analytics solutions
- The KPIT command center
- The KPIT Diagnostic Platform

The elements of these solutions are being utilized and combined with an Enterprise Asset Management (EAM) process platform and a field data collection system to enable entities to not just build an asset, but to offer operations and maintenance as an additional revenue stream. We are also working with the Digital Transformation team to create offerings specific to the utilities industry and with Oracle team to define our GTM and build up our Oracle capabilities.

In the global energy sector, the growth momentum has been weak with falling oil prices and energy companies have been exercising tighter controls on their spends. However, they are spending in innovative technologies as technology transformation is crucial for their sustainability. In energy industry we have developed **IoT and Analytics solutions** for specific business issues, **electronic communications solutions** for Oil and Gas and multiple solutions in **Procure and Spend analytics**. Our **Journey Management Solution - VTS, Fuel Management Solution and Supplier Portals** are also gaining wider acceptance in the energy vertical.

## STRATEGIC BUSINESS UNIT (SBU) UPDATE:

Our Integrated Enterprise Solutions (IES) SBU grew by 6% with revenue share at 36% while Product Engineering Services (PES) SBU grew by 34% with revenue share at 27%. In SAP SBU the revenue share stood at 23% and it grew by 15%. Our P&P SBU declined by 42% with revenue share at 5%.

In IES SBU we are working closely with Oracle for cloud offerings, which will accelerate our customer's digital transformation initiatives. In ePLM we are following a consultative approach unifying our strengths of business process, engineering and IT technology while in Infrastructure Management Services (IMS) there are opportunities across IoT POCs and implementations. We are competing in the marketplace with an edge in mobility, IoT and Digital platforms.

In PES SBU we have won deals in ADAS, AUTOSAR, Body & Chassis and Infotainment practices. In Products & Platforms there is good customer interest across our infotainment & connectivity platform while in REVOLLO we achieved some significant milestones with the launch of our smart electric bus. We are also working with the Government of India in their smart city initiative.

In SAP there is growing traction around new technologies like SuccessFactors, Hybris, C4C, Cloud, HANA and we are also transforming our business mix from traditional ERP to more innovative solutions.

In Digital Transformation (DT) SBU we are working with our customers on digital technologies as they are beginning to experiment and execute projects.

### Products and Platforms:

We are now witnessing good market interest in our products business, which is largely aligned with the automotive industry. During this year, we achieved a significant milestone for REVOLLO as we presented two smart electric buses to the Indian parliament. We also shipped our first export assignment for hybrid solution during the year. Our key objective is to scale this up to transform transportation in India and a few other countries.

Our revenues for Intelligent Transport System (ITS) declined during the year mainly due to lack of government funding to Original Equipment Manufacturers (OEMs) for new buses. However, the traction for this product is very high. We are now expanding the market for corporates, commercial fleets and geographical regions outside India. Currently we have more than 5,000 buses fitted with our UBS II ITS Devices. These buses are spread across 19 cities and state undertakings in the country. We have also done pilot implementations of the ITS product in other geographies and the response has been very encouraging.

We are also participating in the smart cities mission initiative of Indian Government. Transportation is coming out as the

key component in the first 20 declared winners of smart city initiative. We are working very closely with all stakeholders to leverage on these growth opportunities.

We are also witnessing good potential for diagnostics on cloud. We made good progress in terms of significant releases in Infotainment, Functional safety, Diagnostics and AUTOSAR. We see automotive vertical as one of the fastest growing verticals for us in the years to come.

## GEOGRAPHY UPDATE:

During the year, Europe was the highest growing geography for us with 27% Y-o-Y growth and revenue share at 18%. US grew by 10% with revenue share at 68% while APAC declined by 17% with revenue share at 14%. In both US & Europe geographies, the growth traction has been good throughout the year and despite weak economic conditions in energy sector, we have been able to register good growth in US geography. However, in APAC, the growth was impacted primarily due to decline in our ITS product revenues. Our SEANZ-OVI Certified solution for 'Endeca Extensions on JDE' is getting great traction in Australia with a clear go-to-market strategy in place with Oracle. In IMS we see good momentum in APAC, as the market is moving fast, specifically on offerings like Backup as a Service. In SAP there is good traction in US market. In US & Canada, we are witnessing increased adoption of Microsoft solutions by existing customers in collaboration area- content and portal, integration and cloud. For Infor M3 implementations, we see higher traction in North America and APAC. In India geography we see demand for our automotive related offerings including ADAS, diagnostics, lane departure features and V2X-V2V Communication and products like smart electric bus and ITS. We are also establishing product engineering centers in China and Brazil.

## EXECUTIVE LEADERSHIP:

Based on the new organization structure focused on solutions & services organization and products organization there has been certain changes in the roles and responsibilities of our executive leadership team.

Mr. Pawan Sharma is the CEO of our Solutions & Services business. He will be responsible for the Strategy, Execution and P&L for all IBUs and SBUs. In addition to the above, he will continue to Head Americas geography (North America, Canada and LATAM).

Mr. Pankaj Sathe is the Chief Marketing Officer and his primary responsibility will be branding and positioning KPIT as a key technology player in the verticals of focus. He will also continue to be the head of Europe geography.

Mr. Anup Sable is the new Chief Technology Officer of the Company and he will focus on technologies across both the organizations - S&S and Products. This function will focus on continuously scanning the future technologies, building significant technology depth across verticals and creating cutting edge offerings.

Mr. Anil Patwardhan is the Chief Financial Officer of the Company and he will be responsible for Financial performance, Reporting and Governance.

Mr. Abhishek Sinha is the Chief People and Operations Officer and he will be responsible for designing, rolling out and governance of processes and frameworks for Delivery and Operations Excellence and Practice Development processes across the organization.

## PEOPLE INITIATIVES:

People development was one of the priority areas during the year and our aim was to hire, retain and grow right people at the right time. We took a lot of measures related to fresher recruitment and training, appraisal and promotion policy and training and certification. We focused on improvement in people productivity and took steps in the direction of improving utilization, enhancing and standardizing the Span of Control for senior and mid-level managers, establishing a strong training organization to help quickly absorb fresh graduates on projects and working on improving the employee pyramid by targeting at least 70% of the gross recruits to be fresh graduates.

During this year, our learning organization was renamed as Education & Competency Development (ECoDe) Unit and through this unit we have been able to bring in significant shift in our approach to employee competency development initiatives. As part of the Program for Academic Collaboration & Engagement (PACE), we have already partnered with 20 universities and academic institutions to bring in fresh engineering graduates. Currently, we have four training academies under this unit - PES, IES, SAP and Digital Transformation. To ensure proper training and skill development of these freshers in alignment with our business requirements, we have conducted SBU specific graduate trainee programs collectively named GENESIS. We covered 1200+ fresh talents under this program. Currently, we have 11+ variant programs under 4 academies for our SBUs. This year we have introduced a structured Master's Degree Internship program and currently we have 50+ Master Interns undergoing internship. We have created a very well structured Professional Skills Development program built around 5 core competencies and have 20+ standard courses readily available for consumption for delivery and support teams. We have also initiated support function training programs through ACCELERATE. During this year we also revamped the framework for our employee certification program and created ECoDe | KAIZEN. As part of this initiative we are creating SBU and Practice specific competency development plans. We also have a few initiatives like ASPIRE, ELEVATE and LIFT which focus on guiding employees to plan their career growth and move up to the next level of leadership position.

A new performance management framework (KPMS) has been put in place to formally assess the performance of employees to support their development needs. Based on the assessment, merits and competencies of individuals, promotions and career progression is being chartered.



Based on the inputs received from appraisal, training needs are being identified and provided to employees.

We have been constantly working towards improving the people connect and communication within the organization, thus ensuring employees to stay connected and create a collective sense of involvement and ownership. We have created many channels for employees to share their feedback and concerns including one-on-one connect. We also conduct various health sessions. Health camps and check-ups are organized at regular intervals to encourage employees to maintain their health and overall wellness.

## OPERATIONAL UPDATE:

During FY16, we have taken many initiatives under the umbrella of 'Smart Enterprise' to digitally transform business processes. Some of the key domains include Smart Campus, Smart Collaboration, Smart Business applications, Smart Insights, Smart Relationships, Smart Workforce and Smart Infrastructure. The objective behind the Smart Enterprise is to create positive experiences and not just provide services to our employees and customers. We started our journey to build systems which enable us to empower customers, employees, and partners with context-rich apps and smart products. We have also rolled out KPITube.com, a video gallery where employees can share informative videos and also consume real time leadership and technology sessions using any device. Power of the Social will fuel our future systems. However the most impactful and difficult element in our Smart Enterprise is Smart Insights - 'Sense and Respond' system. To deliver in-the-moment effectiveness, we are rolling out context aware business apps. We are using analytics which provides tools to employees for data analysis and provide actionable insights.

By using new age technologies, we have built a highly scalable and resilient infrastructure to enable cloud native applications. We have also rolled out KPIT digital platform using Cloud foundry which helps our developers to rapidly build digital applications transforming business processes. We have rolled out KPIT app store through which employees can download various productivity apps.

## INFRASTRUCTURE:

As at FY16 end, we have total seating capacity of 10,100+ seats in India of which 8,000+ seats are occupied. During the year, we have added three facilities across Pune and Bangalore and the total seating capacities of these facilities stands at 1,700+. We have also started construction of a new facility in our plot in Pune -Hinjawadi, Phase III. The plot would be constructed over the years in phases and currently we are constructing only one phase of this plot with a total

size of 2 lac sq. ft. We intend to occupy 1 lac sq. ft. by end of December 2016. The total capacity of these particular phase is 2,000 seats, out of which we are developing 1,000 seats currently.

## BUSINESS OUTLOOK:

Next year our prime focus would be on growth. We have worked on a lot of industry vertical/domain/technology focused offerings and have got recognition for the same globally. Now we are making investments in the right direction for increasing the pace of growth.

- We are investing in account managers in IBUs and focusing more on annuity revenues, engineering + IT solutions, IMS/AMS and acquisition of new enterprise accounts in our focus verticals. There also has been internal movement towards filling up account management positions.
- We are stepping up our capabilities in some new areas, where technology spend is increasing like digital technologies and IMS. In digital technologies, we are seeing good traction both in Enterprise Solutions as well as Products & Platforms.
- We also intend to bring sharper focus on practice development.

With these new offerings, improved profitability and predictability, investment in account management and changed organization structure, we believe we have the right base ready. However, there is still a lot of work to do and it will need more rigor across the organization to achieve better outcomes. Our industry is going through significant changes arising out of technology and business model changes. Hence this year, we see volatility in the markets we address. Thus our revenues will be under pressure, at least for the initial quarters.

Having said that, our primary focus will be on people practices and revenue growth. We believe that each one of our people can play a meaningful role in some way or the other while delivering, solutioning, selling, recruiting, marketing or performing any other function. It is most important to have full energy in this direction without taking our eyes off profitability.

Warm Regards,  
Sincerely Yours,

**Kishor Patil**  
CEO & Managing Director

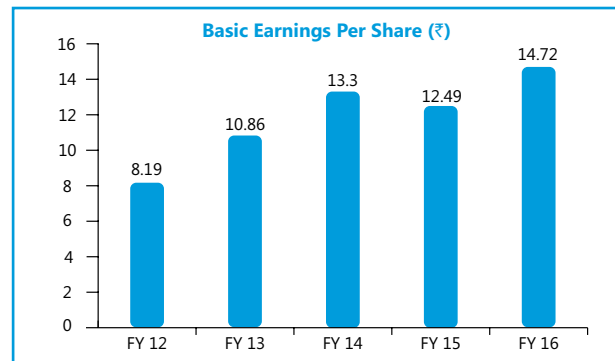
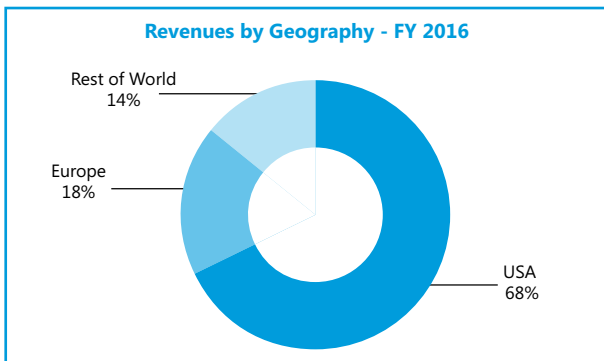
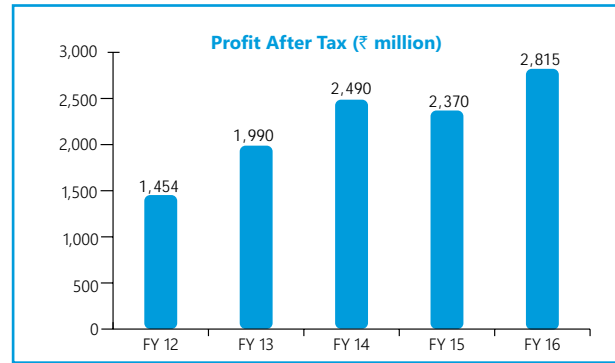
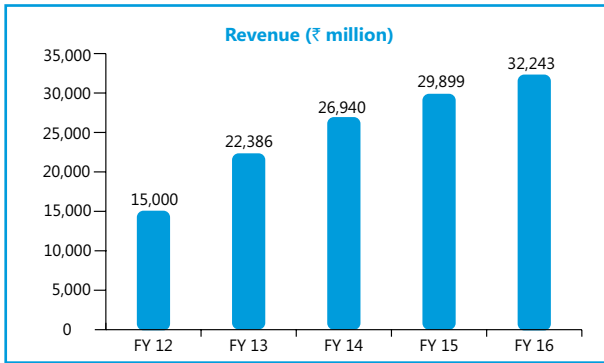
**Sachin Tikekar**  
Whole-time Director

# Financial highlights

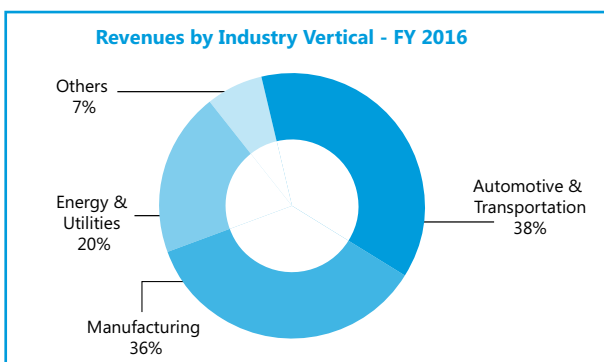
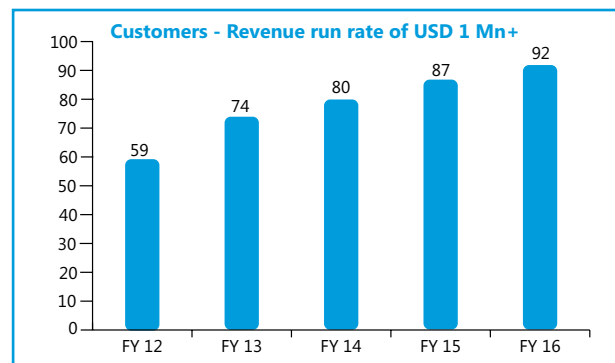
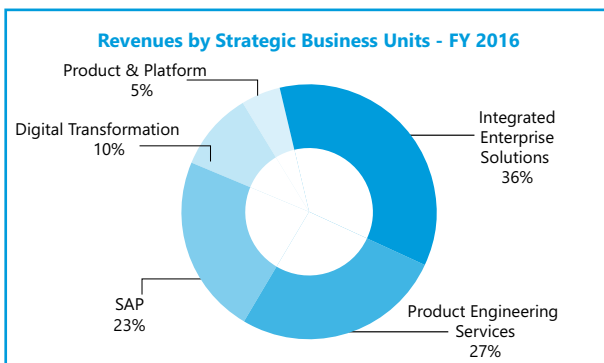
(₹ in million)

	FY 2016	FY 2015
<b>CONSOLIDATED INCOME STATEMENT</b>		
Sales (USD million)	490.31	489.00
Sales	32,242.91	29,899.17
Gross Profit	10,373.80	8,426.07
EBITDA*	4,240.15	3,244.07
Interest	120.99	164.69
Depreciation/Amortization	691.25	851.35
Other Income (Net of Exchange gain/loss)	216.76	256.65
Profit Before Tax	3,644.67	2,484.67
Profit After Tax	2,815.00	2,369.87
<b>CONSOLIDATED BALANCE SHEET</b>		
Share Capital	375.65	376.13
Reserves & Surplus	13,431.26	12,577.72
Total Shareholders Funds	13,806.91	12,953.85
Share Application Money	0.63	7.65
Non-Current Liabilities	2,188.24	1,203.15
Current Liabilities	5,956.41	8,573.29
<b>Total Equity &amp; Liabilities</b>	<b>21,952.19</b>	<b>22,737.94</b>
Fixed Assets	2,850.45	2,328.20
Goodwill on Consolidation	4,024.66	5,087.93
Other non-current assets	2,299.62	2,172.91
Current Investments	0.04	590.38
Trade Receivables	6,860.87	6,978.70
Cash and cash equivalents	3,953.27	3,637.54
Other Current Assets	1,963.28	1,942.28
<b>Total Assets</b>	<b>21,952.19</b>	<b>22,737.94</b>
<b>Key Ratios</b>		
Revenue growth	7.84%	10.98%
EBITDA Growth	30.70%	(22.44%)
PAT Growth	18.78%	(4.81%)
Gross Profit Margin	32.17%	28.18%
EBITDA Margin	13.15%	10.85%
PAT Margin	8.73%	7.93%
SG&A to Revenue	19.02%	17.24%
ROE	21.04%	18.45%
Return on Capital	16.42%	13.29%
Debt to Equity	0.28	0.39
Cash/Total Assets	18.01%	16.02%
Basic Earnings Per Share (₹)	14.72	12.49

\*EBITDA before exchange gain/loss and other income



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



# Enterprise Risk Management

Risk Management at KPIT, is a forward looking, process oriented and enterprise wide approach, which plays a vital role in supporting the business to derive competitive advantage and sustain future growth and profitability, without being hindered by the risks.

The current phenomena of global uncertainties, market volatilities, rapid transformation in technologies and business complexities have increased the spectrum and consequences of risks. Deployment of effective risk management practices has helped the business to sustain and generate value for its customers, investors, employees and other stakeholders

## **Enterprise Risk Management (ERM) Framework**

The FY 15-16, witnessed the roll out of more robust risk management initiatives which are integrated with the Company defined priorities viz, Profitability, Predictability, People and Growth. Significant efforts have been undertaken in enhancing the overall risk management governance structure, facilitating in achievement of Company business objectives.

The ERM framework has been formalized by implementation of an ERM policy. The policy provides the broad framework for identifying and managing risks systematically across the organization. It articulates the scope and objectives for ERM, overall risk approach (as explained below in detail), roles & responsibilities for execution of ERM activities, risk categorization, maintenance and updation of comprehensive risk register. Risk register provides the management a consolidated view of the risks being faced by the Company and their potential impact.

The executive management team of the Company is responsible for implementing ERM under the direction of the Risk Management Committee of the Company. This Committee is responsible for monitoring and reviewing the risk management plan and providing periodic updates to the Board of Directors. The Board monitors the overall performance of the risk management function.

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. This framework aims to embed risk management into all activities as an integral part of business, to ensure existence of effective internal controls & assurance processes related to risks that are reported to the Board, on continuous basis. The framework articulates the following –

### **Risk Identification**

Risk identification is an iterative process which involves generating comprehensive list of threats & challenges based on events that might impact achievement of business

objectives. It is also important to scan the environment from time to time to identify new and emerging risks, as the organization's exposure to risk may be constantly changing. Internal audits, management audits, business review meetings and periodic assessment of various business processes also help in identification of risks impacting operational, financial, business, strategic and other objectives. 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 & Assessment**

Business processes and the risk environment are evaluated to assess the significant risks which can impact the achievement of business goals. Risks are evaluated based on probability of occurrence and the potential business impact. Once the risk metrics are defined, same are measured periodically. Based on the risk metrics, the status of the risk is determined.

### **Risk mitigation**

Once the risks are measured based on the risk metrics and their status 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 mitigating actions includes acceptance of risks, implementing controls to minimize the likelihood of occurrence and the potential impact of risks, transfer of risks and avoidance of risks.

### **Risk Monitoring, Review & Reporting**

Process of monitoring & review ensures that risk controls and treatment measures are effective in both design and operation. Risk mitigating plans implemented by risk owners are 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, are decided as part of the monitoring process and implemented.

### **Key risks identified by the Company**

As a result of continuous evaluation of the risks that the Company is facing, the top ten risks, based on their potential impact on the achievement of key business goals, are identified, closely monitored and managed by the Company. These risks are:

#### **1. Growth in defined target accounts**

Since the Company focuses on chosen verticals and technologies, the Company needs to target select customers from such verticals and therefore, growth in business from such targeted customer accounts is one of the priorities defined by the Company. Thus,

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. GAM is a framework, which has enabled the Company to achieve long-term and sustainable business growth in selected customer accounts through a mutually beneficial association with these customers. This includes consolidation of the sales force in respective business units and Geos with a mandate to sell multiple services to target accounts and appointment of dedicated account managers for almost all accounts with a mandate to increase the depth of the services offered. These customers which are managed closely by a dedicated Account Managers, are 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. Ability to maintain gross margins

Being in a knowledge-based industry, employee costs are a large proportion of our total costs which keep rising continuously while the realizations from our customer may not increase at the same pace, given the market forces at play, foreign exchange rate, etc. Therefore, margins are constantly under pressure and the ability to either control the employee costs or pass on the same to the customers is key to our profitability and survival.

The Company mitigates this risk through higher employee productivity by more automation, skill upgradation and implementation of theory of constraints. 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. Also, tracking operating levers and strengthening governance of variances can help in improvement of gross margins.

## 3. 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 continues to invest heavily in a robust training infrastructure, has revamped the performance management system and promotion policies, hired fresh graduates and senior people and has refurbished the internal certification and competency development framework.

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.

## 4. Currency movements

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, the 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, encourages cross selling's of services in customer accounts and making special efforts to grow the emerging businesses, without compromising on its focus.

## 6. Growth in emerging lines of business

The Company has stepped up capabilities in some new areas and anticipates huge momentum in one of the emerging lines of business – Products and Platforms, which comprise of innovative products like Bus-Intelligent Transport Systems (ITS), electric/hybrid vehicles, Diagnostics, IoT (Internet of Things), KIVI (KPIT In Vehicle Infotainment) etc. Rapid changes in technologies and heightened competition in areas like IoT, Big Data & Analytics Platform, render it challenging for achievement of growth in above



business line. This risk is measured by comparing actual growth rate of Products and Platforms against its budgeted growth rate.

To achieve desired growth rate in Products and Platform business, Company is investing in building next generation digital platform and related competencies with continuous focus on innovation. Also it has been proactively exploring the market for potential big opportunities around Products portfolio viz ITS, electric/hybrid vehicles, etc.

#### **7. 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, which includes meticulous scrutiny of customer contracts, strengthening delivery excellence processes. The Company has also insured some of these risks.

#### **8. Large deal delivery management**

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, and proactive approach to

change control, adoption of best project management practices and periodic review of such projects by senior management.

#### **9. Lack of traction in new offerings**

The Company believes that the new/emerging businesses which are based on innovation like Digital Transformation and Application/ Infrastructure Management Services (IMS), will bring in significant revenues in future, thereby helping it offset the slow growth or negative growth in revenues from mature offerings. Such new offerings are therefore, key to growth and sustenance of the Company. Therefore, the Company measures growth in these new offerings against overall Company growth.

The Company mitigates this risk by laying special emphasis on these new offerings through conscious identification of solutions for specific industry(s).

#### **10. IT Infrastructure risk management**

The importance of a resilient IT environment to cater to business complex needs is becoming increasingly evident. IT Infrastructure includes business applications, network security, global data centers, development environment, network, voice & electrical infrastructure, business continuity management, etc. which are critical for existence of any business. There exists continuous risk of failure of software application & systems, security threats, hardware failures, external hacking, network intrusions etc. which can cause potential threat to an organization's ability to achieve its objectives.

The Company has undertaken many initiatives for mitigation of this risk which include implementation of resiliency/redundancy in Links & Critical Hardware components and inter-building connectivity for high availability of Corporate Applications, Network & Voice infrastructure and Electrical infrastructure. Further, controls are implemented with reference to device & data availability, data back up plans, strengthening security through access controls, vulnerability assessment through external certified experts, adoption of ISO framework for Information Security, Business Continuity, Software License Management & IT Service Management.

# Board's Report

Dear Members,

The Directors are pleased to present the Twenty Fifth Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2016.

## Performance of the Company

(In million)

Particulars	Standalone 2015-16		Consolidated 2015-16	
	USD	₹	USD	₹
Revenue from operations	191.89	12,618.56	490.31	32,242.91
Profit before Tax (PBT)	37.45	2,462.76	55.42	3,644.67
Profit after Tax (PAT)	30.70	2,019.14	42.81	2,815.00

## Result of Operations

During the year under review, the total revenues from operations (consolidated) increased to ₹ 32,242.91 million, a growth of 7.84% over the previous year. Earnings before interest, tax, depreciation and amortization was ₹ 4,240.15 million on consolidated basis. Net profit after tax (consolidated) increased by 18.78% to ₹ 2,815 million.

In US Dollar terms, revenues from operations for the year on consolidated basis was ₹ 490.31 million as against ₹ 489.03 million during the previous year, a growth of 0.26%. Average realization rate was ₹ 65.76 per US Dollar.

Standalone sales for the financial year 2015-16 grew by 1.29% to reach ₹ 12,618.56 million. Net profit after tax increased by 32.80 % to ₹ 2,019.14 million.

## Dividend

The Directors are pleased to inform that in FY2015-16 an interim dividend of ₹ 1.10/- per equity share of face value of ₹ 2/- each (55%) was declared and paid by passing a circular Board resolution dated March 31, 2016.

Further, the Board recommends a final dividend of ₹ 1.10/- per equity share of face value of ₹ 2/- each (55%) on the paid-up equity share capital of the Company for the year under review. The total pay-out will amount to ₹ 262.66 million including dividend distribution tax.

## Transfer to Reserves

Your Directors propose to transfer ₹ 202.00 million to the General Reserve. An amount of ₹ 7,050.81 million is proposed to be retained in the Profit & Loss Account.

## Share Capital

The Company issued and allotted 732,629 equity shares of ₹ 2/- each, to the eligible employees on exercise of options under the Employee Stock Option Schemes of the Company and 104,000 shares have been allotted to

KPIT Technologies Employees Welfare Trust during the financial year 2015-16.

Consequently, the outstanding issued, subscribed and paid-up capital of the Company as on March 31, 2016, is ₹ 394.99 million, consisting of 197,498,742 equity shares of ₹ 2/- each.

## CRISIL Ratings

For the bank loan limits of ₹ 4,445.50 million, CRISIL has assigned the long term credit rating of AA-/ Negative.

## Quality, Information Security and Productivity

We continue to strengthen our commitment to quality by sustaining and increasing the scope of the existing certifications. During the year under review, the Company achieved recertification for ISO 9001:2008 (Quality Management Systems), ISO 20000-1:2011 (Information Technology Service Management) by TUV Nord Cert GmbH for providing software development, product engineering, product support and enabling services. We also continue to maintain certifications for ISO 27001:2013 (Information Security Management Systems) and ISO22301:2012 (Business Continuity Management). The Company continues to maintain the highest maturity level 5 for CMMI-DEV® v1.3 (Development) and the Automotive SPICE® organization maturity level 5 upgraded from v2.5 to v3.0 during the year under review.

Our Customers and the market place are changing at an unprecedented speed and it is imperative to have robust tools and governance mechanisms which can adapt and facilitate change with ease. Keeping this in mind, we have developed Klarify, a platform for aggregating information and data from various tools within the organization to offer consolidated engineering analytics. The Company also continues to strengthen its Business IT delivery through focus on automation levers across SBUs and Practices. The ERP practice harnesses the power of the tools and

accelerators developed in-house via a cloud based solution to utilize these individual tools in the form of an end-to-end tool chain.

Our process improvement drive continues to be strengthened by leveraging on workflow optimization, six sigma and lean principles. The Products and Platforms SBU now leverages on Agile methodology for faster time to market as well as cohesive communication amongst the product development stakeholders. We are committed to support the dynamic business needs of our customers through continuous focus on operational and quality excellence.

## Institutional Shareholding

As on March 31, 2016, the total Institutional shareholding in the Company was 51.61% of the total share capital.

## Information about the Subsidiary Companies

As on March 31, 2016, the Company had 15 subsidiaries, including step-down subsidiaries.

During the year under review, Integrated Industrial Information, Inc. and CPG Solutions, LLC were merged with KPIT Infosystems Incorporated, USA, with effect from January 01, 2016.

In accordance with Section 129(3) of the Companies Act, 2013, (hereinafter referred to as "the Act") the Company has prepared consolidated financial statements of the Company and all its subsidiary companies, which is forming part of this Annual Report. A statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is annexed to this Report as "Annexure 1".

In accordance with Section 136(1) of the Act, the Annual Report of the Company, containing the standalone and the consolidated financial statements and all other documents required to be attached thereto have been placed on the website of the Company, [www.kpit.com](http://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. Members 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 Act, Mr. B V R Subbu retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

During the year, Mr. Dwayne Allen, Alternate Director to Mr. Anant Talaulicar, Independent Director, resigned from the directorship effective March 12, 2016, owing to his other business commitments and pre-occupations.

The Board places on record its appreciation of the valuable services provided by Mr. Dwayne Allen during his tenure as a Director.

## Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Act, read with the Rules framed thereunder:

1. Mr. Kishor Patil- Chief Executive Officer (CEO) and Managing Director;
2. Mr. Anil Patwardhan- Chief Financial Officer (CFO);
3. Ms. Sneha Padve- Company Secretary.

Ms. Sneha Padve has been appointed as the Company Secretary and Compliance Officer of the Company, effective July 22, 2015, consequent upon Mr. R. Swaminathan moving into a new business role within the Company and getting relieved from the role of the Company Secretary and Compliance Officer.

## Auditors

Pursuant to the provisions of the Act, read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the 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 ensuing 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 annexed 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, forms a part of this Annual Report, as required under the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI (LODR) Regulations, 2015").

## 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's Smart Electric Bus technology wins the "One Globe Award for Excellence in Research & Development";
- KPIT Featured as a "Niche Player" in Gartner's 2015 "Magic Quadrant for Oracle Application Management Services, Worldwide";
- KPIT Won "Newcomer of the Year" Award at Annual SAP Hybris Summit;
- KPIT's solution for Consul Neowatt Power Solutions wins SAP ACE Award for Customer Excellence in Service;
- KPIT was honored for Successful Digital Transformation with 'Jewels of Digital Maestro Award';
- KPIT was conferred with the Most Influential Marketing Leaders Awards;
- Ms. Vaishali Vaid, VP & Head - Global HR, was honored with the '100 Most Talented Global HR Leaders Award' by CHRO Asia for the second time in a row;
- KPIT was honored with the 'Best CSR Practice Award' by the World CSR Congress.

### 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 annexed to this Report as "Annexure 3(a)".

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

### Employees Stock Option Plans (ESOPs)

Information relating to ESOPs of the Company is annexed to this Report as "Annexure 4". The information is being provided in compliance with 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 as on March 31, 2016.

## Information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act, 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' Board's Reports which the Company continues to implement. Apart from those initiatives, the following PAN India measures were undertaken to reduce energy consumption resulting in Pune (30%), Bangalore (15%) and Mumbai (19%) saving over the period of 6 years.

- Replaced 300 CFLs (72W) with energy efficient LED lights (36W), resulting in energy saving of 2,750kwh units per month amounting to ₹ 2.00 lacs;
- Replaced UPS with higher energy efficiency thereby reduction in energy consumption by 10%, for which capital invested was ₹ 34 lacs;
- Mild-concentrated Solar Photovoltaic Technology: We have developed a low-cost and light weight concentrator, which can concentrate up to 3-5 times the light that is incident on it.

### Green Initiatives

The following initiatives were undertaken at the Company level to create awareness about importance of environmental protection and reducing pollution:

- 50 trees saplings have been planted within the Company premises in the month of June 2015;

- 247 Computer Assets and 300 CFL lights sent for recycling in the month of October 2015;
- 1,200 acres of agricultural land under irrigation, benefiting 21,000 people from 7 villages;
- Covered 2 villages under Government of Maharashtra's Jalyukta Shivar Abhiyan;
- KPITes spread awareness about the Zero Garbage initiative;
- Environment Week Celebration: We have been celebrating the Environment Week on the occasion of the "World Environment Day" for the past six years since 2010;
- Conservation of Private Forests in Koyna - Chandoli Corridor in Maharashtra;
- Tree Plantation Programs: 1,050 trees planted in Pune & Bangalore.

## Occupational Health and Safety Assessment Series (OHSAS)

The following activities were carried out by the Company under OHSAS in 2015-16:

- Framework created to move away from a week of health and wellness to annual approach for "Health and Wellness";
- Following choice of work out provided considering the popularity and trendy ways of exercise:
  - Introduction of Zumba
  - Introduction of Yoga
- Following health check-ups & diagnostic support to employees and their families:
  - Subsidized health check-up package offered for employee + family
  - Negotiated discounts on expensive tests for employee + family
- Health awareness vaccination drives to address health hazards such as:
  - H1N1 Vaccination drive done for employee + family
- Initiated hospital tie ups for discounted check-ups for OPD and other tests (addition to diagnostic centers);
- Awareness Communication on "WHO Days";
- Engagement Through Wellness:
  - Laughter sessions
  - Special Pranayama sessions for International Yoga Day
  - Tug of War
  - Random blood sugar testing on World Diabetes Day
  - Dental check-up camps
  - Eye check-up camps on campus for employees

- Meditation activity conducted as a mark of "Healthy Mind"
- Balloon blowing activity on the World Heart Day

## Technology Absorption

During the year under review, we have taken Smart Enterprise initiative to digitally transform key business processes creating differentiated experiences for everyone interacting with us and also improve people productivity. We have successfully deployed Pivotal Cloud Foundry a KPIT digital platform hosted on Smart Infrastructure. Various productivity mobile apps are made available to employees using the Company's store hosted on Microsoft Intune platform.

Smart Infrastructure consists of software defined Data Centre technologies comprising of integrated self-service software defined compute, network and storage improving agility and governance for IT asset provisioning. This year, we also rolled out KPITube.com, a video gallery for our employees to collaborate and share videos and access live sessions using any smart devices. To take the collaboration experience to next level and allowing employees to participate in audio/video conference from any place, any device, we are rolling out 'WebEx' to global users.

In addition to the above, following are the key initiatives planned in the coming year:

- Transforming IT with 'IT as a Service' focusing on business value than technology;
- Implementing context aware smart business applications with mobile first, cloud first, platform enabled architecture;
- Digital Engagement Hub: Global integrated Omni-channel Service Desk for all enabling functions.

## Research and Development (R&D) Activity

### EV bus project

Hon'ble Prime Minister of India Shri Narendra Modi flagged off the Smart Electric Bus, an indigenous technology developed by our Company, at the Indian Parliament on the December 21, 2015. This project was initiated by Shri Nitin Gadkari, Hon'ble Minister of Road Transport and Highways (MoRTH), Government of India.

The Central Institute of Road Transport (CIRT) supported this project to validate and ensure that the electric bus technology is safe, reliable and well suited for Indian road conditions. This initiative is inspired by Shri Nitin Gadkari's call to the industry and research organizations to develop indigenous, innovative and pollution free public transport for India. Our Smart Electric Bus enables clean mobility and is aligned with the Indian government's initiatives of Make in India, Smart Cities and Swachh Bharat.

The indigenously developed electric system, with the intellectual property rights being owned by us, consists of components like motors, lithium ion batteries and a power transmission unit. It is a versatile system and features like range (100 to 200 km), top speed (up to 100 kmph), air



conditioning, etc. can be configured as required. This system is being designed to work in all bus formats, i.e. front engine and rear engine, high floor and low floor etc.

Major benefits from this technology would be:

1. Zero emissions
2. Increased passenger comfort
3. Low maintenance
4. Versatile design to meet customer requirement

Replacing one diesel bus with an electric bus can save carbon dioxide emissions up to 48,000 kg a year which is equal to planting 2,400 trees annually. It will also save diesel worth ₹ 10 lacs a year.

### Hybrid bus

We received an award from the Indian Automotive Technology and Innovation Awards (IATIA) titled "Technology innovation of the year 2015" for hybrid conversion technology.

Currently, we are running hybrid pilot buses along with some of the transportation undertakings to collect data and results about the performance.

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

### R&D expenses for the year ended March 31, 2016

Particulars	Amount (₹ in million)	Key Project Details
Expensed in the Statement of Profit and Loss (Refer Note 2)	92.34	<ul style="list-style-type: none"> <li>- CREST Projects</li> <li>- ITS engineering</li> <li>- Revolo Bus</li> <li>- Solar</li> <li>- Smart traffic monitoring</li> <li>- Data science and analytics</li> </ul>
Capital work-in-progress	204.76	Autosar, BUS hybrid, K-SAR
Assets capitalized during the year	31.53	Linux
<b>Total</b>	<b>328.63</b>	

Notes:

1. During the previous year, the Company had set up a state-of-the-art facility for its R & D activities, construction of which is completed as of March 31, 2015. 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.
2. Out of total R & D expenditure of ₹ 92.34 million, eligible R & D revenue expenditure under Section 35(2AB) of the Income Tax Act, 1961, for the Company is ₹ 78.00 million.

A separate section on R&D activities undertaken by the Company has also been included in this 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 have been ₹ 9,900.37 million (previous year ₹ 8,783.50 million) and foreign exchange outgo (including imports) has been ₹ 688.24 million (previous year ₹ 589.13 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 Annual 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 Annual Report.

## 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 Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of the Act:

1. Ms. Lila Poonawalla
2. Dr. R. A. Mashelkar
3. Mr. Adi Engineer
4. Prof. Alberto Sangiovanni Vincentelli
5. Mr. Anant Talaulicar

## Company's Policy on Directors' appointment and remuneration

Pursuant to the provisions of Section 134(3)(e) of the Act, 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 Section 178(3), of the Act is annexed to this Report as "Annexure 5".

## Particulars of loans, guarantees or investments under Section 186 of the Act

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

Sr. No.	Name of the subsidiary	Nature of Transaction	Duration	Rate of Interest (%)	Amount (₹ in million)	Purpose
1.	KPIT Technologies (UK) Limited	Guarantee	Till April 30, 2016	NA	95.09	For setting up the credit facilities
2.	Impact Automotive Solutions Limited	Acquisition	NA	NA	181.80	Equity infusion
3.	KPIT (Shanghai) Software Technology Co., Limited	Acquisition	NA	NA	32.01	Equity infusion
4.	KPIT Technologies Employees Welfare Trust	Loan	NA	7.55%	150.00	For operation of Employee Stock Option Plans
5.	KPIT Infosystems Incorporated	Guarantee	Till July 31, 2020	NA	663.33	For setting up the credit facilities
6.	KPIT Infosystems ME FZE	Guarantee	Till December 31, 2016	NA	66.33	For setting up the credit facilities
7.	Mr. Kishor Patil	Loan	Till December 31, 2020	7.60%	30.00	Housing loan under loan policy of the Company

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

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

## 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 this 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 the 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.

The Act has made it mandatory for the Directors in their Responsibility Statement in the Board's Report to state that "the directors, in the case of a listed company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively." The above statement has to be affirmed to by the Statutory Auditors in their Audit Report.

As per explanation provided to Section 134(5)(e) of the Act, "internal financial controls" means "the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information".

Components of internal control define internal control over financial reporting as "a process designed by, or under the supervision of the CEO and CFO" office and effected and approved by the Board of Directors and management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian GAAP (IGAAP) and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets and liabilities of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IGAAP and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or

disposition of the Company's assets that could have a material effect on the financial statements.

## 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 mentioned in the Report on Corporate Governance, which forms a part of this Annual Report.

## Corporate Social Responsibility (CSR)

The Policy on Corporate Social Responsibility 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 the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been annexed to this Report as "Annexure 7".

## Formal Annual Evaluation by the Board

A separate meeting of the Independent Directors of the Company was held on March 16, 2016, in which a formal evaluation of performance of the Board, Committees and the individual Directors was carried out. The performance evaluation was conducted based on the criteria specified in the Act and Regulation 17 of the SEBI (LODR) Regulations, 2015.

The feedback based on evaluation was discussed with the Chairman of the Board and 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 Report on Corporate Governance. 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 to this Report as "Annexure 8".

### 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 that:

- i) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) 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, 2016 and of the profit of the Company for the year ended on that date;

- iii) they have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) the annual financial statements have been prepared on a going concern basis;
- v) 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) 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 Regulation 17(8) of the SEBI (LODR) Regulations, 2015, for the year under review was placed before the Board of Directors of the Company at its meeting held on April 27, 2016.

A copy of such certificate forms a part of the Report on Corporate Governance.

## Acknowledgments

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

We thank customers, vendors, investors and bankers of the Company for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

We further thank the governments of various countries where we have our operations. We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Finance, the Ministry of Corporate Affairs, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the State Governments, the Software Development Centers (SDCs)/Special Economic Zones (SEZs) – Navi Mumbai, Chennai, Bengaluru, Hyderabad, Noida, Pune and all other government agencies for their support and look forward for their continued support in future.

For and on behalf of the Board of Directors

Pune  
April 27, 2016

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

# Annexure 1 Form AOC - 1

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

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

Part "A": Subsidiaries

Serial No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Name of the subsidiary	KPIT (Shanghai) Software Technology Co. Limited, China	KPIT Technologies France (UK) Limited (Refer note f below)	KPIT Technologies (UK) Limited (Refer note f below)	KPIT Infosystems Incorporated, USA	KPIT Technologies Netherlands B.V.	SYSTIME Computer Corporation, USA	KPIT Technologies GmbH, Germany (Refer note a below)	CPG Solutions LLC, USA (Refer note b & h below)	Sparta Consulting Inc., USA (Refer note b below)	Impact Automotive Solutions Limited	KPIT Infosystems ME FZE, UAE (Refer note g below)	KPIT medini Technologies AG (Refer note e below)	KPIT Solutions GmbH, Germany (Refer note e below)	KPIT Technologies Soluceos Em Informatca Ltda. (Refer note c b & h below)	Integrated Industrial Information Inc (Refer note b & h below)	SYSTIME Global Solutions LTDA, Brazil (Refer note d below)	KPIT Technologies Corporation (Refer note d below)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Share capital	10.26	75.10	95.09	66.33	75.10	66.33	75.10	66.33	66.33	1.00	18.03	75.10	75.10	18.21	66.33	18.21	50.97
Reserves & surplus	144.58 (12.80)	7.51 (198.25)	827.08 (300.35)	2,879.17 (140.82)	37.55 (34.78)	7.30 (789.44)	543.79 (23.01)	- (256.14)	338.64 (2,174.71)	499.90 (311.71)	21.38 (79.83)	8.79 (70.24)	1.88 (54.87)	20.43 (4.75)	- (20.43)	- (20.43)	0.02 (338.21)
Total assets (excluding 9 below)	231.11	331.80	1,896.88	6,428.39	143.25	1,755.02	1,169.86	-	2,174.71	344.47	261.30	140.58	244.95	85.21	-	-	522.63
Total liabilities (excluding 5 & 6 above)	99.34	126.04	769.45	3,690.04	70.92	958.28	603.06	-	2,092.21	156.28	319.75	61.59	188.20	60.03	-	0.13	184.42
Investments (except in case of investments in subsidiaries)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.04	NIL	NIL	NIL	NIL	NIL
Turnover	300.89	1,026.38	2,794.46	11,930.15	223.26	4,860.06	1,387.55	636.48	5,220.31	97.19	470.36	172.23	521.21	381.58	441.10	-	584.80
Profit/(Loss) before taxation	47.93 (3.58)	76.33 (25.18)	193.40 (37.83)	581.47 (203.58)	22.76 (2.29)	172.42 (86.57)	37.22 (10.36)	(207.92)	190.69 (0.42)	(98.11)	105.71 (1.11)	43.63 (2.46)	28.27 (5.05)	(52.65) (3.34)	(60.24)	0.24	104.86
Provision for taxation	5151	51.15	155.57	377.89	20.47	85.85	26.86	(207.92)	191.11	(98.11)	104.60	41.17	23.22	(49.31)	(60.24)	0.24	85.90
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
% of shareholding	100%	100%	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 Infosystems Incorporated, USA
- 99.91% owned by KPIT Infosystems Incorporated, USA
- 100% owned by SYSTIME Computer Corporation, USA
- 100% owned by KPIT Technologies GmbH, Germany
- Includes branch KPIT Technologies (UK) Limited Filial
- Includes branches KPIT Infosystems ME FZE Australia branch and KPIT Infosystems ME FZE Korea Branch
- During the year, CPG Solutions LLC and Integrated Industrial Information, Inc. was merged with KPIT Infosystems Incorporated, USA, their holding company, effective January 01, 2016.

For and on behalf of the Board of Directors

Pune  
April 27, 2016

**S. B. (Rawi) Pandit**  
Chairman & Group CEO

## Annexure 2

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

*[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, Hinjawadi  
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 2016 ('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 2016 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 and 2015;
  - (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 (Share Based Employee Benefits), Regulations 2014;
  - (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.
  - The Information Technology Act, 2000.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India notified with effect from 1 July 2015.
- (ii) The erstwhile Listing Agreement entered into by the Company with stock exchanges and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1 December 2015.

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 2015, for issue of a maximum of 25,00,000 equity shares to the employees of the Company and to the employees of the subsidiaries of the Company under the Securities and Exchange Board of India (Share Based Employee Benefits), Regulations 2014.
- (b) The Company altered and replaced the existing Articles of Association of the Company in line with the provisions of new Companies Act, 2013 and rules made under the Act.

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

Place: Pune  
Date: 27 April 2016

## 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 (years)	Designation	Qualification	Experience (years)	Date of Joining	Remuneration received (₹ in million)	Particulars of previous employment
<b>Part A: Particulars of employees who were in employment throughout the financial year and are in receipt of remuneration of not less than ₹ 6 million p.a. in aggregate</b>							
S. B. (Ravi) Pandit	66	Chairman & Group CEO	Chartered Accountant, CWA & MS (Management)	41	01-Apr-14	14.49	Kirtane & Pandit Chartered Accountants
Kishor Patil	54	CEO & Managing Director	Chartered Accountant	33	28-Dec-90	11.35	Kirtane & Pandit Chartered Accountants
Sachin Tikekar	48	Whole-time Director	MBA	22	14-Sep-93	12.42	KPIT Infosystems Incorporated
Anil Patwardhan	57	Chief Financial Officer	Chartered Accountant	34	05-Oct-98	7.09	Praj Industries Limited
Vishal Jain	40	Vice President	MBA	18	01-Jan-08	7.06	Fujitsu Consulting India Private Limited
Abhishek Sinha	43	Senior Vice President - Global Head SBU	B.Tech	22	05-Nov-13	7.77	Infosys Limited
Sriranga Ramanuj Acharya K.N.	51	Vice President - ECoDe	BE (Mechanical, Systems)	29	07-Jul-14	6.02	Infosys Limited
Anup Sable	47	Senior Vice President	BE (Mechanical)	28	17-Oct-94	8.46	The Automotive Research Association of India
Somashekar R H	52	Associate Vice President	BE (Electronics & Communication, Industrial Electronics)	27	08-Jan-07	7.50 *	CG Smith Software Private Limited
Prabhakar Bendre	56	President - Global SBU Head	BE (Electronics & Telecommunication)	32	25-Jul-12	7.52	Self Employed
Krishna Gangisetty	42	Lead Technical Consultant	BE (Computer Science)	19	02-Feb-15	6.67	CPG Solutions Limited

#### Notes:

\* includes perquisite value of stock options exercised.

Total remuneration includes basic salary, allowances, service tax, petrol reimbursement and taxable value of perquisites.

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

None of the above employees are related to any Director of the Company.

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

None of the above employees hold 2% or more of the paid-up share capital of the Company.

Employee Name	Age (years)	Designation	Qualification	Experience (years)	Date of Joining	Remuneration received (₹ in million)	Particulars of previous employment
<b>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 ₹ 0.50 million p.m.</b>							
Prabhakar Shetty	50	Vice President	BE (Electronics & Telecommunication)	30	05-Oct-10	2.20	Seven Hills Global Consulting Private Limited
Janardhan Thakkilapati	58	Program Manager	MBA (Marketing)	22	10-Jan-05	0.66	Systime Global Solutions Limited
Abhijeet Kumar	34	Solution Architect	BE (Metallurgy)	9	30-Sep-13	0.94	Inspirage
Prashant KS	45	Vice President	BE (Electronics & Communication)	24	04-Apr-05	2.03 *	Auric Systems Private Limited
Shreeparna S Kar	40	Project Manager	BE (Computer Science)	14	28-Nov-05	0.91 *	Applied Materials Inc.
Anil Gogate	59	Vice President	BE (Civil)	36	06-May-13	1.16	Persistent Systems Limited
Rajesh Rao	48	Senior Vice President	B.Tech Mechanical, MS-Industrial Engineering	21	15-Jul-13	2.25	Cappemini India Private Limited
Sandeep Kakade	33	Associate Solution Architect	BE (Computer Science)	11	01-Jul-15	4.57	-
Sunil Gandhi	54	Vice President	BE (Electronics)	31	13-Dec-10	3.71	Ultra Motor India Private Limited
Nataraj N	46	Senior Vice President - Global Head SBU	Bachelor in Physics, Diploma in Engineering	25	06-May-15	6.71	Hexaware Technology

Notes:

\* includes perquisite value of stock options exercised.

Total remuneration includes basic salary, allowances, service tax, petrol reimbursement and taxable value of perquisites.

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

None of the above employees are related to any Director of the Company.

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

None of the above employees hold 2% or more of the paid-up share capital of the Company.

For and on behalf of the Board of Directors

Pune

April 27, 2016

**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 Section 197 (12) of the Act, 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 <sup>#</sup>	21.18
		Mr. Kishor Patil <sup>#</sup>	16.32
		Mr. Sachin Tikekar <sup>#</sup>	17.95
		Ms. Lila Poonawalla	4.94
		Dr. R. A. Mashelkar	3.98
		Mr. Adi Engineer	4.37
		Prof. Alberto Sangiovanni Vincentelli	4.86
		Mr. B V R Subbu	3.52
		<sup>#</sup> Remuneration does not include amount of Provident Fund. The Company decides the remuneration of its Managerial Personnel on the basis of Cost to Company (CTC), whereas, under the provisions of the Act, the managerial remuneration is calculated as per the Income Tax Act, 1961. The reported figures look higher or lower depending on the components of the CTC. The salaries of all 3 Whole-time Directors are in close descending order.	
ii.	The percentage increase in remuneration of each Director, CFO, CS in the financial year	Mr. S. B. (Ravi) Pandit <sup>§</sup>	-2.32
		Mr. Kishor Patil <sup>§</sup>	27.70
		Mr. Sachin Tikekar <sup>§</sup>	9.15
		Ms. Lila Poonawalla	2.97
		Dr. R. A. Mashelkar	2.64
		Mr. Adi Engineer	4.09
		Prof. Alberto Sangiovanni Vincentelli <sup>^</sup>	9.19
		Mr. B V R Subbu	0.63
		Mr. Anil Patwardhan (CFO)	1.27
		Mr. R. Swaminathan* (CS)	Not Applicable
		Ms. Sneha Padve <sup>#</sup> (CS)	Not Applicable
		<sup>§</sup> The Company decides the remuneration of its Managerial Personnel on the basis of CTC, whereas, under the provisions of the Act, the managerial remuneration is calculated as per the Income Tax Act, 1961. The growth in the CTC for them during the year under reporting is around 15%.	
<sup>^</sup> Increase in remuneration is comparable in dollar terms, however in INR, the % looks higher due to downward revision in rupee value as against the dollar.			
<sup>*</sup> Mr. R. Swaminathan resigned from the post of the Company Secretary of the Company effective July 21, 2015.			
<sup>#</sup> Ms. Sneha Padve was appointed as the Company Secretary of the Company effective July 22, 2015.			
iii.	The increase in the median remuneration of employees in the financial year	9%	
iv.	The number of permanent employees on the rolls of the Company	8,540 employees as on March 31, 2016.	
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 6.75% as against the increase in the profit after tax (from ordinary activities) of 0.25% during 2015-16.	
vi.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	For the FY 2015-16, the Key Managerial Personnel were paid approx. 2.39% of the net profit of the year.	

Sr. No.	Particulars	Disclosure			
		Particulars	As on March 31, 2016	As on March 31, 2015	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)	29,200.19	37,070.81	(21.23)
		Price earnings ratio*	10.49	15.07	(30.37)
		Percentage increase in the market price of the shares in comparison with the last public offer price**	NA	NA	3,186
		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 9.3%. Average increase in the remuneration of Directors and other Key Managerial Personnel is 6.75%.			
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:			
		<b>Particulars</b>	<b>% of Net Profit for FY 2015-16</b>		
		Mr. S. B. (Ravi) Pandit	0.72		
		Mr. Kishor Patil	0.55		
		Mr. Sachin Tikekar	0.61		
		Mr. Anil Patwardhan	0.34		
		Ms. Sneha Padve*	0.10		
* Ms. Sneha Padve was appointed as the Company Secretary of the Company effective July 22, 2015.					
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.			
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	NIL - The Company's operations cover KPIT Technologies Limited ("KPIT India") and its subsidiaries including step down. The remuneration paid to some of the employees of subsidiaries of KPIT India abroad is higher than the remuneration of the highest paid Director of the Company.			
xii.	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.				

For and on behalf of the Board of Directors

Pune  
April 27, 2016

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



## Employee Stock Option Plans (ESOPs) Annexure 4

### Disclosure as required under SEBI (Share Based Employee Benefits) Regulations, 2014, as on March 31, 2016

A. Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme
1 Date of Shareholders Approval	November 30, 1998	September 28, 2001	August 28, 2006	April 11, 2014	August 19, 2015
2 Total number of options approved under the scheme#	1,653,900	7,546,265	13,683,562	1,000,000	2,500,000
3 Vesting Requirements: Vesting Schedule	The options shall vest over a period of 1 to 5 years from the date of grant. End of Year 1 : 20% End of Year 2 : 20% End of Year 3 : 20% End of Year 4 : 20% End of Year 5 : 20%	The options shall vest over a period of 1 to 3 years from the date of grant. End of Year 1 : 33% End of Year 2 : 33% End of Year 3 : 34%	The options shall vest over a period of 1 to 3 years from the date of grant. End of Year 1 : 30% End of Year 2 : 30% End of Year 3 : 40%	The options shall vest over a period of 1 to 3 years from the date of grant. End of Year 1 : 30% End of Year 2 : 30% End of Year 3 : 40%	The options shall vest over a period of 1 to 3 years from the date of grant. End of Year 1 : 30% End of Year 2 : 30% End of Year 3 : 40%
4 Exercise Price or Pricing Formula	All options have been granted at a pre-determined rate of ₹ 2.50 per share.	Closing Market Price of the Company's equity share on the Stock Exchange which has the highest trading volumes, on the day prior to the date of grant of Options.	Closing Market Price of the Company's equity share on the Stock Exchange which has the highest trading volumes, on the day prior to the date of grant of Options.	The Exercise Price shall be equal to face value of shares i.e. ₹ 2/- per option.	Closing Market Price of the Company's equity share on the Stock Exchange which has the highest trading volumes, on the day prior to the date of grant of Options.
5 Maximum Term of Options Granted	a. For Vested Options: Maximum period of 5 years from the date of grants. b. For Exercise of Options: Maximum period of 5 years from the date of vesting of options granted.	a. For Vested Options: Maximum period of 3 years from the date of grants. b. For Exercise of Options: Maximum period of 5 years from the date of vesting of options granted.	a. For Vested Options: Maximum period of 3 years from the date of grants. b. For Exercise of Options: Maximum period of 5 years from the date of vesting of options granted.	a. For Vested Options: Maximum period of 3 years from the date of grants. b. For Exercise of Options: Maximum period of 5 years from the date of vesting of options granted.	a. For Vested Options: Maximum period of 3 years from the date of grants. b. For Exercise of Options: Maximum period of 5 years from the date of vesting of options granted.
6 Source of Shares	The Scheme uses shares issued by the Company ("Primary Shares") for implementation.	These Schemes use both new issue of shares by the Company ("Primary Shares") as well as secondary acquisition of shares ("Secondary Shares") by the Trust as source of shares for implementation.	These Schemes use both new issue of shares by the Company ("Primary Shares") as well as secondary acquisition of shares ("Secondary Shares") by the Trust as source of shares for implementation.	These Schemes use both new issue of shares by the Company ("Primary Shares") as well as secondary acquisition of shares ("Secondary Shares") by the Trust as source of shares for implementation.	These Schemes use both new issue of shares by the Company ("Primary Shares") as well as secondary acquisition of shares ("Secondary Shares") by the Trust as source of shares for implementation.
7 Variation in terms of Options	NIL	Particulars of the variation of the terms of the ESOP Plan, which were approved by Shareholders on August 19, 2015 are given below (in accordance with sub-regulation (4) of Regulation 7 of the SEBI (Share Based Employee Benefits) Regulations 2014.) : a. Details of the variation: Extension of exercise period from 3 years to 5 years for ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme. 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 Option 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 are the employees to whom Options are already granted under the Schemes in the past/pre-existing grants under the ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme and the eligible employees for whom Options may be granted in future under these Schemes.	Particulars of the variation of the terms of the ESOP Plan, which were approved by Shareholders on August 19, 2015 are given below (in accordance with sub-regulation (4) of Regulation 7 of the SEBI (Share Based Employee Benefits) Regulations 2014.) : a. Details of the variation: Extension of exercise period from 3 years to 5 years for ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme. 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 Option 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 are the employees to whom Options are already granted under the Schemes in the past/pre-existing grants under the ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme and the eligible employees for whom Options may be granted in future under these Schemes.	Particulars of the variation of the terms of the ESOP Plan, which were approved by Shareholders on August 19, 2015 are given below (in accordance with sub-regulation (4) of Regulation 7 of the SEBI (Share Based Employee Benefits) Regulations 2014.) : a. Details of the variation: Extension of exercise period from 3 years to 5 years for ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme. 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 Option 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 are the employees to whom Options are already granted under the Schemes in the past/pre-existing grants under the ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme and the eligible employees for whom Options may be granted in future under these Schemes.	Particulars of the variation of the terms of the ESOP Plan, which were approved by Shareholders on August 19, 2015 are given below (in accordance with sub-regulation (4) of Regulation 7 of the SEBI (Share Based Employee Benefits) Regulations 2014.) : a. Details of the variation: Extension of exercise period from 3 years to 5 years for ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme. 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 Option 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 are the employees to whom Options are already granted under the Schemes in the past/pre-existing grants under the ESOP 2004 Scheme, ESOP 2006 Scheme and ESOP 2014 Scheme and the eligible employees for whom Options may be granted in future under these Schemes.

# The total number of options approved under each Scheme has been adjusted for subsequent share splits and bonus issues for better understanding of the shareholders.

A.	Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme
8	Option movement during the year					
i.	Options outstanding at the beginning of the year					
	For the year 2015-16	0	1,045,264	3,833,379	395,000	0
	Weighted Average Exercise Price	0.00	54.23	79.04	2.00	0.00
	For the year 2014-15	200	2,133,241	6,036,302	0	0
	Weighted Average Exercise Price	2.00	32.33	69.27	0	0
ii.	Options Granted during the year					
	April 1, 2015-March 31, 2016	0	0	2,827,500	60,000	1,091,000
	Weighted Average Exercise Price	0	0	105	2	103.70
	April 1, 2014-March 31, 2015	0	0	61,000	395,000	0
	Weighted Average Exercise Price	0	0	186	2.00	0.00
iii.	Number of options vested and exercisable					
	As on March 31, 2016	0	324,988	2,504,953	25,000	0
	Weighted Average Exercise Price	0.00	70.60	79.27	2.00	0.00
	As on March 31, 2015	0	1,045,264	3,206,379	0	0
	Weighted Average Exercise Price	0.00	54.23	74.43	0.00	0.00
iv.	Number of options exercised during the year					
	April 1, 2015-March 31, 2016	0	271,206	752,326	0	0
	Weighted Average Exercise Price	0.00	70.60	64.11	0.00	0.00
	April 1, 2014-March 31, 2015	200	618,602	1,925,439	0	0
	Weighted Average Exercise Price	2.50	70.60	52.13	0.00	0.00
v	Total number of shares arising during the year as a result of exercise of options					
	April 1, 2015-March 31, 2016	0	271,206	752,326	0	0
	April 1, 2014-March 31, 2015	200	618,602	1,925,439	0	0
vi.	Number of options lapsed during the year					
	April 1, 2015-March 31, 2016	0	428,320	-5,800	0	0
	Weighted Average Exercise Price	0	31	37.53	0	0
	April 1, 2014-March 31, 2015	0	430,827	57,984	0	0
	Weighted Average Exercise Price	0	31	66	0	0
vii.	Number of options cancelled during the year					
	April 1, 2015-March 31, 2016	0	20,750	737,400	300,000	39,500
	Weighted Average Exercise Price	0.00	70.60	102.37	2	103.70
	April 1, 2014-March 31, 2015	0	38,548	280,500	0	0
	Weighted Average Exercise Price	0.00	70.60	80.03	0.00	0.00
viii.	Money realised by exercise of options during the year					
	April 1, 2015-March 31, 2016	0	17,398,664	65,657,667	10,000	0
	April 1, 2014-March 31, 2015	50,000	49,337,680	116,130,381	0	0
ix	Options outstanding at the end of the year					
	As on March 31, 2016	0	324,988	5,176,953	155,000	1,051,500
	Weighted Average Exercise Price	0.00	70.60	91.83	2.00	103.70
	As on March 31, 2015	0	1,045,264	3,833,379	395,000	0
	Weighted Average Exercise Price	0.00	54.23	79.04	2.00	0.00
x	Loan repaid by the trust during the year from the exercise price received (₹ in millions)	NIL				8.37
xi	Options exercisable at the end of the year					
	As on March 31, 2016	0	324,988	2,504,953	25,000	0
	As on March 31, 2015	0	1,045,264	3,206,379	0	0

B. Particulars	ESOP 1998 Scheme		ESOP 2004 Scheme		ESOP 2006 Scheme		ESOP 2014 Scheme		ESOP 2015 Scheme	
	Name	No. of options granted	Name	No. of options granted	Name & Designation	No. of options granted	Exercise Price (In ₹)	Name & Designation	No. of options granted	Exercise Price (In ₹)
(i) Senior managerial personnel	NIL	NIL	Mandar Manulkar, Vice President - CIO	28,000	103.70	2	Yogesh Datar, Vice President	30,000	103.70	
			Ashwini Kuber, Vice President - Consulting Partner	20,000	103.70	2	Gurudath Narayan, Vice President	20,000	103.70	
			Priya Hardikar, Vice President - Business Finance	30,000	103.70		Hemant Gandhi, Senior Vice President- Global Head	20,000	103.70	
			Abhishek Sinha, Senior Vice President-Global Head SBU	50,000	103.70		Kenneth Charlish, Vice President	20,000	103.70	
			Sriranga Ramanuj Acharya K.N., Vice President - EcoDe	60,000	103.70					
			Nataraj N, Senior Vice President-Global Head SBU	20,000	103.70					
			Marcus Hoetger, Vice President	20,000	103.70					
			Nataraj N, Senior Vice President-Global Head SBU	30,000	111.65					
(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	None of the employees were granted more than 5% or more of the options granted during the year									
(iii) Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None of the employees were granted more than 1% of the issued capital of the Company at the time of grant during the year									
C. Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme					
Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20						10.10				
D. Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme					
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, 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 by Black & Scholes Model, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2015-16 is ₹ 2.03 million. 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 2015-16 would be ₹ 68.22 million. The effect of adopting the fair value method on the net income and earnings per share is presented below:									
Profit as reported						(Amount ₹ in million)				
Add - Intrinsic Value Cost						2019.140				
Less - Fair Value Cost						2.03				
Profit as adjusted						68				
Earning per share (Basic) as reported						1,952.95				
Earning per share (Basic) adjusted						10.56				
Earning per share (Diluted) as reported						10.21				
Earning per share (Diluted) adjusted						9.77				

Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme
<b>E.</b>					
For stock options exercised during the period the weighted average share price on the date of exercise (₹)					
April 1, 2015-March 31, 2016	Nil	114.07	119.19	Nil	Nil
April 1, 2014-March 31, 2015	215.95	170.98	172.93	Nil	Nil
<b>F.</b>					
Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme
Weighted average fair value of Options granted during the year whose	April 1, 2015-March 31, 2016				
(a) Exercise price equals market price	No Grants in the current year	No Grants in the current year	40.50	Nil	40.17
(b) Exercise price is greater than market price	No Grants in the current year	No Grants in the current year	Nil	Nil	Nil
(c) Exercise price is less than market price	No Grants in the current year	No Grants in the current year	Nil	132.80	Nil
Weighted average exercise price of Options granted during the year whose	April 1, 2015-March 31, 2016				
(a) Exercise price equals market price	No Grants in the current year	No Grants in the current year	104.66	Nil	103.70
(b) Exercise price is greater than market price	No Grants in the current year	No Grants in the current year	Nil	Nil	Nil
(c) Exercise price is less than market price	No Grants in the current year	No Grants in the current year	Nil	2.00	Nil
<b>G.</b>					
Particulars	ESOP 1998 Scheme	ESOP 2004 Scheme	ESOP 2006 Scheme	ESOP 2014 Scheme	ESOP 2015 Scheme
Method and Assumptions used to estimate the fair value of options granted during the year					
Grant date wise assumptions used in the model are as follows:					
<b>Variables</b>					
(a) Number of Options	No Grants in the current year	No Grants in the current year	2827500	60000	1091000
(b) Price of the underlying share in market at the time of the option grant (₹)			120.20	126.95	103.70
(c) Expected Volatility			40.99%	41.80%	42.83%
(d) Riskfree Interest Rate			5.14%	7.61%	7.76%
(e) Expected Life (in years)			3.74	3.76	3.70
(f) Dividend yield			0.93%	0.88%	1.06%
(g) Fair Value			45.87	121.38	40.17

**Employee Stock Option Plans (ESOPs) : Details related to Trust**

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the schemes under these regulations are to be disclosed:

**(i) General information on all schemes**

Sr. No.	Particulars	Details		
1	Name of the Trust	KPIT Technologies Employees Welfare Trust		
2	Details of the Trustee(s)	Sr. No.	Name	Address
		1	Mr. Shriharsh Ghate	68 Shailesh Society, Ganesh Nagar, Pune - 411052
		2	Mr. Sudheer Tilloo	Amit Blossom, 12th Lane, Prabhat Road, Pune - 411004
		3	Mr. Suhas Deshpande	101, Bhosale Saptasur Apts, Plot N-61/62, Bhosale Nagar, Pune-411007
3	Amount of loan disbursed by the Company during the year (₹ in million)	150		
4	Amount of loan outstanding (repayable to the Company/any Company in the group) as at March 31, 2016 (₹ in million)	483.98		
5	Amount of loan, if any, taken from any other source for which the Company has provided any security or guarantee	NIL		
6	Any other contribution made to the Trust during the year	NIL		

**(ii) Brief details of transactions in shares by the Trust**

Particulars	Details	
(a) Number of shares held at the beginning of the year;	8,596,752	
(b) Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	(i) Primary Issuance	weighted average cost of acquisition per share
	104,000	79.1
	(ii) Secondary Acquisition	
	Number of shares	% of paid up equity capital as at the end of the previous financial year
	1,262,559	0.64
(c) Number of shares transferred to the employees / sold during the year along with the purpose thereof;	Number of shares transferred to the employees / sold during the year	Purpose
	290,903	KPIT Technologies Employee Welfare Trust ("Trust"), is a trust formed for employee welfare activities, which includes, administration of our Company's Employee Stock Option Plan ("ESOP") Schemes. As part of its operations, the Trust is allotted shares by the Company or it acquires shares from open market and the Trust, in turn, sells such shares in the course of administration of the ESOP schemes. The holding of shares and the sale of shares by the Trust, is done on behalf of the employees.
(d) Number of shares held at the end of the year.	9672408	



(iii) In case of secondary acquisition of shares by the Trust

Sr No.	Particulars	Number of shares	Percentage of paid-up equity capital as at the end of March 31, 2015 (the year immediately preceding the year in which shareholders' approval was obtained)
1	Acquired during the year	1,262,559	0.64
2	Sold during the year	Nil	Nil
3	Transferred to the employees during the year	10,000	0.005
4	Held at the end of the year	8,664,836	4.41

For and on behalf of the Board of Directors

Pune  
April 27, 2016

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

## Annexure 5

### Nomination and Remuneration Policy

#### Objective

The Nomination and Remuneration (HR) Committee of KPIT Technologies Limited (“Company”) will be a Board Committee and shall broadly play 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 Companies 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 responsibility 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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 Persons as defined under the Act and senior management of the Company. The Committee shall ensure that the remuneration to the Key Managerial Persons 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 with the minutes of the meetings of the Board.

## Annexure 6 Form AOC - 2

**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**

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

### 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 arrangements 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 Incorporated (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

Pune  
April 27, 2016

**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) Jalyukta Shivar Yojna
  - 3) Afforestation at Nelamangala
  - 4) Zero Garbage Project
  - 5) PMPML Project
  - 6) Conservation of forests
  - 7) Tree plantation
  - 8) Chhote Scientists
  - 9) Teach for India
  - 10) Sparkle
  - 11) Chennai Flood Relief
  - 12) Swachh Bharat - Toilet Construction
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: ₹ 1,954,308,231/-.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹39,086,165/-.
5. Details of CSR spent during the financial year are included in Notes to Accounts in Standalone Financial Statements (Refer note 46.6). The total spend referred in the annexure below includes direct spend of ₹ 18,621,044/- and employee participation cost of ₹ 20,503,161/-.

Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹)							
(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)	3,800,000	4,148,616	4,148,616	Agency: Jnana Prabodhini-Shivpradesh
2	Jalyukta Shivar Yojna	Environmental sustainability	Pune (Maharashtra)	2,000,000	2,000,000	2,000,000	Agency: Jnana Prabodhini-Shivpradesh, RSGVS
3	Afforestation at Nelamangala	Environmental sustainability	Bangalore (Karnataka)	600,000	604,427	604,427	Agency: Youth for Seva
4	Shivanahalli Tree Plantation & Maintenance Project	Environmental sustainability	Bangalore (Karnataka)	300,000	309,285	309,285	Agency: Youth for Seva



(Amount in ₹)

(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
5	Zero Garbage Project	Ecological balance	Pune (Maharashtra)	2,200,000	2,195,919	2,195,919	Agency: Janwani
6	Environment Week	Ecological balance	Pune (Maharashtra)	2,600,000	2,578,663	2,578,663	Direct
7	PMPML Project	Ecological balance	Pune (Maharashtra)	650,000	830,986	830,986	Agency: Janwani
8	Conservation of forests in Koyna-Chandoli Corridor	Ecological balance	Pune (Maharashtra)	700,000	694,177	694,177	Agency: Wildlife Research Conservation Society
9	Building Oxygen Hub of Pune (Tree Plantation)	Conservation of natural resources and maintaining quality of soil	Pune (Maharashtra)	1,000,000	1,195,856	1,195,856	Agency: Tree Public
10	Tree Plantation with Vanrai	Ecological balance	Pune (Maharashtra)	200,000	20,000	20,000	Agency: Vanrai
11	Chhote Scientists	Promoting education	Pune (Maharashtra)	11,000,000	11,891,805	11,891,805	Agency: Inana Prabodhini
12	Teaching Classes at Thayimane, Bangalore	Promoting education	Bangalore (Karnataka)	1,000,000	1,053,740	1,053,740	Agency: Thayimane
13	Teach For India	Promoting education	Pune (Maharashtra)	500,000	500,000	500,000	Agency: Teach for India
14	Lila Poonawalla Girls Education Program	Promoting education & women empowerment	Pune (Maharashtra)	750,000	750,000	750,000	Agency: Lila Poonawalla Foundation
15	Art of Living Free school program (Chimbli, Pune)	Promoting education	Pune (Maharashtra)	100,000	100,000	100,000	Agency: Art of Living
16	School Kit Drive	Promoting education	Pune & Mumbai (Maharashtra), Bangalore (Karnataka) & Noida (UP)	200,000	218,643	218,643	Agency: Seva Sahayog
17	Sparkle	Promoting education	Pune (Maharashtra)	7,900,000	8,996,535	8,996,535	Direct
18	Chennai Flood Relief Fund	Disaster Relief: Promoting preventive health care	Chennai (Tamilnadu)	500,000	500,000	500,000	Agency: Youth for Seva
19	Dastkari Haat Samiti - Tigers in wood made by traditional Kinnar craftsmen	Vocational Skill livelihood enhancement project	Delhi	100,000	100,000	100,000	Agency: Dastkari Haat Samiti
20	Blood Donation	Promoting preventive health care	Pune & Mumbai (Maharashtra), Bangalore (Karnataka) & Noida (UP)	250,000	248,593	248,593	Agency: Authorized Local Blood Banks
21	Swachh Bharat-Toilet Construction at Saraswati Bal Niketan	Promoting education	Noida (UP)	185,000	186,960	186,960	Direct
<b>TOTAL</b>				<b>36,535,000</b>	<b>39,124,205</b>	<b>39,124,205</b>	

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 and on behalf of the Board of Directors

Pune  
April 27, 2016

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

**Kishor Patil**  
CEO & Managing Director

## Annexure 8

### Form MGT-9

#### Extract of Annual Return

as on the financial year ended on March 31, 2016

[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, Hinjawadi, Pune – 411 057.  
Telephone:- +91-20-6652 5000  
Fax:- +91-20-6652 5001
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Link Intime India Private Limited  
Block No. 202, 2<sup>nd</sup> Floor, Akshay Complex,  
Off Dhole Patil Road, Pune – 411 001.  
Telephone:- +91-20-2616 0084/2616 1629  
Fax:- +91-20-2616 3503

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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	98.51

#### 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, MIDC, Hinjawadi, Pune – 411 057, Maharashtra, India.	U35923PN2010PLC137191	Subsidiary	100	2(87)(ii)
2	KPIT Technologies (UK) Limited Ground Floor, The Annexe Hurst Grove, Sandford Lane, Hurst, Berkshire RG10 0SQ, UK.	N.A.	Subsidiary	100	2(87)(ii)
3	KPIT Technologies France 10 Avenue Franklin D Roosevelt 75008, Paris, France.	N.A.	Subsidiary	100	2(87)(ii)
4	KPIT Technologies GmbH Adams-Lehmann-Straße 109, 80797 Munich, Germany.	N.A.	Subsidiary	100	2(87)(ii)
5	KPIT Technologies Netherlands B.V. Westerdoksdiijk 423, 1013 BX, Amsterdam, The Netherlands.	N.A.	Subsidiary	100	2(87)(ii)
6	KPIT Infosystems Incorporated 379, Thornall Street, Edison, NJ 08837, USA.	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
7	KPIT Technologies Corporation 8120-128 Street, Surrey BC V3W 1R1, Canada.	N.A.	Subsidiary	100	2(87)(ii)
8	Systime Computer Corporation 379, Thornall Street, Edison, NJ 08837, USA.	N.A.	Subsidiary	100	2(87)(ii)
9	KPIT Technologies Soluções em Informática Ltda. Rua James Watt, 84 – 8º andar – Jardim Edith, CEP 04576-050 – São Paulo/SP – Brasil.	N.A.	Subsidiary	100	2(87)(ii)
10	Systime Global Solutions Ltda. Rua James Watt, 84 – 8º andar – Jardim Edith, CEP 04576-050 – São Paulo/SP – Brasil.	N.A.	Subsidiary	100	2(87)(ii)
11	Sparta Consulting Inc. 111, Woodmere Road, Suite 200, Folsom, California 95630, USA.	N.A.	Subsidiary	100	2(87)(ii)
12	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)
13	KPIT Infosystems ME MZE Dubai Airport Free Zone Area, West Wing 2, Office 2W113, P.O. Box: 54931, Dubai, UAE.	N.A.	Subsidiary	100	2(87)(ii)
14	KPIT medini Technologies AG Dessauer Strasse 28/29, 10963 Berlin, Germany.	N.A.	Subsidiary	100	2(87)(ii)
15	KPIT Solutions GmbH Detmolder Straße 235, 33605, Bielefeld, Germany.	N.A.	Subsidiary	100	2(87)(ii)

#### IV. SHAREHOLDING PATTERN

##### i) Category-wise shareholding

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	
<b>A</b>	<b>PROMOTERS</b>									
(1)	INDIAN									
A	Individual/HUF	10,570,930	-	10,570,930	5.38	8,640,430	-	8,640,430	4.37	(1.01)
B	Central Government	-	-	-	-	-	-	-	-	-
C	State Government(s)	-	-	-	-	-	-	-	-	-
D	Bodies Corporate	23,410,240	-	23,410,240	11.90	24,535,240	-	24,535,240	12.42	0.52
E	Bank & FI	-	-	-	-	-	-	-	-	-
F	Any Other									
	KPIT Cummins Infosystems Limited- Employee Welfare Trust	8,596,752	-	8,596,752	4.37	-	-	-	-	(4.37)
	<b>Sub-Total (A)(1)</b>	<b>42,577,922</b>	<b>-</b>	<b>42,577,922</b>	<b>21.65</b>	<b>33,175,670</b>	<b>-</b>	<b>33,175,670</b>	<b>16.80</b>	<b>(4.85)</b>

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	
(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	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>	<b>0.02</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>	<b>0.02</b>	<b>-</b>
	<b>TOTAL SHAREHOLDING OF PROMOTERS (A) = (A)(1) + (A)(2)</b>	<b>42,617,922</b>	<b>-</b>	<b>42,617,922</b>	<b>21.67</b>	<b>33,215,670</b>	<b>-</b>	<b>33,215,670</b>	<b>16.82</b>	<b>(4.85)</b>
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	Institutions									
a	Mutual Funds	19,747,098	12,000	19,759,098	10.05	2,896,565	12,000	2,908,565	1.47	(8.57)
b	Banks/FI	871,030	2,000	873,030	0.44	421,634	2,000	423,634	0.21	(0.23)
c	Central Government	-	-	-	-	-	-	-	-	-
d	State Government(s)	-	-	-	-	-	-	-	-	-
e	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f	Insurance Companies	1,351,617	-	1,351,617	0.69	-	-	-	-	(0.69)
g	FII's	61,293,443	-	61,293,443	31.17	52,032,299	-	52,032,299	26.35	(4.82)
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i	Others									
(i)	Foreign Portfolio Investor (Corporate)	16,782,746	-	16,782,746	8.53	44,219,764	-	44,219,764	22.39	13.86
(ii)	Foreign Mutual Fund	-	-	-	-	2,352,178	-	2,352,178	1.19	1.19
	<b>Sub-Total (B)(1)</b>	<b>100,045,934</b>	<b>14,000</b>	<b>100,059,934</b>	<b>50.88</b>	<b>101,922,440</b>	<b>14,000</b>	<b>101,936,440</b>	<b>51.61</b>	<b>0.73</b>
(2)	Non-Institutions									
A	Bodies Corporate									
i	Indian	9,476,599	24,000	9,500,599	4.83	4,541,594	24,000	4,565,594	2.31	(2.52)
ii	Overseas	12,857,357	-	12,857,357	6.54	12,857,357	-	12,857,357	6.51	(0.03)
B	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	21,238,928	610,237	21,849,165	11.11	23,166,546	629,237	23,795,783	12.05	0.94
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6,291,570	168,000	6,459,570	3.28	6,383,605	90,000	6,473,605	3.28	(0.01)
C	Others									
i	Clearing Members	443,233	-	443,233	0.23	397,221	-	397,221	0.20	(0.02)
ii	Market Maker	21,837	-	21,837	0.01	26,482	-	26,482	0.01	-
iii	Non-Resident Indians	1,663,959	-	1,663,959	0.85	2,715,698	-	2,715,698	1.38	0.53
iv	Friends & Associates	95,420	434,000	529,420	0.27	106,420	434,000	540,420	0.27	-
v	Foreign Nationals	448,990	-	448,990	0.23	440,698	-	440,698	0.22	(0.01)
vi	Hindu Undivided Families	88,482	-	88,482	0.04	755,810	-	755,810	0.38	0.34
vii	Trusts	121,645	-	121,645	0.06	105,556	-	105,556	0.05	(0.01)
	<b>Sub-Total (B)(2)</b>	<b>52,748,020</b>	<b>1,236,237</b>	<b>53,983,257</b>	<b>27.45</b>	<b>51,416,987</b>	<b>1,177,237</b>	<b>52,674,224</b>	<b>26.67</b>	<b>(0.78)</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>152,793,954</b>	<b>1,250,237</b>	<b>154,044,191</b>	<b>78.33</b>	<b>153,419,427</b>	<b>1,191,237</b>	<b>154,610,664</b>	<b>78.28</b>	<b>(0.04)</b>
C	SHARES HELD BY CUSTODIAN FOR ADRs AND GDRs	-	-	-	-	-	-	-	-	-
D	Non-Promoter-Non-Public (KPIT Technologies Employees Welfare Trust)	-	-	-	-	9,672,408	-	9,672,408	4.90	4.90
	<b>GRAND TOTAL (A+B+C+D)</b>	<b>195,411,876</b>	<b>1,250,237</b>	<b>196,662,113</b>	<b>100</b>	<b>196,307,505</b>	<b>1,191,237</b>	<b>197,498,742</b>	<b>100</b>	<b>-</b>

**ii) Shareholding of Promoters**

Sr. No.	Shareholder 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	No. of shares pledged	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	No. of shares pledged	% of shares pledged/encumbered to total shares	
1	Proficient Finstock LLP	23,109,330	11.75	-	-	24,234,330	12.27	3,350,303	1.70	0.52
2	KPIT Technologies Employees Welfare Trust	8,596,752	4.37	270,000	0.14	-	-	-	-	(4.37)
3	Mr. S. B. (Ravi) Pandit	225,000	0.11	-	-	225,000	0.11	-	-	-
4	Mr. S. B. (Ravi) Pandit Jointly held with Ms. Nirmala Pandit	166,000	0.08	-	-	205,500	0.10	-	-	0.02
5	Ms. Nirmala Pandit	232,000	0.12	-	-	235,000	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	-	-	-	4,000	-	-	-	-
10	Mr. Kishor Patil	4,956,800	2.52	3,800,000	1.93	2,985,080	1.51	1,950,000	0.99	(1.01)
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	-	-	-	-	-	-	-	-
14	Mr. Kishor Patil jointly held with Ms. Anupama Patil	4,000	-	-	-	4,000	-	-	-	-
15	Mr. Shrikrishna Patwardhan	1,100,000	0.56	-	-	1,100,000	0.56	-	-	-
16	Mr. Ajay Shridhar Bhagwat	2,636,800	1.34	-	-	2,636,800	1.34	-	-	-
17	Ms. Ashwini Ajay Bhagwat jointly held with Mr. Ajay Bhagwat	43,300	0.02	-	-	43,300	0.02	-	-	-
18	Mr. Sachin Dattatraya Tikekar	1,003,800	0.51	-	-	1,003,800	0.51	-	-	-
19	Ms. Saroj Dattatraya Tikekar jointly with Mr. Sachin Dattatraya Tikekar	37,000	0.02	-	-	37,000	0.02	-	-	-
20	K and P Management Services Private Limited	300,910	0.15	-	-	300,910	0.15	-	-	-
	<b>Total</b>	<b>42,617,922</b>	<b>21.67</b>	<b>4,070,000</b>	<b>-</b>	<b>33,215,670</b>	<b>16.82</b>	<b>5,300,303</b>	<b>-</b>	<b>(4.85)</b>

**iii) Change in Promoters' Shareholding**

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	<b>Proficient Finstock LLP</b>				
	At the beginning of the year	23,109,330	11.75	23,109,330	11.75
	Increase/Decrease during the year				
	Purchase on August 05, 2015	1,125,000	0.57	24,234,330	12.27
	At the end of the year			24,234,330	12.27
2	<b>Mr. S. B. (Ravi) Pandit</b>				
	At the beginning of the year	225,000	0.11	225,000	0.11
	Increase/Decrease during the year	-	-	225,000	0.11
	At the end of the year			225,000	0.11
3	<b>Mr. S. B. (Ravi) Pandit Jointly held with Ms. Nirmala Pandit</b>				
	At the beginning of the year	166,000	0.08	166,000	0.08
	Increase/Decrease during the year				
	Purchase on September 07, 2015	39,500	0.02	205,500	0.10
	At the end of the year			205,500	0.10



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
<b>4</b>	<b>Ms. Nirmala Pandit</b>				
	At the beginning of the year	232,000	0.12	232,000	0.12
	Increase/Decrease during the year				
	Acquisition through transmission on June 08, 2015	3,000	-	235,000	0.12
	At the end of the year			235,000	0.12
<b>5</b>	<b>Ms. Hemalata A Shende</b>				
	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
<b>6</b>	<b>Mr. Chinmay Pandit jointly held with Ms. Nirmala Pandit</b>				
	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
<b>7</b>	<b>Mr. Chinmay Pandit</b>				
	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
<b>8</b>	<b>Ms. Prachi Pandit</b>				
	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	-
<b>9</b>	<b>Mr. Kishor Patil</b>				
	At the beginning of the year	4,956,800	2.52	4,956,800	2.52
	Increase/Decrease during the year				
	Sale on August 05, 2015	(1,125,000)	(0.57)	3,831,800	1.94
	Acquisition through transmission on October 26, 2015	3,280	-	3,835,080	1.94
	Sale on March 04, 2016	(150,000)	(0.08)	3,685,080	1.87
	Sale on March 08, 2016	(200,000)	(0.10)	3,485,080	1.76
	Sale on March 09, 2016	(150,000)	(0.08)	3,335,080	1.69
	Sale on March 10, 2016	(350,000)	(0.18)	2,985,080	1.51
	At the end of the year			2,985,080	1.51
<b>10</b>	<b>Ms. Anupama Patil</b>				
	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
<b>11</b>	<b>Ms. Anupama Patil jointly held with Mr. Kishor Patil</b>				
	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
<b>12</b>	<b>Ms. Latika Patil</b>				
	At the beginning of the year	1,280	-	1,280	-
	Increase/Decrease during the year				
	Disposal due to transmission on October 26, 2015	(1,280)	-	-	-
	At the end of the year			-	-
<b>13</b>	<b>Mr. Kishor Patil jointly held with Ms. Anupama Patil</b>				
	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	-

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
14	<b>Mr. Shrikrishna Patwardhan</b>				
	At the beginning of the year	1,100,000	0.56	1,100,000	0.56
	Increase/Decrease during the year	-	-	1,100,000	0.56
	At the end of the year			1,100,000	0.56
15	<b>Mr. Ajay Shridhar Bhagwat</b>				
	At the beginning of the year	2,636,800	1.34	2,636,800	1.34
	Increase/Decrease during the year	-	-	2,636,800	1.34
	At the end of the year			2,636,800	1.34
16	<b>Ms. Ashwini Ajay Bhagwat jointly held with Mr. Ajay Bhagwat</b>				
	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
17	<b>Mr. Sachin Dattatraya Tikekar</b>				
	At the beginning of the year	1,003,800	0.51	1,003,800	0.51
	Increase/Decrease during the year	-	-	1,003,800	0.51
	At the end of the year			1,003,800	0.51
18	<b>Ms. Saroj Dattatraya Tikekar jointly with Mr. Sachin Dattatraya Tikekar</b>				
	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
19	<b>K and P Management Services Private Limited</b>				
	At the beginning of the year	300,910	0.15	300,910	0.15
	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	<b>Warhol Limited</b>				
	At the beginning of the year	19,483,674	9.91	19,483,674	9.91
	Increase/Decrease during the year	-	-	19,483,674	9.87
	At the end of the year			19,483,674	9.87
2	<b>Fidelity Puritan Trust-Fidelity Low-priced Stock Fund</b>				
	At the beginning of the year	9,000,000	4.58	9,000,000	4.58
	Increase/Decrease during the year	-	-	9,000,000	4.56
	At the end of the year			9,000,000	4.56
3	<b>Van Dyck</b>				
	At the beginning of the year	7,776,000	3.95	7,776,000	3.95
	Increase/Decrease during the year	-	-	7,776,000	3.94
	At the end of the year			7,776,000	3.94
4	<b>Reliance Capital Trustee Co. Ltd.-A/c Reliance Mid &amp; Small Cap Fund#</b>				
	At the beginning of the year	6,156,738	3.13	6,156,738	3.13
	Increase/Decrease during the year	(6,156,738)	(3.13)	-	-
	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
<b>5</b>	<b>DSP Blackrock Equity Fund#</b>				
	At the beginning of the year	5,198,647	2.64	5,198,647	2.64
	Increase/Decrease during the year	(5,198,647)	(2.64)	-	-
	At the end of the year			-	-
<b>6</b>	<b>CX Partners Fund 1 Limited</b>				
	At the beginning of the year	5,081,357	2.58	5,081,357	2.58
	Increase/Decrease during the year	-	-	5,081,357	2.57
	At the end of the year			5,081,357	2.57
<b>7</b>	<b>Acacia Partners, LP</b>				
	At the beginning of the year	5,040,000	2.56	5,040,000	2.56
	Increase/Decrease during the year	1,083,274	0.55	6,123,274	3.10
	At the end of the year			6,123,274	3.10
<b>8</b>	<b>Government Pension Fund Global#</b>				
	At the beginning of the year	4,175,844	2.12	4,175,844	2.12
	Increase/Decrease during the year	(2,633,064)	(1.34)	1,542,780	0.78
	At the end of the year			1,542,780	0.78
<b>9</b>	<b>Lazard Emerging Markets Small Cap Equity Trust#</b>				
	At the beginning of the year	4,060,428	2.06	4,060,428	2.06
	Increase/Decrease during the year	(4,060,428)	(2.06)	-	-
	At the end of the year			-	-
<b>10</b>	<b>Apax Partners Europe Managers Limited A/c PCV LUX SCA#</b>				
	At the beginning of the year	3,508,520	1.78	3,508,520	1.78
	Increase/Decrease during the year	(3,508,520)	(1.78)	-	-
	At the end of the year			-	-
<b>11</b>	<b>KPIT Technologies Employees Welfare Trust*</b>				
	At the beginning of the year	8,596,752	4.37	8,596,752	4.37
	Increase/Decrease during the year	1,075,656	0.55	9,672,408	4.90
	At the end of the year			9,672,408	4.90
<b>12</b>	<b>New Horizon Opportunities Master Fund*</b>				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the year	6,500,000	3.31	6,500,000	3.29
	At the end of the year			6,500,000	3.29
<b>13</b>	<b>Smallcap World Fund, INC*</b>				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the year	5,843,614	2.97	5,843,614	2.96
	At the end of the year			5,843,614	2.96
<b>14</b>	<b>Acacia Institutional Partners, LP*</b>				
	At the Beginning of the year	2,933,900	1.49	2,933,900	1.49
	Increase/Decrease during the year	1,920,761	0.98	4,854,661	2.46
	At the end of the year			4,854,661	2.46
<b>15</b>	<b>Acacia Conservation Fund LP*</b>				
	At the beginning of the year	2,100,000	1.07	2,100,000	1.07
	Increase/Decrease during the year	1,330,056	0.68	3,430,056	1.74
	At the end of the year			3,430,056	1.74

# Ceased to be in the list of Top 10 shareholders as on March 31, 2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on April 1, 2015.

\* Not in the list of Top 10 shareholders as on April 1, 2015. The same has been reflected above since the shareholder was one of the Top 10 shareholder as on March 31, 2016.

## 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	<b>Mr. S. B. (Ravi) Pandit</b>				
	At the beginning of the year	225,000	0.11	225,000	0.11
	Increase/Decrease during the year	-	-	225,000	0.11
	At the end of the year			225,000	0.11
2	<b>Mr. S. B. (Ravi) Pandit Jointly held with Ms. Nirmala Pandit</b>				
	At the beginning of the year	166,000	0.08	166,000	0.08
	Increase/Decrease during the year				
	Purchase on September 07, 2015	39,500	0.02	205,500	0.10
	At the end of the year			205,500	0.10
3	<b>Mr. Kishor Patil</b>				
	At the beginning of the year	4,956,800	2.52	4,956,800	2.52
	Increase/Decrease during the year				
	Sale on August 05, 2015	(1,125,000)	(0.57)	3,831,800	1.94
	Acquisition through transmission on October 26, 2015	3,280	-	3,835,080	1.94
	Sale on March 04, 2016	(150,000)	(0.08)	3,685,080	1.87
	Sale on March 08, 2016	(200,000)	(0.10)	3,485,080	1.76
	Sale on March 09, 2016	(150,000)	(0.08)	3,335,080	1.69
	Sale on March 10, 2016	(350,000)	(0.18)	2,985,080	1.51
	At the end of the year			2,985,080	1.51
4	<b>Mr. Kishor Patil jointly held with Ms. Anupama Patil</b>				
	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	<b>Mr. Sachin Dattatraya Tikekar</b>				
	At the beginning of the year	1,003,800	0.51	1,003,800	0.51
	Increase/Decrease during the year	-	-	1,003,800	0.51
	At the end of the year			1,003,800	0.51
6	<b>Ms. Lila Poonawalla</b>				
	At the beginning of the year	114,000	0.06	114,000	0.06
	Increase/Decrease during the year	-	-	114,000	0.06
	At the end of the year			114,000	0.06
7	<b>Dr. R. A. Mashelkar</b>				
	At the beginning of the year	40,000	0.02	40,000	0.02
	Increase/Decrease during the year				
	Allotment on February 24, 2016	16,000	0.01	56,000	0.03
	At the end of the year			56,000	0.03
8	<b>Mr. Sanjay Kukreja</b>				
	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	<b>Mr. Anil Patwardhan (Key Managerial Personnel – Chief Financial Officer)</b>				
	At the beginning of the year	93,920	0.05	93,920	0.05
	Increase/Decrease during the year				
	Purchase on September 18, 2015	10,000	0.01	103,920	0.05
	At the end of the year			103,920	0.05

Note: - Mr. R. Swaminathan (Key Managerial Personnel - Company Secretary) was the Company Secretary of the Company till July 21, 2015.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment is as follows:

(Amount in ₹ million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,503.11	899.58	-	4,402.69
ii) Interest due but not paid	14.41	0.12	-	14.53
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ ii +iii)</b>	<b>3,517.52</b>	<b>899.70</b>	-	<b>4,417.22</b>
<b>Change in Indebtedness during the financial year #</b>				
● Addition	-	-	-	-
● Reduction	(1,318.69)	(899.70)	-	(2,218.39)
<b>Net Change</b>	<b>(1,318.69)</b>	<b>(899.70)</b>	-	<b>(2,218.39)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,188.99	-	-	2,188.99
ii) Interest due but not paid	9.85	-	-	9.85
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>2,198.84</b>	-	-	<b>2,198.84</b>

# 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 ₹ million)

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	15.93	11.84	12.60	40.37
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	0.19	-	0.19
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-	-	-
	<b>Total (A)</b>	<b>15.93</b>	<b>12.03</b>	<b>12.60</b>	<b>40.56</b>
	Ceiling as per the Act	255.04 (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013).			

\* Remuneration figures reported are as per the provisions of the Income Tax Act, 1961, as required by the prescribed format and therefore, may differ from the remuneration figures reported under the provisions of the Companies Act, 2013, elsewhere in this Annual Report.

**B. Remuneration to other Directors:**

(Amount in ₹ million)

Sr. No.	Particulars of Remuneration	Name of Directors						Total
		Lila Poonawalla	Dr. R. A. Mashelkar	Adi Engineer	Prof. Alberto Sangiovanni Vincentelli	Anant Talaulicar	Dwayne Allen*	
1	Independent Directors							
	• Fee for attending board/committee meetings	0.28	0.11	0.26	0.09	-	-	0.74
	• Commission	3.10	2.62	2.73	3.24	-	-	11.69
	• Others	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>3.38</b>	<b>2.73</b>	<b>2.99</b>	<b>3.33</b>	<b>-</b>	<b>-</b>	<b>12.43</b>
Sr. No.	Particulars of Remuneration	BVR Subbu			Sanjay Kukreja			Total
2	Other Non-Executive Directors							
	• Fee for attending board/committee meetings			0.10			-	0.10
	• Commission			2.31			-	2.31
	• Others			-			-	-
	<b>Total (2)</b>			<b>2.41</b>			<b>-</b>	<b>2.41</b>
	<b>Total (B) = (1+2)</b>	<b>14.84</b>						
	<b>Total Managerial Remuneration</b>	<b>55.40</b>						
	Overall Ceiling as per the Act	280.54 (being 11% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013).						

\* Dwayne Allen ceased to be a Director with effect from March 12, 2016.

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

(Amount in ₹ million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary*	Company Secretary**	CFO	
1.	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	11.84	1.25	2.10	6.95	22.14
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.19	-	-	-	0.19
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others	-	-	-	-	-
5.	Others	-	-	-	-	-
	<b>Total</b>	<b>12.03</b>	<b>1.25</b>	<b>2.10</b>	<b>6.95</b>	<b>22.33</b>

\* Mr. R. Swaminathan was the Company Secretary of the Company till July 21, 2015.

\*\* Ms. Sneha Padve has been appointed as the Company Secretary of the Company with effect from July 22, 2015.



**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
A.	<b>COMPANY</b>					
	Penalty			NIL		
	Punishment					
	Compounding					
B.	<b>DIRECTORS</b>					
	Penalty			NIL		
	Punishment					
	Compounding					
C.	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty			NIL		
	Punishment					
	Compounding					

For and on behalf of the Board of Directors

Pune  
April 27, 2016

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

# Management Discussion & Analysis

## GLOBAL OUTLOOK:

In 2015, global economic activity remained subdued with modest growth in advanced economies while there was decline in emerging and developing economies which still account for over 70% of the global growth. The key transitions which influenced the economic outlook are: gradual slowdown in China and rebalancing of its economic activity from investment and manufacturing towards consumption and services; fall in prices for energy and other commodities; tightening in the US monetary policy in view of a robust US economy as several other major advanced economies continue to ease their monetary policies.

In technology sector the major factors which dominated the technology spending for 2015 are:

- **Cloud infrastructure** centrally coordinated applications and devices connecting everything to the internet and thus leading to rapid data creation.
- With **Big Data** the focus was more on how to relevantly use the vast amount of data stored and add more value to the business. Advanced analytics is leading to this learning process where applications embedded with analytics can deliver insights and recommendations and not just process data.
- The advancement in **artificial intelligence** is paving the way for smart machines enabling systems to be more responsive of their surroundings rather than just being reactive.
- In **3D printing** the price points became for affordable which enabled scale and growth in industrial usage and penetration in consumer use cases. With further improvement in quality its expansion is likely to be biggest in industrial and biomedical applications.

## INDUSTRY GROWTH ESTIMATES:

- The worldwide IT spending is forecasted to decline by 0.5% from \$3.5 trillion in 2015 to \$3.49 trillion in 2016. The decline is mainly happening in devices and communication services spending.
- The spending in IT services is expected to increase from \$910 billion in 2015 to \$929 billion in 2016, a growth of 2.1%.
- Global enterprise software spending is expected to grow by 4.2% to \$321 billion from \$308 billion in 2015.

Companies are tightening their IT spends but at the same time they don't want to be irrelevant in today's digital world and their investments in IT to support digitization is increasing.

## FY17 Outlook for Indian IT-BPM Industry

- Export revenues is expected to reach \$119 billion - \$121 billion in constant currency terms, a growth of 10%-12%.

- Domestic revenues (excluding hardware and e-Commerce) is expected to grow by 11%-13% to ₹1,560 billion- ₹1,590 billion.

*(Data Source: Gartner, NASSCOM)*

## INDUSTRY TRENDS

In manufacturing we focus largely on Industrial, Hi-Tech and Life Sciences sub-verticals.

In industrial manufacturing, the concept of connected factory has been evolving over the last few years. However, in the next phase of IoT, technology companies are moving beyond real-time data monitoring to connected information platforms which can leverage this data along with analytics to provide more intelligent products. In robotics, a new concept "cobotics" is catching up pace in US and other mature economies. Here robots are being employed by manufacturers to work alongside workers and not replace them. The key factor for this trend is that manufacturers believe that robots cannot address all productivity issues and in some ways it hinders innovation because only people can develop ideas to improve processes and products. This concept brings together the best of operators and machines to make the assembly process safer, easier and faster. With new technology advancements manufacturers are now able to provide real-time information and guidance at the point of use. Some companies are using these new tools and technologies to provide hands-free training, enable faster responses to maintenance requests, track inventory, increase safety and provide real-time view of manufacturing operations. These benefits could also be sold as add-on services to the equipment, thus creating additional revenue stream for industrial manufacturing firms. 3D printing is being used by manufacturers to create parts for product prototypes to reduce the design to manufacturing time cycle and save costs. Based on a research, two thirds of industrial manufacturers had utilized 3D printing by 2014. The global 3D printing market was worth around \$2.5 billion in 2013, which is expected to soar to \$16.2 billion by 2018. In the next phase, this technology could be applied to product development and prototyping process, to drive innovation and reduce time to market. It could be used to manufacture components or sub-assemblies of finished products.

In Hi-Tech manufacturing, connectivity is the key driver from vehicles to turbines to smartphones. Companies leveraging it to create a sustainable customer relationship with highly customized products and offerings are best positioned to gain the edge. Advanced analytics is helping companies to reshape their manufacturing operations through increased efficiencies, improved worker safety and optimized operations. The real-time analysis of supply chain and operations data also help hi-tech manufacturers to optimize their inventory. Crowdsourcing, rapid prototyping, 3D printing and Over-The-Air (OTA) updates are the new reality of hi-tech manufacturing. These are being used

not only by manufacturing giants but also by smaller and niche manufacturers to breakthrough into the mainstream market. Small and medium size manufacturers are expected to pursue the technology trends more aggressively during this year, as they do not want to be left behind their global competitors in the new digital marketplace. This will include steps like modernizing plant floor equipment and moving to state-of-the-art operational systems, including cloud-based ERP systems, to better manage information. With internet connectivity, cybersecurity is posing a major threat and customers are looking for protection of their connected products. This requires manufacturers to build security in their product design, production, sourcing and distribution. In the area of robotics, hi-tech manufacturers are now using robots beyond assembly lines in the product distribution process. With manufacturing-retail convergence, these companies are prioritizing their user experience which starts with expedited delivery. Companies are creating a synchronized ecosystem from the earliest design phases of the product, all the way through the ongoing services.

In 2016, a key technological trend for life sciences industry is the expected growth in Electronic Health Record (EHR) investments, mainly integrations between EHR and Electronic Data Capture (EDC) systems. By evaluating certain criteria against patients, EHR systems can help sponsors determine trial feasibility and study protocols. Companies are also investing in mobility area to develop mobile applications that can help in their R&D process. It will help companies gather real-time data, assess a patient's condition and provide treatment for certain medical conditions, all via a mobile device. With growing social media and prospective subjects/patients sharing their concerns related to medical field in social platforms, life science companies are spending money to monitor this data and reach out to people proactively, thus creating a trust relationship with patients. These companies are also leveraging the technology route to match and recruit potential subjects for their clinical trials. In order to provide more personalized services to patients, companies are investing in portals that can offer patients and their caretakers all kinds of information at any point of time. These portals use analytics and other digital tools to communicate on a one-to-one basis. As per a survey approximately 50% of the prescribed medicine is not taken as directed, which can worsen the health conditions of patients and increase healthcare costs. Thus life science companies are now looking at technological solution to ensure medication adherence.

In 2016, the technology transformation in automotive industry will be driven by digitization, increasing automation and emerging business models. Connectivity and digitization are expected to be the first priority for auto companies in 2016, closely followed by focus on powertrains through electric mobility and hybrid vehicles. There is growth in mobility-on-demand services and customers require their mode of transport enabled with service oriented functionality which leads to efficient use of their travel time. With changes in consumer preferences, there is increasing demand for digital products and services in and around the vehicles which is leading to Auto Original Equipment

Manufacturers (OEMs) detaching themselves from their merely product and technology driven past. The automotive revenue pool is expected to increase significantly and diversify toward on-demand mobility services and data-driven services. This could create up to \$1.5 trillion-or 30% more-in additional revenue potential in 2030, compared with about \$5.2 trillion from traditional car sales and aftermarket products/services, up by 50% from about \$3.5 Trillion in 2015. Through in-vehicle connectivity, OEMs are able to access a vast amount of data but its potential has not yet been fully captured. However the combination of vehicle and environment related data generated by the car itself and the customer related data generated by the driver will build the foundation of a future automotive business model. This also shifts the focus of OEMs from technical engineering to informational engineering, implementing information systems with NextGen business analytic tools.

In the area of powertrain technology hybrid electric vehicle is the number one investment priority from the view point of both consumers and OEMs. With tighter regulations, there is pressure on OEMs and currently they only have the choice of downsizing Internal Combustion Engine (ICE) to achieve the set goals on emissions. Autonomous cars are still a difficult sell in any market but the newer vehicles are assessed by consumers based on their innovative technology involving assisted driving and global connectivity. In a recent study, 56% of new car buyers said they would switch to a different brand if the one they were considering didn't offer the technology and features they wanted. Similarly, 48% of car buyers said they would walk away from a vehicle they liked, if the technology was difficult to use. Therefore there is a growing presence of technology firms to develop the technology to "own" critical components of the networking, autonomous and communications capabilities of automobiles.

The Oil & Gas industry is currently undergoing a transformative phase. The significant drop in oil prices below \$40 per barrel at the end of 2015, down more than 60% from their high in summer of 2014 reflects rampant supply and weak demand, amid concerns over slowing economic growth across the world mainly in China and the imbalance is expected to continue during 2016. The Oil & Gas producers are expected to reduce their capex by 30% in 2016 while already some \$200 billion worth of projects have been postponed or cancelled. Therefore companies in this sector are looking for technological solutions to innovate, optimize processes, increase productivity and security and minimize costs and the major investment areas are mobility, Business Intelligence (BI) and analytics, cloud and application modernization.

The primary activities of Oil & Gas companies like exploration, drilling, production and maintenance generates large amount of data and Big Data is gaining importance to track and manage this data. There is growing adoption of user-friendly predictive modelling tools which are offered either independently or as embedded features of big data solutions. Companies are using it to optimize oil & gas operations. Data generated in real time can be collected and analyzed against historical databases to create patterns

for equipment failure. There is an increase in demand for advanced analytics for applications like planning and forecasting of production data, data generated from wells, and sets of data produced during seismic acquisition. There is also an emergence in cloud based solutions with the objective to lower costs, minimize risks and increasing the agility in IT infrastructures. As per an industry report, digital technologies have the potential to increase production volumes by 4% and reduce costs by 13% by 2050 and it is expected that majority of the Oil & Gas companies will continue to invest at least the same amount or more in digital technologies over the next 3-5 years with focus on mobility, analytics and IoT. Wireless communications are also adding business value to Oil & Gas companies as it provides data access in any part of the plant and enables the operators to interact in real-time through all sorts of mobile devices without the need to install the expensive networking infrastructure. IT security is another area of investment for companies in this sector mainly to protect from the cyber-attacks and creating a solid, secure infrastructure that can take advantage of the technologies on the horizon.

The utilities industry is also transforming and bringing in technological uplift, mainly in three sectors: Grid, Operations and Consumer Services. Through smart grid technology, utilities have access to detailed data on generation and transmission systems. Intelligent thermostats, outlets, next-generation meters and even appliances are all offering up detailed usage data. By 2020, the number of installed smart meters in Europe will reach 240 million while North America will have 150 million smart meters in use. China is forecasted to install about 400 million smart meters by that date and Japan would deploy about 60 million. With so many smart meters, data is going to grow exponentially and utilities are leveraging data analytics to maximize their operational excellence, financial performance and enhance customer satisfaction. As per a research report global utility company expenditure on data analytics will grow from \$700 million in 2012 to \$3.8 billion in 2020, with gas, electricity and water suppliers in all regions of the world increasing their investment.

Utility companies are also exploring opportunities in digital space to understand how digital technology can help them improve operations and improve their topline, including development of new products and services. The key areas where digital revolution can impact the utility industry are improved customer relationship, efficient management of costs and operations and creation of new products, services and business models. Companies are also forming partnerships with technology vendors to deliver on the digital experience. Smart home with features such as security, entertainment and energy management is a prime example of the new service enabled by new technologies in sensing and communications. Digital technologies will also create opportunities in upstream operations, distribution networks, field operations. Technologies such as fleet telematics, ruggedized tablets and others, all help to improve efficiency and effectiveness. Another area where utilities are making technological investment is Portfolio

Management software for distributed energy resources. As utilities need to manage the variability in sources and demand for electricity they would need a software to manage the grid to ensure quick responses and optimal grid performance. Utilities are also investing in predictive analytics tools to analyze growing data volumes, identifying failing physical assets, to improve their customer connect. Short-term load forecasting is the central predictive analytics application used to match supply with the demand for energy. The growing prevalence of Distributed Energy Resources (DERs) is increasing the need for data collection and forecasting that accounts for substation- feeder- or customer-level forecasting. For utilities, granular short-term load and DER forecasting can form a foundation for new data-driven services for customers and internal stakeholders.

*(Data Source: Industry Reports)*

## OUR STRATEGY

Our key strategy is to build a **Technology Company that cares.**

We have built an organization structure with sharpened focus on verticals and innovations that would enable us to be agile. We are increasing our competency in our related technologies so that we can be known as the best in any technology that we work. We are collaborating to bring the best solutions to our customers.

In Oracle domain with growing adoption of cloud, we are winning new cloud deals and building new solutions on the cloud platform. In India especially, with government programs such as Digital India and Start-up India embracing emerging latest technologies, we are seeing an unprecedented demand for our cloud solutions along with Oracle India. We are recognized as a Tier I preferred partner by Oracle India and we have been invited to be part of Oracle's Partner Advisory Board. We are continually building capabilities in new age areas such as Oracle Cloud, Oracle Engineered Systems and Oracle Fusion Applications. As a thought leader in our chosen verticals, we continue to align our industry expertise with investments in Oracle specific Industry Accelerators. We are also developing rapid start implementation tools deployed on cloud, allowing customers to leverage these pre-configured solutions leading to faster deployment, predictable outcomes, and quicker Return on Investment (ROI). Our pricing model for cloud offerings is also different from our traditional service business. Our digital and cloud solutions offer a customized, end-to-end engagement for organizations that enable to reduce Total Cost of Ownership (TCO) and maximize ROI.

There is also good momentum across E-Business Suite (EBS), Value Chain Execution (VCE), Value Chain Planning (VCP) and Fusion Middleware. In JD Edwards, the growth has been slower during this year. Amongst the new developments, there is a rise in discussions happening on various IoT initiatives coupled with tighter linkage to backend ERP systems and we are exploring opportunities in this space. There is also increase in demand for Customer Relationship Management (CRM) implementations, support and version

upgrade, Infor M3 implementations and HADOOP services. We have been working towards development of industry focused solutions like Oracle Master Data Management (MDM) cloud solution to cater to medical devices industry's UDI compliance requirement while also building capabilities in new age offerings like Procurement & Spend Analytics Solution on Oracle Hyperion & PBCS and our SEANZ-OVI Certified solution for 'Endeca' Extensions on JDE which has been getting good traction in Australia with clear Go-to-Market strategy in place with Oracle. Our Real Time Service Excellence (RTSE) solution with IoT and our solutions on Integration of Oracle Cloud Services with JD Edwards IoT Orchestrator have also been gaining popularity among our customers.

#### Key recognitions:

- We got featured in Gartner's 2015 '**Magic Quadrant for Oracle Application Management Services, Worldwide**' in the '**niche players**' quadrant. The report evaluated 17 providers' worldwide capabilities to provide Oracle Application Management Services (AMS).
- We also won awards in "**Cloud integration and positioning**" for success in empowering JD Edwards solutions and in the **marketing category for effective promotions around JD Edwards and KPIT**.
- We were also recognized as '**Visionary for MDM Cloud**', by Oracle and for '**Innovation in Cloud**' at Oracle OpenWorld.

In Infrastructure Management Services (IMS) we are working on introducing New Workspace & IT as a Service (ITaaS) offering where we would be modelling the services on the principle of "We Take Your Pain" to engage in end-to-end deals with the customers, additionally targeting the vendor management portfolio's for the customer's IT landscape. We are also forming partnerships in this direction. There is growth in end-to-end IT outsourcing opportunities and these are even extending to non-core IT services like surveillance and RFID management. There is traction around security with customers concerned for their application and infra security framework. We are working on delivering automation at platform layer with complete apps and infra orchestration offering to our customers and there is also focus on IT Service Management (ITSM) consulting, workspace transformation and digitization offering. We are also offering transformational solutions in cloud domain to customers with global presence and heavy cloud footprint.

In extended Product Lifecycle Management (ePLM) we are leveraging our niche position by integrating strategic consulting, Extended PLM and Product Engineering Service offerings. There is a growing preference amongst customers for our IP led solutions such as iLink for integrating PLM with ERP systems and 'Legend' for handling large migrations involving heterogeneous Multi-CAD and Multi-PLM environments. Application Lifecycle Management (ALM) consulting is a key growth driver across global automotive sector and strategic accounts. We have integrated our PLM and ALM solutions coupled with process consulting

to address customer concerns in embedded software development. There is growing interest in PLM consulting and iLink product in the medical devices industry driven by trends like M&A, system consolidation and stricter FDA regulations. We partner with ongoing cost reduction programs of our customers delivering significant benefits to them through our Enterprise Cost Management (ECM) solutions which offer cost management consulting, leveraging value engineering and should cost solutions.

PES SBU was a key growth driver during the year with major areas of traction across ADAS, Infotainment, AUTOSAR, Body & Chassis, Instrument & Clusters, functional safety and In-vehicle networks. We are investing in incubation of new practice offerings and initiated a new practice on Mechatronics, sensor optimization and IVHM in the SBU. Our investments in consulting areas such as ECM and advanced simulation areas in Mechanical Engineering have also started to generate results. We are also establishing product engineering centers in China and Brazil. In P&P SBU we achieved a major milestone as **the Hon. Prime Minister of India Shri Narendra Modi flagged off the smart electric bus, an indigenous technology developed by KPIT**. Two such buses have been presented to the Indian Parliament for its members to experience green & intelligent technology. We have also shipped our first export assignment for hybrid solution after testing the hybrid technology on roads in India. In Intelligent Transportation Solutions (ITS) space we are exploring new geographies and we have done pilot implementations in South America, South East Asia and South Africa with encouraging response. Our smart metering solution for Automatic Meter Reading (AMR) is currently being deployed on a pilot basis with one of the largest utility company in India. We are also participating in Government of India's smart city mission and there is huge momentum in our focus areas of Smart Electric bus and ITS due to government initiatives of Smart Cities and Make in India. Amongst the other products, we see good growth potential in Electric Vehicles, Diagnostics, AUTOSAR and Infotainment.

#### Key recognitions:

- We won '**Technology Innovation of the year (suppliers)**' Award for '**Revolo XL- Electric hybrid solution for public transport buses**' at the IATIA 2015.
- Our On-Bus Intelligent Transport System (ITS) was **recognized at The European IDTechEx Energy Harvesting & IoT Awards 2015**.
- **130 buses fitted with KPIT's OnBus ITS solution were used for the South Asian Games 2016, held in Guwahati**. These buses were used to transport 2600+ athletes on a daily basis. The buses were also monitored using KPIT's Command Centre Application. Mr. Ratul Baruah, Joint Commissioner at Guwahati Municipal Corporation - acknowledged KPIT's solution for providing safe transportation to all the athletes.

The key growth areas for SAP SBU have been SuccesFactors, S4/HANA, C4C, Hybris and CPQ. We have an early mover advantage in these areas with established success stories.



With these new technologies, we are helping companies transform their business in today's digital world. Besides, we have also won deals in traditional ERP implementations and upgrade opportunities. During this year we have also been able to successfully cross-sell to some of our JDE customers, who are either moving to SAP or co-existing with SAP. We have also identified existing SAP customer accounts where there are opportunities to cross-sell IMS, ePLM, Digital transformation and AMS offerings. We have also announced the prestigious launch of Enterprise Data Warehouse, featuring near real-time analytics from SAP HANA for a leading utility company in North America. In SAP there is also good growth potential related to M&A integration activities mainly in manufacturing sub-verticals as customers see value in our M&A solutions and accelerators.

**Key recognitions:**

- Our CRM implementation solution powered by SAP HANA for Consul Neowatt Power Solutions Pvt. Ltd., India's No. 1 Power Electronics company won **the SAP ACE Award 2015** in the customer excellence service category.
- We received accreditation for a global partner quality program by SAP AG. The certificate was awarded by the SAP Partner Service Delivery organization for demonstration of our clear quality standards and processes and in recognition of quality, risk and project management framework improvements in alignment with quality principles from SAP.
- We were recognized by an industry analyst as the market leader in SAP HANA and earned very positive customer references delivering complex engagements in both Hybris and HANA.
- We have been named as a **Worldwide Leader for SAP® Business Suite Powered by SAP HANA® in Manufacturing 2016 Vendor Assessment** by major industry analyst IDC.
- We were the only technology partner, and one of six recipients, **to receive the Wheel of Excellence Award from a \$5 billion networking and communications Company**. The award was conferred for innovation, industry expertise and delivery excellence for enabling customer service transformation program.
- We were amongst one of the first companies to implement ECC Suite on HANA, now SAP S/4HANA. The implementation was done for a large medical devices manufacturer and has been recognized by SAP, IDC and others as the **largest and most complex deals globally for implementing Suite on HANA**.
- We won "**Newcomer of the Year**" Award at **2016 SAP Hybris Summit**. This award further underscores our successful track record of helping customers create competitive differentiation and generate business value leveraging digital commerce; configure, price and quote (CPQ); and customer engagement innovations, enabled by SAP Hybris solution.

In Digital Transformation (DT) SBU we are focused on cloud, social, Big Data & Analytics and IoT/Machine to Machine Communication (M2M). There is an increased momentum in mobile application development due to digital transformation and we have been offering varied mobility solutions to customers. During the year, we have also made investments in modern application development methods like continuous build automation, DevOps, Cloud, social coding and micro services which integrates IT applications with IoT and hardware devices for digital manufacturing or smart factory. Some of the other areas of traction are integrated fleet management, asset tracking and digital inventory, supply chain optimization, Big Data and Real-time streaming analytics. We have developed products in areas of fleet management, asset management, supply chain management, energy management and workforce analytics and are currently analyzing the monetization strategy for these products. We have developed solutions like KPIT Real time Vehicle Analytics, KPIT Social Network Analytics platform and KPIT Data Management platform by leveraging the capabilities of Big Data.

The year gone by was a period of transformation for the organization as we were stabilizing the new organization structure, transforming our internal processes and taking effective measures to bring in improvement in our profitability, predictability and people processes. For next year also the transformation phase would continue as our prime focus area would be to drive growth by offering products, solutions and services which meet the changing technology requirements of our customers in the focused verticals. We are making the necessary investments in technology and people development which would help us to move faster on the growth path.

**FINANCIAL PERFORMANCE:**

**REVENUES:**

Our \$ revenue for the year stood at \$ 490.31 million against \$ 489 million in FY15, a Y-o-Y growth of 0.27%. Our overall services business grew by 5% (7.5% in constant currency terms) as compared to last year while there was a decline in our products & platform business. Our ₹ revenue grew by 7.84% Y-o-Y to ₹ 32,242.91 million as compared to ₹ 29,899.17 million in FY15.

	FY 2015	FY 2016	Growth
Sales in \$ million	489.00	490.31	0.27%
Sales in ₹ million	29,899.17	32,242.91	7.84%

During this year Europe was the leading growth geography for us growing at 26.5% Y-o-Y followed by US which grew by 10.2%. The revenues in our APAC geography declined by 17.1% during the year mainly impacted by the inconsistent growth in our products & platform business. In APAC we saw strong growth during last year driven by the traction in our ITS product however this year despite the purchase orders for the product we could not deliver due to lack of government funding which created the gap in revenues.



Revenues by Geography (₹ million)	FY 2015	FY 2016	Growth
US	20,014.81	22,047.59	10.16%
Europe	4,589.35	5,807.04	26.53%
ROW	5,295.02	4,388.29	(17.12%)

Amongst the SBUs, PES SBU was the key growth driver followed by SAP and IES SBU. PES SBU continues to be our largest growth segment and this year we saw significant traction in the business as it grew by 33.5% on a Y-o-Y basis. There was also strong Y-o-Y growth of 14.8% in our SAP business while in IES the growth was modest at 6% as we faced some pressure in energy vertical and a few of our JDE customers. As mentioned above we faced certain challenges in our products & platform business during the year which led to a Y-o-Y decline of 42% in the revenues. The revenues for DT SBU declined by 11.2% on a Y-o-Y basis.

Revenues by SBU (₹ million)	FY 2015	FY 2016	Growth
Integrated Enterprise Solutions	10,920.23	11,579.86	6.04%
Product Engineering Services	6,522.87	8,705.66	33.46%
Products & Platform	2,510.24	1,455.10	(42.03%)
SAP	6,422.89	7,375.08	14.82%
Digital Transformation (erstwhile ES SBU)	3,522.94	3,127.21	(11.23%)

The above numbers have been derived by restating the revenue numbers in USD at an exchange rate of ₹ 65.76/\$.

#### PROFITABILITY:

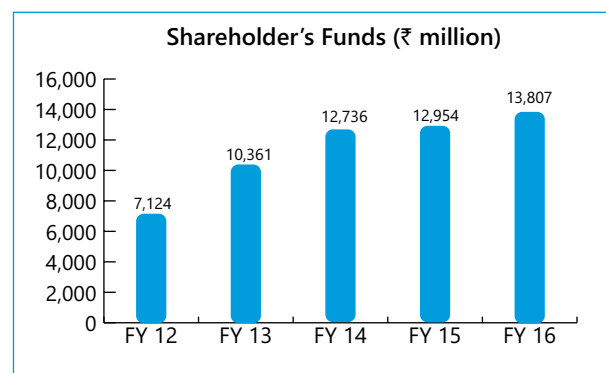
Our PAT for the year stood at ₹ 2,815 million, a Y-o-Y growth of 18.8% from ₹ 2,369.87 million in FY15. Our EBITDA margin for the year improved by 230bps from 10.85% in FY15 to 13.15%. Profitability improvement was the top most priority for this year and we are happy that we have delivered well on the same despite flattish revenue for the year. We gave wage hikes in the range of 8% for offshore employees and 2% for onsite employees. The improvement in profitability can be attributed to major factors like: qualitative revenue growth, improved people metrics and a better realization rate for the year. The average realized rate for the year was ₹ 65.76/\$ against ₹ 61.14/\$ in FY15. In terms of actions we took a lot of steps to improve our people productivity with measures like tighter control on hires, adding more freshers, utilization improvement, better span of control at middle level, improving operational efficiency and delivery excellence. All these factors together contributed to the growth in EBITDA margin.

The other income figure for the year was ₹ 247.7 million against ₹ 351.79 million in FY15. The exchange gain amount included in other income for the year was ₹114.2 million against ₹ 242.4 million in FY15. During the year we have

made provision for a decline in the carrying amount of an investment for ₹ 112.98 million. The tax expense for FY15 includes credit of ₹ 245.9 million on account of revised tax return of earlier years filed in the US jurisdiction following completion of extensive documentation requirements and ₹ 72.4 million for other matters in India pertaining to earlier years. During this year our R&D unit received the approval from the central government for the purpose of section 35 (2AB) of the Income Tax Act. This approval is for the period starting April 01, 2014 till March 31, 2017. Based on this approval we were able to claim tax benefit on the weighted deduction u/s 35 (2AB) of the Income Tax Act, 1961 amounting to ₹ 98.51 million pertaining to earlier years which has been considered during this year. Due to these one-time credits the tax provision for the year stood at ₹ 829.67 million against ₹ 114.80 million in FY15.

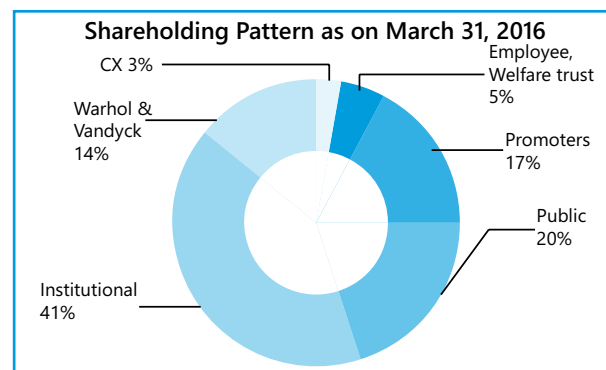
Profits (₹ million)	FY 2015	FY 2016	Growth
EBITDA	3,244.07	4,240.15	30.70%
PAT	2,369.87	2,815.00	18.78%

#### SHAREHOLDER'S FUNDS:



#### SHAREHOLDING PATTERN:

Our shareholders include Promoters, renowned domestic and financial institutional investors and individuals. As on March 31, 2016 our shareholding structure was as follows:



### Institutional Holding of More than 1% as on March 31, 2016

#### Foreign Institutional Investors

Warhol Limited
Ruanne Cunniff & Goldfarb Inc (Acacia Partners)
Fidelity Group of Funds
New Horizon Funds
Small Cap World Fund Inc.
CX Securities Limited
Grandeur Peak Fund
American Funds Insurance Series Global Small Cap Fund
Vanguard Funds
Dimensional Fund Advisors

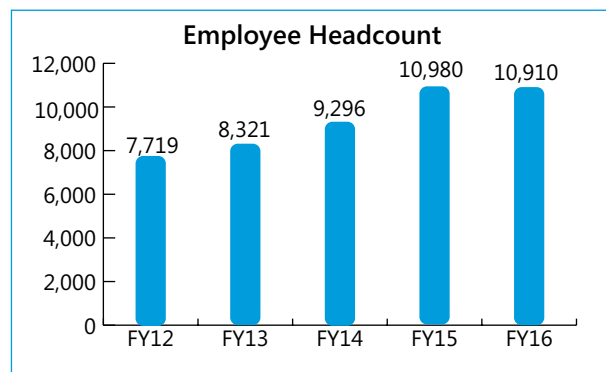
#### LIQUIDITY:

The cash balance as at March 31, 2016 stood at ₹ 3,964 million while total debt was ₹2,505 million comprising of ₹ 2,007 million of term loan and ₹ 498 million of working capital loan. Thus the net cash balance as at March 31, 2016 stood at ₹ 1,459 million. Our capex for the year was ₹ 1,245.78 million. With continuous rigor on managing our DSO we were able to bring it down to 75.

#### 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



The above mentioned headcount does not include interns on stipend.

#### 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 means that the company manages its business in a manner that is accountable and responsible to the shareholders. In a wider interpretation, corporate governance includes company's accountability to shareholders and other stakeholders such as employees, suppliers, customers and local community.

Efficient, transparent and impeccable corporate governance is vital for stability, profitability and desired growth of the business of any organization. The importance of such corporate governance has now become more intensified, owing to ever-growing competition and rivalry in the businesses of almost all economic sectors, both at the national and international levels. Therefore, the new Companies Act, 2013, has introduced some new and innovative means to make corporate governance in India optimally progressive, transparent and beneficial to all the stakeholders.

Corporate Governance is basically an approach of managing efficiently and prudently all the activities of a company, in order to make the business stable and secure, growth-oriented, maximally profitable to its shareholders and highly reputed and reliable among all customers and clients concerned. The Board Structure and Top Management are directly and exclusively responsible for such governance. For these purposes, the top management must have flawless and effective control over all affairs of the organization, regular monitoring of all business activities and transactions, proper care and concern for the interest and benefit of the shareholders and strict compliances to regulatory and governmental regulations. Thus, corporate governance is strict and efficient application of all best management practices and corporate & legal compliances, amid the contemporary and continually changing business scenarios.

We, at KPIT, have been practicing corporate governance to ensure transparency in our corporate affairs and are committed to continuously scale up the corporate governance standards.

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

- Customer Focus
- Respect for Individual
- Integrity
- Community Initiative
- Knowledge Worship

- Entrepreneurship and Innovation
- Teamwork and boundarylessness

Our 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 and is based on the following principles:-

1. Compliance with the relevant provisions of securities laws 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.

We seek 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. This ensures equitable treatment of all shareholders including minority and foreign shareholders. We ensure 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. Investor updates are uploaded on the Company's website on quarterly basis and also intimated to the stock exchanges for its stakeholders. Further, additional updates are provided to the stakeholders on any matter that concerns them, as and when the circumstances arise.

Our Board of Directors periodically reviews its corporate strategies, annual budgets and sets, implements and monitors, corporate objectives. It effectively monitors the Company's governance practices and ensures transparent Board processes. Further, it appoints and compensates the key executives and also monitors their performance. It strives to maintain overall integrity of the accounting and financial reporting systems.

## I. BOARD OF DIRECTORS

### A. Size and composition of the Board

In order to maintain independence of the Board, we have a judicious mix of Executive, Non-Executive and Independent Directors on the 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, 2016, seven are Independent/Non-Executive Directors and

three 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. 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 by them as on March 31, 2016**

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	5	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	Ms. Lila Poonawalla	Independent	None	7	3	2
5	Dr. R. A. Mashelkar	Independent	None	6	5	1
6	Mr. Adi Engineer	Independent	None	3	2	Nil
7	Prof. Alberto Sangiovanni Vincentelli	Independent	None	1	Nil	Nil
8	Mr. Anant Talaulicar	Independent	None	2	3	Nil
9	Mr. B V R Subbu	Non-Executive	None	2	Nil	Nil
10	Mr. Sanjay Kukreja	Non-Executive	None	1	Nil	Nil
11	Mr. Dwayne Allen, Alternate Director#	Independent	None	1	Nil	Nil

\* including directorship in KPIT Technologies Limited.

@ includes only Audit & Stakeholders Relationship Committee in all public limited companies including KPIT Technologies Limited.

# ceased to be a Director w.e.f. March 12, 2016

### B. Independent Directors:

#### 1. Independent Director

All our Independent Directors fulfill the criteria of independence as prescribed under Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI (LODR) Regulations, 2015") as explained below.

Independent Director shall mean a Non-Executive Director, other than a Nominee Director of the Company:

- who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise and experience;
- who is or was not a Promoter of the Company or its subsidiary companies;
- who is not related to Promoters or Directors in the Company or its subsidiary companies;
- who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company or its subsidiary companies, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the Company or its subsidiary companies, 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;

- f. who, neither himself nor whose relative(s)-
- (i) holds or has held the position of a key managerial personnel or is or has been an employee of the Company or its subsidiary companies 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 subsidiary companies; or
    - (B) any legal or a consulting firm that has or had any transaction with the Company or its subsidiary companies 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 subsidiary companies 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;
- g. 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 under Regulation 25 of the SEBI (LODR) Regulations, 2015.

## **3. Maximum tenure of Independent Directors**

None of the Independent Directors has exceeded the tenure prescribed under Regulation 25 of the SEBI (LODR) Regulations, 2015 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 Nomination and Remuneration (HR) Committee has laid down criteria for performance evaluation of Independent Directors, which are given below:

- 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.

## **6. Separate meeting of the Independent Directors**

During FY 2015-16, a separate meeting of the Independent Directors of the Company was held on March 16, 2016.

## **7. Familiarization Programme for Independent Directors**

Our 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 of Directors and Board Committees held before their appointment which helps them to familiarize themselves with the Company and its Board process. The details of such familiarization programmes are uploaded on the website of the Company (<http://www.kpit.com/company/investors/corporate-governance>).

Further, at every Board meeting, there is a detailed business presentation made which is useful to the Directors in understanding the business. The presentation is made by the business leader so that the Directors are able to connect with the leader and also ask him related questions.

## **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 (CEO) & Managing Director and Mr. Sachin Tikekar is a Whole-time Director and President. The authorities and responsibilities of each of the above Directors are clearly demarcated as under:-

The Chairman leads the team in overseeing solutions & services business, assessment of new technologies, management of key external relationships and managing Board matters. He is a Promoter of the Company and also plays a strategic role in Community Initiatives and Corporate Governance.

The CEO & Managing Director 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. Currently, he is focusing on creation and management of new Product Business Units, executive sponsorship of critical GAMs, management of key external relationships in India & strategic infrastructure projects.

The Whole-time Director and President is working on the overall strategy, operating systems, creation of some new solutions, executive sponsorship of the Key Global Accounts and Partnerships along with Succession Planning and Development of senior people in the organization.

#### **D. Membership Term**

As per the current laws in India, Independent Directors can hold office for a term of upto five 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 Ms. Lila Poonawalla, Dr. R. A. Mashelkar, Mr. Adi Engineer and Prof. Alberto Sangiovanni Vincentelli for a term of three years, from April 1, 2014. During the year, in the Annual General Meeting held on August 19, 2015, the Company appointed Mr. Anant Talaulicar as an Independent Director, for a term of three years from October 21, 2014.

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. Mr. B V R Subbu, retires at the forthcoming Annual General Meeting and being eligible, seeks re-appointment as a Director.

The Executive Directors are appointed by the shareholders of the Company for a maximum period of five 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 the SEBI (LODR) Regulations, 2015, 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 and its operating divisions of business segments;
- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- 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' financials and 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 (CFO) 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;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- 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' service such as non-payment of dividend, delay in share transfer etc.
- Every agenda and minutes of the meetings are prepared in compliance with the SEBI (LODR) Regulations, 2015 as well as the Companies Act, 2013 and the rules framed thereunder, in force from time to time and the Secretarial Standards issued by the Institute of Company Secretaries of India. The draft minutes of the proceedings of the meetings of the Board as well as the Committees of the Board are circulated to all the Directors/Members of the Committee.

## F. Non-Executive Directors' shareholding

The number of Equity Shares of the Company held by Non-Executive Directors as on March 31, 2016, are given in Table 2.

**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	56,000	0.03
3	Mr. Sanjay Kukreja	32,400	0.01
	<b>Total</b>	<b>202,400</b>	<b>0.10</b>

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

## G. Other provisions as to Board and Committees

### 1. 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 meeting is drafted by the Company Secretary in consultation with the Chairman of the Board and circulated 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, 2015;
- July 6, 2015;
- July 22, 2015;
- October 21, 2015;
- January 20, 2016 and
- February 12, 2016.

**Table 3: Number of Board meetings and the attendance of Directors during FY 2015-16**

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	4	Yes
4	Ms. Lila Poonawalla	6	5	Yes
5	Dr. R. A. Mashelkar	6	3	Yes
6	Mr. Adi Engineer	6	6	-
7	Prof. Alberto Sangiovanni Vincentelli	6	5	-
8	Mr. Anant Talaulicar	6	1	-
9	Mr. B V R Subbu	6	4	-
10	Mr. Sanjay Kukreja	6	2	-

\*Including attendance by videoconference or teleconference.

## 2. 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/she holds directorships. (Please refer Table 1).

## 3. 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 meetings.

## H. Code of conduct

The Company has adopted a Code of Conduct for its Board members, senior management personnel and all employees and this Code has been posted on the Company's website. All the Board members and senior management personnel affirm 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 the:

1. receipt, retention and treatment of complaints received by the Company regarding improper activities, financial or otherwise, in the Company and
2. submission by Whistle Blower on a confidential and/or anonymous basis, of concerns regarding improper activities.

The purpose of this policy is also to state clearly and unequivocally that the Company prohibits discrimination, harassment and/or retaliation against any Whistle Blower who:-

1. raises concerns against improper activities or
2. provides information or otherwise assists in an investigation or proceeding regarding improper activities.

The Policy also aims to protect any Whistle Blower who legitimately and in good faith raises concerns or provides information against improper activities.

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. No employee or Director of the Company has the authority to engage in any conduct prohibited by this Policy.

## J. Corporate Disclosure Policy

The Company has a Corporate Disclosure Policy in place. The Chief Investor Relations Officer deals with dissemination of information and disclosure of unpublished price sensitive information under the Policy.

## II. COMMITTEES OF THE BOARD

During the year, the Board of the Company had nine regular committees – Audit Committee, Nomination and Remuneration (HR) Committee, Stakeholders Relationship 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 Committees. Normally, the Audit Committee and Nomination and Remuneration (HR) Committee meet at least four times a year, Stakeholders Relationship Committee, CSR Committee meet at least twice a year and the Share Transfer Committee, Innovation Council, Quality Council and ESOP Allotment Committee meet as and when the need arises. The Risk Management Committee met once during the year 2015-16. 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 take 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 Shareholders Information' section of this Annual Report. The CFO 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.

#### **Role and objectives**

The Company has duly defined the role and objectives of the Audit Committee on the same lines as provided under Regulation 18(3) read with Schedule II of the SEBI (LODR) Regulations, 2015, and the Companies Act, 2013, as amended from time to time. The role and objectives of the Audit Committee, as defined by the Board of Directors, inter alia include:

1. oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the Company with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, 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;
14. discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. management discussion and analysis of financial condition and results of operations;

22. statement of significant related party transactions (as defined by the audit committee), submitted by management;
23. management letters/letters of internal control weaknesses issued by the statutory auditors;
24. internal audit reports relating to internal control weaknesses;
25. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
26. statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The Chairperson of the Audit Committee has confirmed to the Board that the Committee has carried out the role assigned to it during the year under review.

#### Meetings

During FY 2015-16, the Audit Committee met four times – April 28, 2015, July 22, 2015, October 21, 2015 and January 20, 2016. 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	4	4
2	Mr. S. B. (Ravi) Pandit	4	4
3	Mr. Adi Engineer	4	4

#### B. Nomination and Remuneration (HR) Committee

##### Composition

The Company has set-up a Nomination and Remuneration (HR) Committee. During the year, the Committee has been retitled as Nomination and Remuneration (HR) Committee from HR & Compensation (Nomination & Remuneration) Committee. The Committee consists of two Independent Directors, one Non-Executive Director and one Executive Director. Mr. Adi Engineer, chairs this Committee, Ms. Lila Poonawalla, Mr. S. B. (Ravi) Pandit and Mr. Sanjay Kukreja are the other members of the Committee.

##### Role and objectives

The role and objectives of the Committee, as provided under Regulation 19(4) read with Schedule II of the

SEBI (LODR) Regulations, 2015 and as defined by the Board of the Directors of the Company, are as under:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of Board of Directors;
4. 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 of Directors their appointment and removal;
5. decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### Meetings

The Committee met four times during the year – April 27, 2015, July 21, 2015, October 20, 2015 and January 19, 2016. The details of meetings and attendance are given in Table 5.

**Table 5: Nomination and Remuneration (HR) 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	Ms. Lila Poonawalla	4	4
3	Mr. S. B. (Ravi) Pandit	4	4
4	Mr. Sanjay Kukreja	4	2

\* Including attendance by teleconference.

#### C. Stakeholders Relationship Committee

##### Composition

The Board has formed a Stakeholders Relationship Committee to look into shareholder-related matters. During the year, the Committee has been retitled as Stakeholders Relationship Committee from Equity Stakeholders' Relationship (Investors Grievance) Committee. Dr. R. A. Mashelkar is the Chairman of the Committee and Mr. S. B. (Ravi) Pandit and Mr. Kishor Patil are the other 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 CFO and the Company Secretary who is the Compliance Officer of the Company.

The Company has a dedicated e-mail address: [grievances@kpit.com](mailto:grievances@kpit.com) for communicating shareholders' grievances.

#### Role and objectives

The role and objectives of the Committee as provided under Regulation 20(4) read with Schedule II of the SEBI (LODR) Regulations, 2015 and as defined by the Board of Directors of the Company is to consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

#### Meetings

During the year, two meetings of the Stakeholders Relationship Committee were held on August 20, 2015 and January 20, 2016. The details of meetings and attendance are given in Table 6.

**Table 6: Stakeholders Relationship Committee – meetings and attendance**

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	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, and the other members being Prof. Alberto Sangiovanni Vincentelli, Mr. Kishor Patil and Ms. Lila Poonawalla. During the year, Mr. Dwayne Allen ceased to be a member of the Committee.

##### Role and objectives

The role and objectives 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

The Council has met twice during the year - April 27, 2015 and October 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 Committee Member	No. of meetings held during the tenure	No. of meetings attended*
1	Mr. B V R Subbu – Chairman	2	2
2	Ms. Lila Poonawalla	2	2
3	Mr. Kishor Patil	2	2
4	Prof. Alberto Sangiovanni Vincentelli*	2	1
5	Mr. Dwayne Allen#	2	0

\*Including attendance by videoconference or teleconference.  
# Member up to March 12, 2016.

#### 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.

##### Meetings

During the year, the Council met once on August 20, 2015. The detail of the meeting and attendance is given in Table 8.

**Table 8: Innovation Council – meeting 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	1	1
2	Ms. Lila Poonawalla	1	1
3	Mr. S. B. (Ravi) Pandit	1	1
4	Mr. Kishor Patil	1	0
5	Prof. Alberto Sangiovanni Vincentelli	1	0
6	Mr. B V R Subbu	1	0

#### F. Share Transfer Committee

##### Composition

This Committee is chaired by Ms. Lila Poonawalla and the other members are Mr. S. B. (Ravi) Pandit and Mr. Kishor Patil.

##### Role and objectives

The role and objectives of the Committee, as defined by the Board is to approve matters relating to share transfers.



Further, more than 99% of the shares of the Company are held in dematerialized form and the Company has authorized the Registrar & Share Transfer Agent to process requests for transfer up to 5,000 shares held in physical form. Also pursuant to the provisions of Regulation 40(2) of the SEBI (LODR), Regulations, 2015, the Company places a report on transfer of the shares in each Board meeting.

#### Meetings

The Committee met once during the year on January 19, 2016. The details of the meeting and attendance are given in Table 9.

**Table 9: Share Transfer Committee - meeting 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. S. B. (Ravi) Pandit	1	1
3	Mr. Kishor Patil	1	1

During the year, the Committee was dissolved for operational convenience as the Company already has in place a Stakeholders Relationship Committee which is a mandatory committee. The powers of Share Transfer Committee are delegated by the Board to the Stakeholders Relationship Committee.

#### 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

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

##### Role and objectives

The role and objectives 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.

##### Meeting

The Committee met once during the year on April 6, 2015. The details of meeting and attendance are given in Table 10.

**Table 10: ESOP Allotment Committee - meeting 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	1	1
2	Mr. Kishor Patil	1	1
3	Mr. Sachin Tikekar	1	1

#### H. Corporate Social Responsibility (CSR) Committee

The Company has set up a 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

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

##### Role and Objectives

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

1. Formulation and recommendation of CSR policy to the Board;
2. Identification of activities to be undertaken by the Company;
3. Recommendation of amount of expenditure on CSR activities;
4. Monitor the CSR policy from time to time.

##### Meetings

The Committee met twice during the year on July 21, 2015 and January 19, 2016. The details of meetings and attendance are given in Table 11.

**Table 11: CSR 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 Annual Report.

##### Composition

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

##### Role and objectives

The role and objectives 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

The Committee met once during the year on October 20, 2015. The details of meeting and attendance are given in Table 12.

**Table 12: Risk Management Committee - meeting 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

## IV. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian Subsidiary company, as per the criteria given in Regulation 16 of SEBI (LODR) Regulations, 2015.

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 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;
- Review of the financial statements, the investments made by the subsidiaries;
- Major dealings of subsidiaries' investment, fixed assets, loans, etc.
- Statement of all significant transactions and arrangements;
- 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 the Audit Committee and the Board on a quarterly basis for their approval/noting as the case may be. 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, 2016. 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 Nomination and Remuneration (HR) 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 13.

**Table 13: Remuneration paid to Executive Directors in FY 2015-16**

Name of Director/ Remuneration Details	(Amount in ₹ million)		
	Mr. S. B. (Ravi) Pandit Chairman	Mr. Kishor Patil* CEO & Managing Director	Mr. Sachin Tikekar** Whole - time Director
Salary	11.16	7.48	8.32
PF	1.44	0.68	0.32
Leave Encashment	0.32	0.18	0.25
Variable Performance Incentive	3.01	3.50	3.21
Bonus	-	-	0.50
Notice Period	6 months	6 months	6 months
Severance fees	Notice pay	Notice pay	Notice pay
<b>Total</b>	<b>15.93</b>	<b>11.84</b>	<b>12.60</b>

\* Does not include perquisite of ₹ 0.19 million.

\*\*Does not include USD 4,800 paid to Mr. Sachin Tikekar by KPIT Infosystems Incorporated, USA, during FY 2015-16.

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 million (previous year ₹ 14.30 million) to the Non-Executive Directors of the Company for the financial year 2015-16. There is no other remuneration to the 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 2015-16 are given in Table 14.

**Table 14: Remuneration to Non-Executive Directors**

(Amount in ₹ million)

Name of Director	Commission	Sitting Fees
Ms. Lila Poonawalla [Chairperson - Audit Committee and Share Transfer Committee]	3.10	0.28
Dr. R. A. Mashelkar [Chairman – Innovation Council and Equity Stakeholders Relationship Committee]	2.62	0.11
Mr. Adi Engineer [Chairman - Nomination & Remuneration (HR) Committee]	2.73	0.26
Prof. Alberto Sangiovanni Vincentelli	3.24	0.09
Mr. B V R Subbu [Chairman – Quality Council]	2.31	0.10
<b>TOTAL</b>	<b>14.00</b>	<b>0.84</b>

**Basis for remuneration paid to Non-Executive Directors**

Remuneration	Board member	Committee Chairperson	Committee member
Sitting Fees	₹ 15,000/- per meeting	₹ 20,000/- per meeting	₹ 12,500/- per meeting
Commission	The total amount of commission to be paid to the Non-Executive Directors for FY 2015-16 is ₹ 14 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 Report**

A detailed Management Discussion and Analysis Report 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. The Company is constantly striving to strengthen the reporting system to take care of the continuously evolving compliance scenario.

**F. Reconciliation of Share Capital**

As stipulated by the Securities and Exchange Board of India (SEBI), a Practicing Company Secretary carries out the audit of Reconciliation of Share Capital 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 re-appointment 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 re-appointed by the shareholders. Accordingly, Mr. B V R Subbu, Director, retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board has recommended his re-appointment. Detailed resume of Mr. B V R Subbu is provided elsewhere in this Annual Report.

**ii) Communication to shareholders**

The Company's quarterly financial results, investor updates, and other investor related information are posted on the Company's website ([www.kpit.com](http://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 SEBI (LODR) Regulations, 2015. 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, 2015 to March 31, 2016, are given in the Additional Shareholder Information section in this Annual Report.

iii) General body meetings

**Table 15: 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 12, 2013 (2012-13)	KPIT Technologies Ltd. Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411 057.	10.30 A.M.	<ol style="list-style-type: none"> <li>1) Change of name of the Company to KPIT Technologies Limited.</li> <li>2) Adoption of new set of Articles of Association.</li> <li>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</li> </ol>
July 25, 2014 (2013-14)	KPIT Technologies Ltd. Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411 057.	10.30 A.M.	<ol style="list-style-type: none"> <li>1) Appointment of Mr. S. B. (Ravi) Pandit as a Whole-time Director.</li> <li>2) Re-appointment of Mr. Kishor Patil as Chief Executive Officer and Managing Director.</li> <li>3) Revision in remuneration structure of Mr. Sachin Tikekar, Whole-time Director.</li> <li>4) Approval for entering into contract with Eurofinance Training Private Limited for availing marketing consultancy services.</li> <li>5) Increase in the number of Directors from fifteen (15) to eighteen (18)</li> <li>6) Approval for Foreign Institutional Investors (FIIs) to collectively hold not more than 80% of equity shares of the Company.</li> </ol>
August 19, 2015 (2014-15)	KPIT Technologies Ltd. Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411 057.	10.30 A.M.	<ol style="list-style-type: none"> <li>1) Payment of Commission to Non-Executive Director</li> <li>2) Approval of KPIT Technologies Limited Employee Stock Options Plan 2015 and grant of Stock Options to the employees of the Company</li> <li>3) Grant of Stock Options to the employees of the Subsidiary Company(s) of the Company under KPIT Technologies Limited Employee Stock Options Plan 2015</li> <li>4) Approval of Acquisition of Secondary Shares through Employee Welfare Trust for the implementation of Employee Stock Option Plans of the Company</li> <li>5) Approval of extension of exercise period under Employee Stock Option Plan 2004</li> <li>6) Approval of extension of exercise period under Employee Stock Option Plan 2006</li> <li>7) Approval of extension of exercise period under Employee Stock Option Plan 2014</li> <li>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</li> <li>9) Adoption of new set of Articles of Association</li> </ol>

- 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.

## VI. CEO and CFO CERTIFICATION

As required by Regulation 17(8) of the SEBI (LODR) Regulations, 2015, the CEO and CFO certificate to the Company's Board is annexed to this Report.

## VII. COMPLIANCE

As required by Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015, the Auditors' certificate on corporate governance is annexed to this Report.

Further, during the last three (3) years, there have been no penalties, strictures imposed on the Company by the stock exchanges and other statutory authorities, on any matter relating to capital markets.

Lastly, the Company has also made the necessary disclosures as required in sub-para (2) to (10) of Part C of Schedule V of the SEBI (LODR) Regulations, 2015.

## VIII. COMPLIANCE WITH MANDATORY REQUIREMENTS

The Company has complied with the mandatory requirements of the SEBI (LODR) Regulations, 2015.

## IX. COMPLIANCE AGAINST DISCRETIONARY REQUIREMENTS OF THE SEBI (LODR) REGULATIONS, 2015

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 stock exchanges. Copies of the same are being provided on request.

3. The Internal Auditor presents the internal audit report to the Audit Committee.

### Training of Board members

During the year, 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. At every Board meeting, there is a detailed business presentation made which is useful to the Directors in understanding the business. The presentation is made by the business leader so that the Directors are able to connect with the leader and also ask him related questions. Efforts are also made to acquaint and train the Board members about the emerging trends in the industry. 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 on 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. Out of which 2 Secretarial Standards have been made mandatory as per the provisions of the Companies Act, 2013. The Company adheres by these standards.

## 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](http://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, 2016.

Pune  
April 27, 2016

**Kishor Patil**  
CEO & Managing Director

# 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 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the stock exchanges for the period 1 April 2015 to 30 November 2015 and as per Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period 1 December 2015 to 31 March 2016.

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 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 above mentioned Listing Agreement/Listing Regulations, as applicable.

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: 27 April 2016

# Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, **Kishor Patil, CEO & Managing Director** and **Anil Patwardhan, Chief Financial Officer** of KPIT Technologies Limited ("the Company") to the best of our knowledge and belief, certify that:-

- A. We have reviewed financial statements (consolidated and standalone) for the year April 1, 2015 to March 31, 2016 and to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year i.e. April 1, 2015 to March 31, 2016 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
  - (1) significant changes in internal control over financial reporting during the year i.e. April 1, 2015 to March 31, 2016.
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Pune  
April 27, 2016

**Kishor Patil**  
CEO & Managing Director

**Anil Patwardhan**  
Chief Financial Officer



# 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. KPIT has a strong social commitment to the community we live in. We fulfil this commitment both by employee participation and financial contribution. We focus on social initiatives, where we believe, we can add significant value to our community worldwide, through technology, our speed of innovation and employee participation.

Our volunteering efforts are in-line with our CSR guiding principles and philosophy. We believe that 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 a 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. Actions in line with CSR guiding principles, our strategies for the year 2015-16 are focused on key initiatives to ensure significant impact.

**ENVIRONMENT** - Making this world a better place to live in.

**EDUCATION** - Transforming lives of people through science and technology education.

**ENERGY** - Developing innovative solutions for efficient energy consumption and renewable supply.

**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

### ➤ Water Conservation Projects

#### 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. To expand on the water conservation projects we have adopted three different models for this year. We excavated new wells in the villages, constructed check dams, stone bunding and also initiated land levelling programs. Further, we also collaborated with Government of Maharashtra's flagship initiative for water conservation - Jalayukta Shivar Abhiyan.

### ➤ Farm Pond Initiative

#### 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. We built 15 ponds across 5 villages that irrigated 500 acres land, benefiting almost 20,000 people with the support of 1,200 employees. Further in the year 2015-16, we extended our projects in Pune and Bangalore. Two at Ranje (Shivapur, Pune) and one at Aladahalli (Nelamangala, Bangalore). In Pune, well excavation was carried out at 4 villages namely Dhumal Wasti, Metpilawar, Guhini Bhor & Gelhgani which was followed by construction of two check dams at Sanaswadi.

#### What makes our Water Conservation project unique?

- This project directly impacts 21,000 beneficiaries.
- This has significantly impacted the village economy.
- Multiple ways adopted for water conservation, leads to greater impact.
- Penetration of these initiatives into more number of villages is helping increase the water levels, thus impacting the villagers in a positive manner.
- Collaboration with the government on the water conservation project has led to an increase in the reach with sustainable system in place.
- Provides enough water supply to farmers to irrigate their lands throughout the year.

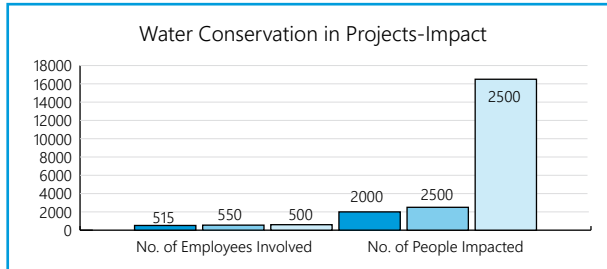


1,200 acres of agricultural land under irrigation, benefiting 21,000 people from 7 villages





**Volunteers building a farm pond and check dam**



➤ **Jalyukta Shivar Abhiyan**

**KPIT contributes towards making Maharashtra drought-free**

**The Background**

In a bid to make Maharashtra a drought-free state by 2019, the Maharashtra government has initiated the project "Jalyukta Shivar Abhiyan". The project involves deepening and widening of streams, construction of cement and earthen stop-dams, working on drainage system and digging of farm ponds.

As a socially responsible corporate, KPIT has decided to **make villages water abundant & tanker free.**

**The Initiative**

This project is in tandem with our CSR objective of water conservation. In association with Jnana Prabodhini (Shiv Paradesh), KPIT volunteers conducted a survey of drought conditions in villages near Pune. It was observed that although Kashedi village (15 km away from Panshet dam near Pune) falls in the water catchment area of Panshet dam, it was facing acute drought issue. The only source of drinking water in this village was a natural reservoir that was drying out, thus creating a dependency on the government aided water tankers.

Being a small village with scarce population, there were limitations in the way government could fund to resolve drinking water issue of the village. After consultation with local government authorities and Jnana Prabodhini's irrigation experts, KPIT decided to pump water into that natural reservoir from the Panshet dam backwaters present in the vicinity of the village. Anil Patwardhan, Chief Financial Officer & Shekhar Sonsale, AVP - Facilities & Logistics Management, of the Company, flagged off this project in the village.

**The Impact**

The project involves pumping water to 150 Meters high by installing a pipeline (2" Diameter) of 1500 Meters. This water will be pulled by a submersible pump of 10Hp. These efforts will result in a huge relief to the drought conditions faced by the villagers.

The uniqueness of the project lies in the synergism wherein the government tackles the drought condition, corporates commit to social responsibility and voluntary organizations execute these efforts. After observing this commitment, villagers have started digging a channel for installing the pipe line.

The benefits of this water supply scheme was made available to the villagers from the month of March 2016.



**Flagging off pipeline construction project for pumping water into the natural reservoir**

➤ **Zero Garbage Project**

**The Background**

For any developing city, waste management is 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.

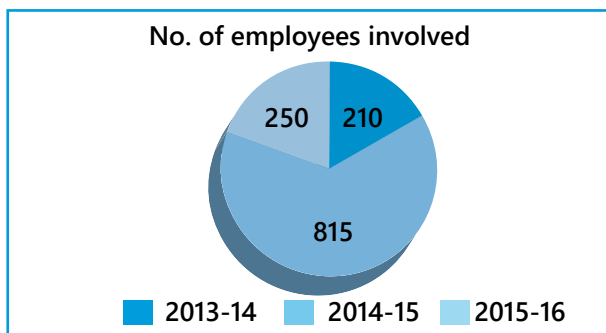
#### The Impact

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. Due to these awareness rallies, the door-to-door collection went up to 60% and segregation up to 40%. In the year 2015-16 we organized another drive at Bavdhan which involved door to door campaign in association with the self-help groups. We reached out to nearly 2,000 beneficiaries and with this we successfully completed door-to-door collection for 400 households and in case of segregation for 275 households.

Further extending our reach, we conducted a cleanup drive at Hinjawadi area in association with HIA (Hinjawadi Industrial Association) and MIDC (Maharashtra Industrial Development Corporation).



*KPITes spreading awareness about the Zero Garbage initiative*



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

#### ➤ Tree Plantation Programs

##### Building Oxygen Hub of Pune

###### The Initiative

KPIT joined hands with Tree Public, an NGO, to help reduce carbon footprint by planting native trees best known for their properties of purifying the polluted atmosphere and providing a clean and healthy environment. In addition to the 1,000 trees planted last year, in 2015-16 nearly 250 saplings were planted by our volunteers.

#### The Impact

- Creating oxygen hubs for increasing oxygen levels
- Reducing the ever-growing temperature variations in Pune city
- Reducing Carbon levels
- Retaining Ground Water Table level
- Increasing Bio-diversity and
- Encouraging Bird Migration

**We are proud to announce that each and every tree has been taken care of and the survival rate is 100%.**

#### Initiatives at Bangalore

##### Tree Plantation at Shivanahalli

In 2015, as a part of the Environment week celebration at KPIT, we visited Ramakrishna Mission Campus, Shivanahalli, to restore the forest green cover and biodiversity in the Bannerughatta National Park area. With the advent of industrialization, IT sector expansion and ever growing population, Bangalore has already started losing its tag as the Garden city. Ramakrishna Mission, Shivanahalli, have embarked upon a gigantic task of enriching the environment by planting a variety of trees from Western Ghats and other forest region. Already 150+ acres of land has been converted to pure forest which stands as the evidence. KPIT in association with Youth For Seva has joined hands with Ramakrishna Mission to support this great initiative of increasing the green cover of Bangalore by planting **300 saplings** wherein 50 of our KPITes actively participated in this initiative.



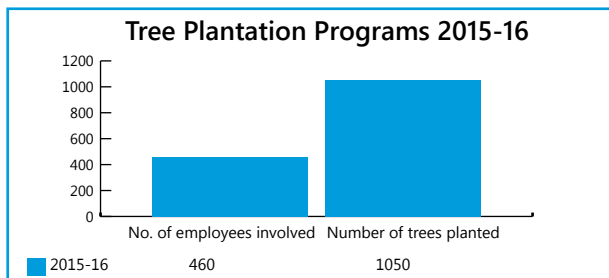
##### *Passionate KPITes planted 300 saplings at Shivanahalli*

###### Afforestation at Nelamangala

In the month of August 2015, KPIT in association with Youth For Seva successfully completed the launch of Afforestation at Nelamangala event. As a part of this afforestation initiative at Nelamangala, 20 of our volunteers actively engaged in planting of 100 saplings along with mulching and weeding of 50 saplings. **Throughout the year 2015-16 we planted more than 500 trees across 2 villages (Aladahalli and Kerekatigunur).**



KPITes engaged in afforestation activity at Nelamangala



## EDUCATION

### ➤ Chhote Scientists – KPIT’s Flagship Initiative

**Chhote Scientists: An initiative to teach science fundamentals 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

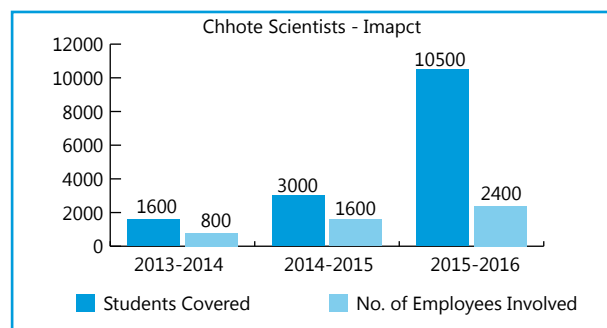
Being a technology Company, KPIT has a significant number of engineers, technology experts and science enthusiasts. Leveraging their experience & skills, we designed a unique program called Chhote Scientists that aims at imparting practical education and inducing scientific thinking among school students.

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.

Over the last four years since 2012, cumulatively this program has benefitted 10,500 students involving 2,400 employees. 800 employees participated in this initiative in the year 2015-16 alone, conducting sessions on six different themes. Total 40 schools are covered this year. We extended this program to 10 PMC’s schools (Pune Municipal Corporation) & 10 PCMC’s schools (Pimpri Chinchwad Mahanagar Palika). A total of 300 sessions have been conducted so far across all locations, comprising of 250 sessions at Pune, 30 at Bangalore and 20 at Mahape.

To continue with our expansion plan and to reach out to more and more children we proposed this project to the colleges to conduct Chhote Scientists programs at the school. And the pilot was conducted in Jalana College. As part of this initiative we had nearly 60 of the college students’ volunteer for our Chhote Scientists program conducting 156 session, covering 26 schools and thereby reaching nearly 7,500 children.



KPIT volunteers conducting Chhote Scientists sessions at government schools



Media coverage for Chhote Scientists Program

### ➤ vSolve Competition

vSolve competition is held every year on the Science Day that marks the completion of the annual calendar for ‘Chhote Scientists’. Students from various government schools across Pune & Bangalore who were trained under the Chhote Scientists program exhibit solutions that they developed by applying scientific principles under the guidance of KPIT volunteers. Students got an opportunity

to apply their theoretical knowledge to solve real life challenges. This was a great chance for them to take their learning to the next level.

At **Pune**, Class 8 students were asked to purify water with the help of easily available material like sand, charcoal, cotton, alum, etc. Class 9 students had to increase the solar panel capacity by creating solar concentrator.

At **Bangalore**, students were asked to prepare "Balloon Car" with the help of given material.

The students demonstrated various innovative ways and showed encouraging result. Teachers from the school and KPITs were excited to witness the outstanding performance from the students and participated in huge numbers to motivate our **Chhote Scientists**.

Around 180 students across 35 government schools participated in the event.



*Mr. Ravi Pandit, Chairman & Group CEO, KPIT talking to students during vSolve Competition*

#### ➤ **KPIT Sparkle 2016, All India Science and Engineering Students Contest**

KPIT with the College of Engineering, Pune (CoEP) organized KPIT Sparkle 2016, an initiative which invited brilliant ideas that will change the face of innovation in India. The theme for the contest was 'Smart Solutions for Transportation and Energy'. This contest was open to all science and engineering bachelors, masters and Ph.D. students to participate as individuals or teams of maximum 5 members. The winning idea received ₹ 5 lakhs while the seven runners up won ₹ 1 lakh each as the prize money.

KPIT Sparkle aims at fostering a culture of innovation and critical thinking among engineering and science students across colleges in India. The competition with the theme of 'Smart Solutions for Energy and Transportation' received 1,700 innovative ideas from over 10,000 students across 500 colleges in India. 54 best teams made it to the grand

finale of KPIT Sparkle 2016 and shortlisted teams presented innovative and sustainable solutions through scale models and working prototypes.

Some of the projects featured ideas on Green Energy, Alternate Fuels & Materials, Autonomous Vehicles and Intelligent Traffic Management.

The finalists were evaluated for novelty of their ideas, completeness of prototype, fulfillment of society's expectations/problem statement and technical knowledge at a grand exhibition held at COEP College ground, Pune.



*Team 'Assist' from The Indian Institute of Technology, Kharagpur won the Gold award of ₹5 lakhs for their 'i-Bike' project. The bicycle model can drive itself automatically and also be driven manually, as and when required, in an urban bicycle-sharing system to achieve in last-mile transportation.*

The projects were reviewed and evaluated by a jury comprising of eminent judges, consisting of scientists, industrialists and academicians including **Dr. R. A. Mashelkar**, Head, Innovation Council, KPIT; **Shri Vinit Goenka**, Member IT Task Force at Ministries of Shipping, Road Transport & Highways, Government of India; **Air Marshal Shri Bhushan Gokhale**, Consultant to Principal Scientific Advisor, Government of India; **Dr. Satishchandra Ogale**, Chief Scientist, CSIR-NCL (National Chemical Laboratory); **Dr. Ashish Lele**, Polymer Science and Engineering Division, NCL; **Ms. Rashmi Urdhwarshhe**, Director of ARAI, **Prof. C S Kumar**, IIT Kharagpur; **Mr. Nachiket Gole**, Industrial Designer and **Dr. B. B. Ahuja**, Director of COEP. **Prof. Devang Khakhar**, Director, IIT Bombay, was the chief guest at the awards ceremony.

## ENERGY

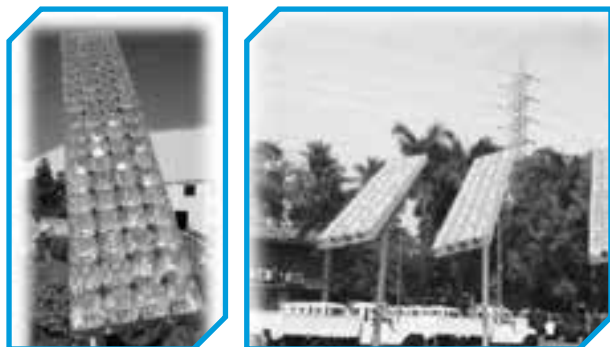
### ➤ **Mild-concentrated solar Photovoltaic technology**

As we all know, India is heavily dependent on other countries for the crude oil-related energy resources. Hence, in order to be self-reliant, we need to substantially increase our usage of renewable energy resources, such as solar, wind and biodiesel. Solar being the most abundant and also technologically advanced energy source amongst these, the Indian government has announced for reaching 100GW solar Photovoltaic (PV) installation by 2022.



Most of the solar panels available today are made of poly- or mono-crystalline silicon wafers. Silicon wafers fabrication process is extremely capital intensive and this is why we do not have a manufacturing unit of Silicon wafers in India. Hence, India has been completely dependent on China and other countries for the import of these wafers as they are available at low cost and thus are affordable.

The solar PV technology that KPIT has innovated, deals with this challenge. **We have developed a low-cost and light weight concentrator, which can concentrate up to 3-5 times the light that is incident on it.** Due to this, the usage of silicon wafers has decreased up to 70% in the panel. Such a mild-concentrated PV system generates around same wattage/area as a conventional panel would, at a 20-30% lesser cost. The technology is now available to voluntary organizations for social cause.



*KPIT's Mild-concentrated solar Photovoltaic technology on display*

## EMPLOYEE ENGAGEMENT

### ➤ Blood Donation

The Initiative

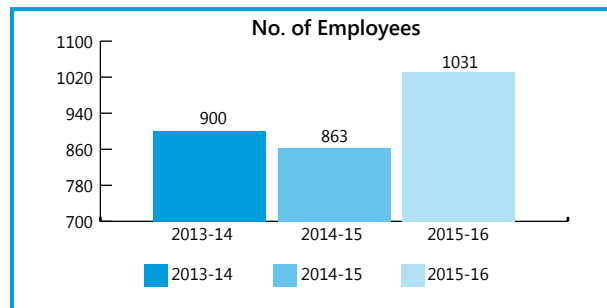
KPIT, in association with various NGOs across different locations organize blood donation camps to help hospitals and blood banks tackle the blood shortage issue. We received very good response from employees across all locations.

Figures represent the number of employees who participated and associated Partner NGOs

Number of employees contribution	Location	NGO Involved
707	Pune	Jankalyan Blood Bank & Deenanath Blood Bank
250	Bangalore	Sankalp Foundation
100	Mahape	Wamanrao Oka Blood Bank
50	Noida	Rotary Noida Blood Bank



KPIT employees donating blood selflessly



KPIT's CSR Team extending support to disaster struck areas

### ➤ Chennai Flood Relief Fund

Chennai, a city of 4.6 million people in India's south east coast, was reeling from the heaviest and deadliest rains in decades. In October 2015, the floods killed at least 280 people in the region. About 28,000 people were rescued and more than 1.25 lakh people were evacuated. Despite combined rescue efforts by the military and civilian emergency services, some areas were yet to receive relief and undertake rescue operations. KPIT decided to support our Partner NGO Youth For Seva in rehabilitation work. We raised ₹ 10,00,000/- which has been deployed in medical aid of the flood victims.

### ➤ Nepal Earthquake Relief Fund

The 2015 Nepal earthquake that killed more than 7,000 people and injured more than twice as many, occurred on 25 April, with a moment magnitude of 7.8 on Richter scale. It was the most powerful disaster to strike Nepal since the 1934 Nepal-Bihar earthquake. KPIT CSR Team was part of the immediate rescue work and also initiated the rehabilitation work.



KPIT CSR team at Nepal engaged in rehabilitation work

### ➤ Innovating, Inspiring, Appreciating ...

To inspire our volunteers we organized a review meet called "CSR Manthan 2015". As part of this activity, we held a small get-together with our Chairman, **Mr. Ravi Pandit** at his residence. Volunteers shared their experiences and gave

valuable suggestions to take this volunteering movement to the next level. Our NGO partners joined us for this brainstorming session. Mr. Ravi Pandit appreciated the hard work put forth by the volunteers and also congratulated them for their success. He thanked all the NGO partners for their valuable support. We also invited **Ms. Lila Poonawalla**, Director of KPIT & an Indian industrialist, philanthropist, humanitarian, an award recipient of the fourth highest civilian award **Padma Shri** by the Government of India in 1989 to motivate our volunteers. At Bangalore, CPOO, **Mr. Abhishek Sinha** appreciated the volunteers on their efforts and encouraged them to take it to the next level with more participation from the team members.

In continuation with our efforts we invited **Dr. Prakash Amte** and **Dr. Mandakini Amte** to share their inspirational life story. To spread the positivity and encourage our volunteers we have launched **CSR Snippet** on the Company's ecube portal.



*Glimpses of CSR Manthan & Eminent personalities addressing our Volunteers*

**CSR initiatives in North America (NA)**

➤ **Tutoring - Wake NCSU STEM Early College High School**

In continuation with our tutoring program for the Wake NCSU STEM Early College High School, even for the year 2015-16 we witnessed more number of Raleigh KPITes visit students needing support each week and provided tutoring services in Trigonometry, Algebra and Chemistry.

In the month of March 2016, KPITes at Raleigh office hosted STEM Early College High School students for "Job Shadow Day". Students met members of the technical team who spoke to them about what it is like to work for a

global technology company. These students participated in interactive activities and were able to ask questions and tour the office. To close the month of March 2016, Raleigh KPITes hosted a student information event on the campus of North Carolina State University. The team met with over 100 Computer Science undergraduates to educate them on KPIT as a Company and provide mentorship and guidance as they begin to look for employment after graduation.



*KPITes teaching students at Wake NCSU STEM Early College High School*

➤ **Food Drive**

During the month of May 2015, CSR NA sponsored a food donation drive to benefit families being helped by the Women's Center of Wake County. The collection ran from April 10 – May 15 and helped to restock the Women's Center pantry with much needed food and toiletry items.

Further in July, a group from KPIT Raleigh employees headed to the Ronald McDonald house of Durham, NC to prepare and serve dinner to the 75 families currently being helped by the organization. The KPIT team prepared and served pulled pork, macaroni and cheese, vegetables and lots of dessert to what turned out to be a very appreciative group of families.

In December 2015, we organized a holiday toy drive where toys were collected to benefit the Women's Center of Wake County. The group was able to collect over 75 new toys which were donated to a number of extremely thankful families. The Women's Center of Wake County provides case management, financial assistance counseling, nutrition assistance, short term shelter and health education and testing services to single women and women with families.

In March 2016, a group visited Ronald McDonald House where they prepared and served lunch to families of sick children staying at the facility. All food items and paper products were also donated by the team.





*KPITes posing with toys donated to the Women's Center of Wake County*

➤ **Launch of Community Initiatives at Columbus, Indiana**

In the year 2016, we launched CSR volunteering activities at our Columbus, Indiana location. As a part of this initiative a team of 7 volunteers participated towards clothes segregation activity at Sans Souci.



*Enthusiastic volunteers participating in the CSR launch activity*

## Awards & Accolades

KPIT Honored with the 'Best CSR Practice Award' by the World CSR Congress

The 'Best CSR Practice Award' is conferred to companies for their outstanding activities in the field of social work. The awards saw participation from around 280 companies, out of which only 30 companies made it to the final.

On December 7, 2015, KPIT was honored with the 'Best CSR Practice Award' by the World CSR Congress in an award ceremony held in Mumbai.

KPIT was recognized for its exemplary CSR work in the fields of education, energy and environment. KPIT supports these CSR projects financially as well as engages employees in these activities.



'Best CSR Practice Award' being received by KPIT at the World CSR Congress (Mumbai)

### Amity Award

In the year 2014, KPIT Technologies won the **Amity CSR Award** in the IT category. This award was given to KPIT for its innovative and metrics-driven CSR initiatives in the field of Education and Environment. Amity awarded KPIT with a **Special Recognition Award** for extraordinary work in the field of CSR in 2015.

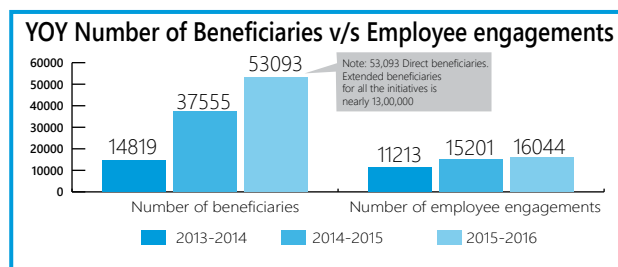


*Amity Award 2015*

### Employee engagement v/s beneficiaries of 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 employee engagements equal to or greater than 1.5 times of total employee strength in a given year. For the year 2015-16, we reached nearly 53,093 beneficiaries with 16,044 employee engagements in community initiatives.

We, at KPIT, are proud to announce that, in adherence to our objective to achieve employee engagements for the year 2015-16, 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

### Automatic UML-to-SAL conversion

In Model Based Development (MBD) and Testing (MBT), test generation is always a challenge. With reference to the Unified Modeling Language (UML) state machines the coverage is important and should include all states, transitions & paths. There is a dominant gap to address these issues, in the current test generation variants and Automatic Test Generation (ATG) is what the industry needs to optimize the development lifecycle.

Last year, we developed UML – ATG tool that targets to address the said gap. UML – ATG tool translates the UML state machines to Symbolic Analysis Laboratory (SAL) Modules and generates test input sequences for different coverages of UML state machines. These generated test sequences are applied against the model and the test results can be cross verified with the results obtained from the software. This shall help automotive customers to significantly reduce their software testing overheads and also improve the quality by ensuring complete coverage of the design.

Since then, we have successfully deployed the tool and started a joint R&D project for an automotive Original Equipment Manufacturer (OEM).

## Technology Development

### Inching Control for Vehicle in Stop-n-Go Traffic

The traffic density is increasing alarmingly in cities across the world and this high density results in frequent traffic congestions especially at peak hours. Automatic transmissions have reduced the driver discomfort in driving in such traffic situations by automating the change of gears.

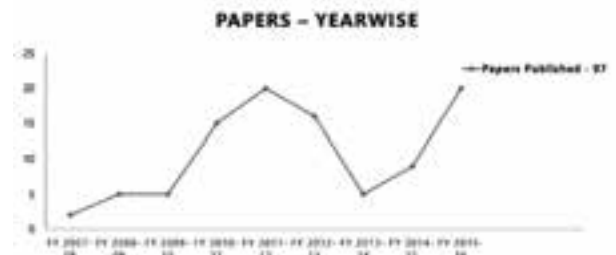
We went one more step further in improving the driving comfort in such situations by automating the brake as well as the accelerator of the car, so that the car maintains a safe distance from the car in front. This is done by sensing the distance between the cars and automatically braking or accelerating so that the driver virtually has to only steer the vehicle thus reducing the stress on the driver significantly.

## Fostering Innovation

- **Patents:** The patenting process began in 2008 with our first patent filing. This year, six of our patents have been granted in various countries across the globe. We have filed six new patent applications this year. A first joint patent application has been filed by KPIT along with one of our Japanese customer who is an industrial equipment manufacturer.



- **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 97 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 five hundred ideas so far. All ideas are continuously being evaluated for possible realization. Shortlisted ideas are subjected to our idea to market pipeline process to assess the business potential and the idea review team comprising of technical experts as well as management team within KPIT, selects the ideas that are further funded for implementation.



- **Innovation Council:** It is an event conducted once or twice a year. The goal of this event is to promote innovation culture in the organization and encourage people to come up with innovative ideas. The ideas are reviewed by the committee and top ideas are shortlisted. These ideators get a chance to present their ideas to the Innovation Council members which include group of senior level officers from various industries, some KPIT Board members and top management. Presented ideas are judged by the council members and one idea is awarded as the best idea. Current projects are also demonstrated during this event to showcase the technical capability of various teams within KPIT.
- **Idea Generation:** Last year we initiated a theme based innovation contest which was run every month to encourage people to come up with new ideas to solve challenges faced by automotive companies across the world. The different themes covered were: Sensors, ITS, Vehicle Diagnostics and Prognostics, IoT, Frugal Engineering and Vehicle Driving Comfort. Innovation Circle sessions were conducted to provide an idea generation platform where all employees are invited to join in an open discussion. The objective was to understand diverse viewpoints on a particular topic, which is a promising approach to generate novel ideas. These Innovation Circle sessions helped various ideators across the Company, to come together and discuss the ideas, to arrive at a better solution.
- **TechTalk@KPIT:** Our quarterly technology magazine for sharing knowledge crossed a milestone of publication of its 25<sup>th</sup> issue, last year. This year, the latest four issues of TechTalk had the themes, Systematic Innovation, Model Based Development-I, Model Based Development-II, Sensor Fusion - A Need for Next Generation Automobiles and Automotive Mechatronics.
- **'Scientist of the Month' Newsletter:** Every two months 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. We have interns working in the team on different exciting projects in the domain of embedded systems, parallel computing, autonomous vehicles, image processing, etc. Some of the projects undertaken are - Context aware automotive applications, power aware software scheduling, collision avoidance system using radar, environmental awareness around vehicle using ultrasonic sensors, constrained semi-supervised feature selection with redundancy elimination, etc.
- **Integrated MTech-PhD program:** Our work-study program for employees entered its fifth 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.

## Sparkle 2016



This was the second year for KPIT Sparkle, a PAN India contest for Students of Science & Engineering. KPIT Sparkle 2016, in association with College of Engineering, Pune (COEP) aims at fostering a culture of innovation and critical thinking among engineering and science students across colleges in India. The theme for this year was '**Smart Solutions for Energy and Transportation**'. This year we had received a staggering number of **1,700** innovative ideas from over **10,000** students across **460** colleges in India. **54** best teams made it to the grand finale of KPIT Sparkle 2016 and shortlisted teams presented innovative and sustainable solutions through scale models and working prototypes.

Some of the projects featured ideas on **Green Energy, Alternate Fuels & Materials, Autonomous Vehicles and Intelligent Traffic Management**.

The finalists were evaluated for novelty of their ideas, completeness of prototype, fulfillment of society's expectations/problem statement and technical knowledge at a grand exhibition held at COEP College ground, Pune.

Team Assist from The Indian Institute of Technology, Kharagpur won the **Gold award of ₹ 5 lakhs for their 'i-Bike' project**. The bicycle model can drive itself autonomously and also be driven manually, as and when required, in an urban bicycle-sharing system to achieve optimization in last-mile transportation.

# Additional Shareholder Information

- 1. Registered and Corporate Office** : 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase - I, Hinjawadi, Pune - 411 057. Tel. No.: +91 - 20 - 6652 5000, Fax No.: +91 - 20 - 6652 5001, Website: [www.kpit.com](http://www.kpit.com).
- 2. Date of Incorporation** : December 28, 1990
- 3. Registration No./CIN** : L72200PN1990PLC059594
- 4. Date, Time and Venue of 25<sup>th</sup> AGM** : August 24, 2016, 10.30 a.m. at Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411 057. The Notice of the Annual General Meeting is being sent to the Members along with this Annual Report.
- 5. Record Date** : August 16, 2016
- 6. Dividend Payment Date** : On or after August 24, 2016, but within the statutory time limit of 30 days, subject to shareholders' approval.
- 7. Financial Year** : April 01, 2015 - March 31, 2016.
- 8. Financial Calendar for 2016-2017 (tentative and subject to change)**
  - Financial reporting for the first quarter ending June 30, 2016 : July 20, 2016
  - Financial reporting for the second quarter ending September 30, 2016 : October 19, 2016
  - Financial reporting for the third quarter ending December 31, 2016 : January 18, 2017
  - Financial reporting for the last quarter and year ending March 31, 2017 : April 26, 2017
  - Annual General Meeting for the year ending March 31, 2017 : August, 2017
- 9. The shares of the Company are listed on the following Stock Exchanges:**
  - National Stock Exchange of India Limited : Exchange Plaza, 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 Fee for the Financial Year 2016-17 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. Bhagavant Sawant**, Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411001. Phone: +91-20-26161629 E-mail: [bhagavant.sawant@linkintime.co.in](mailto:bhagavant.sawant@linkintime.co.in). You can also contact Ms. Sneha Padve, Company Secretary and Compliance Officer, No.: +91 - 20 - 6652 5000 Extn. – 5245, Fax No.: +91-20-6652 5001, E-mail: [Sneha.Padve@kpit.com](mailto:Sneha.Padve@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](mailto:grievances@kpit.com).

**11. Share transfer system:**

The share transfer activities are carried out by our Registrar & 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, 2016, 99.39 % 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, 2016:**

Date	Description of Allottee	No. of shares	Face Value (₹)
April 06, 2015	Allotment to Employees against ESOP	105,108	2
April 28, 2015	Allotment to Employees against ESOP	129,993	2
July 22, 2015	Allotment to Employees against ESOP	257,965	2
October 21, 2015	Allotment to Employees against ESOP	318,397	2
January 20, 2016	Allotment to Employees against ESOP	25,166	2
<b>TOTAL</b>		<b>8,36,629</b>	

**14. Shareholding Pattern as on March 31, 2016:**

Category	No. of shares held	% of total shares capital
Promoters	33,215,670	16.82
Mutual Funds	5,260,743	2.66
Foreign Institutional Investors	52,032,299	26.35
Bodies Corporate	4,565,594	2.31
Foreign Company	12,857,357	6.51
Non-Resident Indian	2,715,698	1.37
Public & Others	86,851,381	43.98
<b>TOTAL</b>	<b>197,498,742</b>	<b>100.00</b>

**15. As on March 31, 2016, the top ten shareholders of the Company were as under:**

Sr. No.	Name of the Shareholder	No. of shares held	% of total paid up share capital	Category
1	Proficient Finstock LLP	24,234,330	12.27	Promoter
2	Warhol Limited	19,483,674	9.87	Foreign Institutional Investor
3	KPIT Technologies Employees Welfare Trust	9,672,408	4.90	Non-Promoter-Non-Public
4	Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund	9,000,000	4.56	Foreign Institutional Investor
5	Van Dyck	7,776,000	3.94	Foreign Company
6	New Horizon Opportunities Master Fund	6,500,000	3.29	Foreign Portfolio Investor (Corporate)
7	Acacia Partners , LP	6,123,274	3.10	Foreign Portfolio Investor (Corporate)
8	Smallcap World Fund, Inc	5,843,614	2.96	Foreign Portfolio Investor (Corporate)
9	CX Partners Fund 1 Limited	5,081,357	2.57	Foreign Company
10	Acacia Institutional Partners, LP	4,854,661	2.46	Foreign Portfolio Investor (Corporate)
<b>TOTAL</b>		<b>98,569,318</b>	<b>49.92</b>	

**16. Distribution Schedule as on March 31, 2016:**

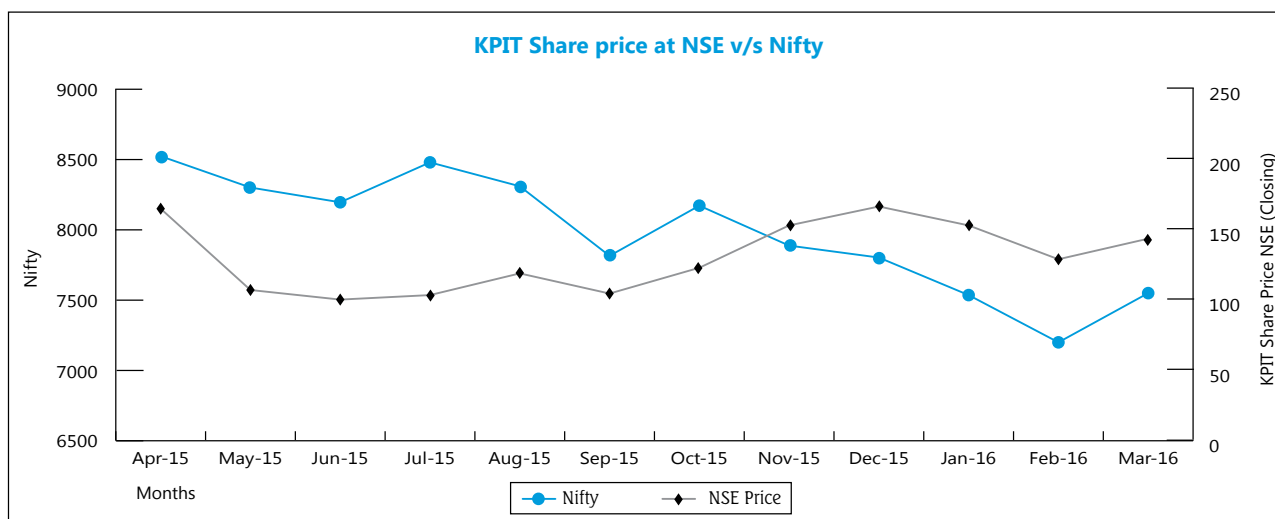
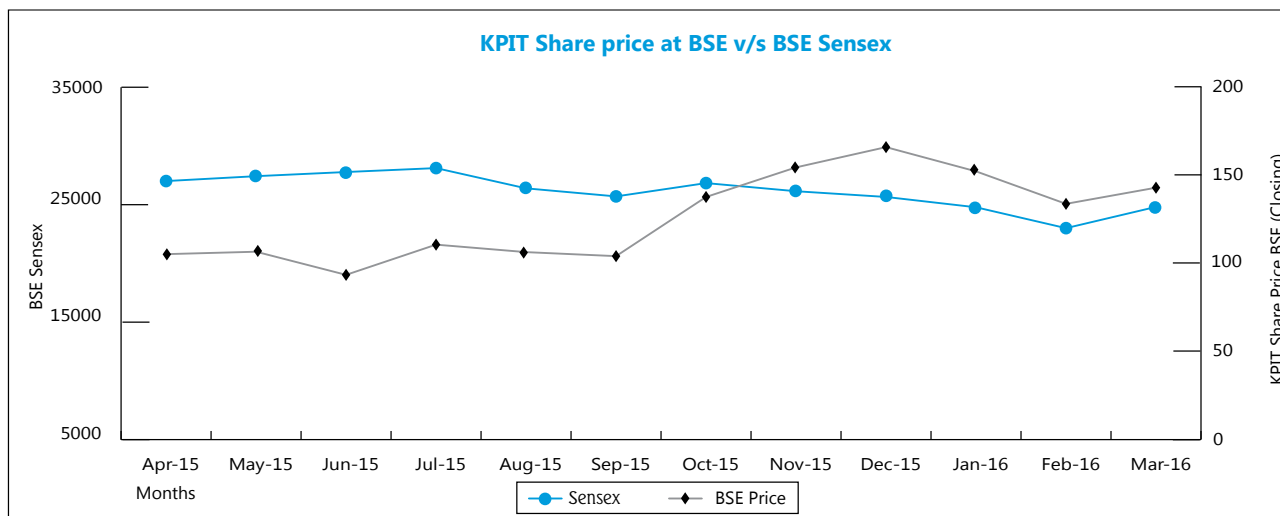
Quantity of shares From - To	Shareholders		Face Value of shares held (₹)	%
	Number	%		
1 - 1,000	48,768	85.41	12,549,198	3.18
1,001 - 2,000	3,819	6.69	6,254,436	1.58
2,001 - 4,000	2195	3.84	7,290,328	1.85
4,001 - 6,000	608	1.06	3,134,906	0.80
6,001 - 8,000	384	0.67	2,862,430	0.72
8,001 - 10,000	260	0.46	2,455,846	0.62
10,001 - 20,000	458	0.80	6,916,968	1.75
20,001 - Above	603	1.07	353,533,372	89.50
<b>TOTAL</b>	<b>57,095</b>	<b>100.00</b>	<b>394,997,484</b>	<b>100.00</b>



**17. 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 '15	194.70	99.05	164.21	16,233,984	194.45	99.25	164.33	7,393,372	23,627,356
May '15	116.10	100.10	106.39	23,737,209	116.20	100.00	106.38	6,485,717	30,222,926
June '15	107.00	85.05	99.57	37,176,377	107.00	85.05	99.59	8,920,172	46,096,549
July '15	120.80	92.35	102.78	33,224,594	120.70	92.00	102.73	7,804,113	41,028,707
Aug '15	134.90	98.00	118.20	29,529,490	135.00	98.00	118.13	8,751,572	38,281,062
Sept '15	114.90	98.15	103.87	8,447,820	114.75	98.00	103.87	2,535,863	10,983,683
Oct '15	144.50	105.55	122.21	884,151	144.65	105.55	122.01	4,231,492	5,115,643
Nov '15	169.90	136.50	152.32	19,652,868	169.90	134.20	152.28	4,327,793	23,980,661
Dec '15	175.80	154.20	165.77	14,550,810	175.40	154.30	165.74	3,911,648	18,462,458
Jan '16	171.45	134.30	152.32	7,716,588	171.30	134.50	151.99	1,891,596	9,608,184
Feb '16	145.90	108.00	128.25	8,720,967	145.70	108.45	128.11	1,592,620	10,313,587
Mar '16	155.90	134.40	142.90	14,913,167	155.60	134.10	142.72	2,419,260	17,332,427

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





## 19. Details of dividend in the Unpaid/Unclaimed Dividend Accounts as on March 31, 2016 :

(₹ in Million)

Year	Balance	Tentative date of transfer
For the financial year 2008-2009	0.27	August 17, 2016
For the financial year 2009-2010	0.18	August 23, 2017
For the financial year 2010-2011	0.17	August 16, 2018
For the financial year 2011-2012	0.34	September 3, 2019
For the financial year 2012-2013	0.50	August 18, 2020
For the financial year 2013-2014	1.57	August 31, 2021
For the financial year 2014-2015	1.85	September 25, 2022

During the year, the Company transferred an amount of ₹ 360,591/-, being the unclaimed dividend pertaining to the financial year 2007-2008 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.

## 20. Details of correspondence received from the Shareholders/Investors during the period from April 1, 2015 to March 31, 2016:

Sr. No.	Nature of request/complaints	No. of pending requests/complaints as on April 1, 2015	No. of requests/complaints received	No. of requests/complaints processed	No. of pending requests/complaints as on March 31, 2016
1	Non-Receipt of Dividend Warrant/Dividend	Nil	1	1	Nil
2	Change of Address	Nil	2	2	Nil
3	Bank Details/Mandate/Electronic Clearing Services	Nil	5	5	Nil
4	Stop Transfer/ Procedure for Duplicate Share	Nil	5	5	Nil
5	Revalidation of warrants /Replacement of dividend warrant/Issue of fresh drafts	Nil	37	37	Nil
6	SEBI Complaints	Nil	2	2	Nil
7	Stop Transfer Removal	Nil	1	1	Nil
8	Others	Nil	1	1	Nil
	<b>Total</b>	<b>Nil</b>	<b>54</b>	<b>54</b>	<b>Nil</b>

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

## 22. Unclaimed Shares:

As mandated under Regulation 39(4) read with Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "the SEBI LODR Regulations 2015") for shares in demat form, the Company is required to transfer the unclaimed shares to a Demat Suspense Account maintained with a Depository Participant. Further, in case of shares in physical form, the Company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account" and shall dematerialize the shares held in Unclaimed Suspense Account with a Depository Participant. The Company has sent three reminder notices to the concerned shareholders in this regard. The details in terms of Regulation 34(3) read with Schedule V (F) of the SEBI LODR Regulations 2015, 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 2015	67	50,000
(ii)	Number of shareholders who approached the issuer for transfer of shares from shares in the Unclaimed Suspense Account during the period from April 1, 2015 to March 31, 2016	NIL	NIL

Sr. No.	Particulars	No. of shareholders	No. of shares
(iii)	Number of shareholders to whom shares were transferred from shares in the Unclaimed Suspense Account during the period from April 1, 2015 to March 31, 2016	NIL	NIL
(iv)	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account at the end of the period from April 1, 2015 to March 31, 2016	67	50,000

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

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

The Company has been regularly publishing its quarterly and yearly results in newspapers, detailed below, as per the requirement of the SEBI LODR Regulations 2015:

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
July 24, 2015	Unaudited consolidated financial results for the quarter ended June 30, 2015	The Financial Express & Loksatta
October 22, 2015	Unaudited consolidated financial results for the quarter and half year ended September 30, 2015	The Financial Express & Loksatta
January 22, 2016	Unaudited consolidated financial results for the quarter and nine months ended December 31, 2015	The Financial Express & Loksatta
April 29, 2016	Audited consolidated financial results for the quarter and year ended March 31, 2016	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](http://www.kpit.com).

### 24. Board members' profiles:

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

#### Chairman & 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. Pandit was an Audit Professional at Alexander Grant & Co., USA, following which he became a partner at Kirtane & Pandit LLP, Chartered Accountants, from 1975-1990. He is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost Accountants of India. He was President of Mahratta Chamber of Commerce, Industries and Agriculture during 2004-2006. Mr. Pandit is also a frequent speaker at various national and international seminars. At KPIT, he leads the team in overseeing Solutions & Services business, assessment of new technologies, management of key external relationships and managing Board matters 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 Accountants of India. He has more than 31 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. Patil has provided strategic direction and spearheaded KPIT's foray into international markets. He has been instrumental in building strategic partnerships and a strong and prestigious customer base for the Company in a short span of time. Currently, he is focusing on creation and management of new Product Business Units, executive sponsorship of critical GAMs, management of key external relationships in India & strategic infrastructure projects.

#### Whole-time Director & President

**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 is working on the overall strategy, operating systems, creation of some new solutions, executive sponsorship of the key Global Accounts and Partnerships along with Succession Planning and Development of senior people in the organization.

## Non-Executive and Independent Directors

**Ms. Lila Poonawalla** was awarded the Padmashree in 1989 recognizing her exemplary contribution to the world of engineering and Industry. She was the Chairperson 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, Impact Automotive Solutions Limited and Nihilent Technologies 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 Maharashtra 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.

**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 (2005-2007). He is currently a Director on the Board of Reliance Industries Limited, Thermax India Limited, Tata Motor Limited, Piramal Enterprises Limited, Tal Manufacturing Solutions Limited, Vyome Biosciences Limited, Invictus Oncology Private Limited, Sakal Paper Private Limited, International Longevity Centre-India, Gharda Scientific Research Foundation, Gharda Medical & Advanced Technical Foundation. 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 in the year 2014. Earlier, he was conferred Padma Shri award (1991) and Padma Bhushan award (2000), in recognition of his contribution to nation building.

**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 Limited and Impact Automotive Solutions Limited. 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.

**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 and 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 for the past 19 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. 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 earlier. He was also extensively involved with Tata Group holding various responsibilities, including responsibilities in Tata Motors' Light Commercial Vehicles and Multi Utility Vehicles business.

**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.

# 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 2016, 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 Internal Financial Controls

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 standalone 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. 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 2016, 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, 2016 ("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 B" 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 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) 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 financial statements – Refer Note 30 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - 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: 27 April 2016

Juzer Miyajiwala  
Partner  
Membership No.: 047483

## Annexure to the Independent Auditors' Report – 31 March 2016

### **Annexure A to the Independent Auditors' Report on the Standalone Financial Statements of KPIT Technologies Limited**

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of KPIT Technologies Limited on the standalone financial statements for the year ended 31 March 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of KPIT Technologies Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for the Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Control Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



## Inherent Limitations of Internal Financial Control Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Pune  
Date: 27 April 2016

Juzer Miyajiwala  
Partner  
Membership No.: 047483

## Annexure B to the Independent Auditors' Report – 31 March 2016

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 2016, 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.
  - (c) The title deeds of the immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and there were no material discrepancies noted during such verification.
- (iii) The Company has granted unsecured loans to one body corporate covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of this loan is not prejudicial to the interest of the Company. Whilst the principal was not due for repayment during the year, interest was received on a regular basis, as stipulated. There were no amounts overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act with respect to the loans given, investments made and guarantees given during the year. The Company has not given any loan, guarantee or security covered under section 185 or given any security covered under section 186 of the Act during the year.
- (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 or goods products manufactured 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, Service tax, duty of customs, duty of excise, Sales tax, Employees' State Insurance, 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, Service tax, duty of customs, duty of excise, Sales tax, Employees' State Insurance and other material statutory dues were in arrears as at 31 March 2016, 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, Service tax, Sales tax, value added tax, duty of customs and duty of excise 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 ₹ million	Amount paid Rs. million
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2004-11	59.40	3.19
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax Appeals	2006 and 2012	4.59	Nil
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax	2008-12	24.59	Nil
Finance Act, 1994	Service tax	Central Excise & Service Tax Appellate Tribunal	October 2006 to December 2012	309.94	Nil
Finance Act, 1994	Service tax	Commissioner of Service Tax	October 2006 to March 2014	240.12	11.22
Central Sales Tax Act, 1956	Sales Tax	Deputy Commissioner of Sales Tax (Appeals)	2008-11	1.54	Nil

- (viii) 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 loan or borrowings from government or any debentures outstanding during the year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company had not raised money by way of further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the standalone financial statements.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India, 1934.

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

Place: Pune  
Date: 27 April 2016

Juzer Miyajiwala  
Partner  
Membership No.: 047483

# Auditor's Report

To the Board of Directors

KPIT Technologies Limited

We have audited the accompanying annual financial results of KPIT Technologies Limited ('the Company') for the quarter and year ended 31 March 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31 March 2016 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year and have been regrouped / reclassified where necessary. Also the figures up to the third quarter had only been reviewed and not subjected to an audit.

These financial results have been prepared on the basis of the annual financial statements and the reviewed quarterly financial results up to the end of the third quarter which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements, which have been prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these financial results:

are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and give a true and fair view of the net profit and other financial information for the quarter and year ended 31 March 2016.

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

Place: Pune  
Date: 27 April 2016

Juzer Miyajiwala  
Partner  
Membership No.: 047483

# Balance Sheet

(Amount in ₹ million)

	Note	As at 31 March, 2016	As at 31 March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	375.65	376.13
Reserves and surplus	3	11,485.44	10,052.57
		<b>11,861.09</b>	<b>10,428.70</b>
<b>Share application money pending allotment</b>	29	0.63	7.65
<b>Non-current liabilities</b>			
Long-term borrowings	4	1,668.64	630.67
Long-term provisions	5	249.88	205.31
		<b>1,918.52</b>	<b>835.98</b>
<b>Current liabilities</b>			
Short-term borrowings	6	219.49	3,489.31
Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		20.61	0.13
Total outstanding dues of creditors other than micro enterprises and small enterprises		521.07	685.22
Other current liabilities	8	1,458.08	1,150.21
Short-term provisions	9	530.58	502.66
		<b>2,749.83</b>	<b>5,827.53</b>
<b>Total</b>		<b>16,530.07</b>	<b>17,099.86</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	10A	1,794.51	1,443.54
Intangible fixed assets	10B	498.85	505.19
Capital work in progress		76.59	34.46
Intangible assets under development		254.24	75.37
Non-current investments	11	5,156.41	4,942.61
Deferred tax assets (net)	12	95.31	93.09
Long-term loans and advances	13	1,040.90	1,585.39
Other non-current assets	14	28.77	26.59
		<b>8,945.58</b>	<b>8,706.24</b>
<b>Current assets</b>			
Current investments	15	-	590.34
Inventories	16	307.24	207.66
Trade receivables	17	3,313.89	4,690.91
Cash and bank balances	18	2,198.04	1,805.72
Short-term loans and advances	19	1,395.59	606.29
Other current assets	20	369.73	492.70
		<b>7,584.49</b>	<b>8,393.62</b>
<b>Total</b>		<b>16,530.07</b>	<b>17,099.86</b>
Significant accounting policies	1		
Notes referred to above form an integral part of the financial statements	2 - 46		

As per our report of even date attached  
**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number 101248W/W-100022

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

**Juzer Miyajiwala**  
Partner  
Membership No. 047483

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

**Kishor Patil**  
CEO & Managing Director

**Anil Patwardhan**  
Chief Financial Officer

**Sneha Padve**  
Company Secretary

Place: Pune  
Date: 27 April, 2016

Place : Pune  
Date: 27 April, 2016

# Statement of Profit and Loss

	Note	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(Amount in ₹ million)			
<b>Revenue from operations</b>			
Sale of services	21	12,430.94	11,326.63
Sale of products		210.08	1,255.48
Less : Excise duty		22.46	124.64
Sale of products (net)		187.62	1,130.84
		12,618.56	12,457.47
Other income	22	264.76	227.56
<b>Total revenue</b>		<b>12,883.32</b>	<b>12,685.03</b>
<b>Expenses</b>			
Cost of material consumed	23	141.04	841.08
Changes in inventories of finished goods and work-in-progress	24	(8.01)	2.83
Employee benefits expense	25	7,192.00	6,636.81
Finance costs	26	108.27	221.55
Depreciation and amortization expense	10	583.66	694.30
Other expenses	27	2,403.60	2,574.43
<b>Total expenses</b>		<b>10,420.56</b>	<b>10,971.00</b>
<b>Profit before tax</b>		<b>2,462.76</b>	<b>1,714.03</b>
<b>Tax expense</b>			
Current tax		487.19	294.95
MAT credit entitlement		(41.35)	-
Deferred tax benefit		(2.22)	(101.36)
<b>Total tax expense</b>		<b>443.62</b>	<b>193.59</b>
<b>Profit after tax</b>		<b>2,019.14</b>	<b>1,520.44</b>
Profit after tax for the year ended 31 March, 2014 of KPIT Global Solutions Limited incorporated pursuant to the scheme of amalgamation (Refer note 46(4))		-	493.67
<b>Profit for the year</b>		<b>2,019.14</b>	<b>2,014.11</b>
<b>Earnings per equity share before profit pursuant to amalgamation (face value per share ₹ 2 each)</b>			
Basic	42	10.56	8.02
Diluted	42	10.10	7.62
<b>Earnings per equity share after profit pursuant to amalgamation (face value per share ₹ 2 each)</b>			
Basic	42	10.56	10.62
Diluted	42	10.10	10.09
Significant accounting policies	1		
Notes referred to above form an integral part of the financial statements	2 - 46		

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: 27 April, 2016

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

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

**Anil Patwardhan**  
Chief Financial Officer

Place : Pune  
Date: 27 April, 2016

**Kishor Patil**  
CEO & Managing Director

**Sneha Padve**  
Company Secretary

# Cash Flow Statement

PARTICULARS	(Amount in ₹ million)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>A] CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	2,462.76	1,714.03
<b>Adjustments for</b>		
Profit on sale of fixed assets (net)	(1.40)	(1.24)
Depreciation / Amortization	583.66	694.30
Amortisation of ESOP compensation expense	2.03	9.63
Finance Cost	108.27	221.55
Interest income	(60.88)	(78.71)
Dividend income	(34.73)	(50.25)
Exchange differences on translation of foreign currency cash and cash equivalents	(1.52)	10.62
Unrealised foreign exchange Loss	39.60	90.81
Operating Profit before working capital changes	3,097.79	2,610.74
<b>Adjustments for changes in working capital:</b>		
Increase / (Decrease) in Long-term Provisions	44.57	44.05
Increase / (Decrease) in Trade Payables	(145.54)	235.19
Increase / (Decrease) in Other Current Liabilities	8.82	26.44
Increase / (Decrease) in Short-term Provisions	14.12	13.83
(Increase) / Decrease in Long-term Loans and Advances	50.43	(54.90)
(Increase) / Decrease in Other Non-Current Assets	(2.15)	(0.06)
(Increase) / Decrease in Trade Receivables	1,366.30	56.14
(Increase) / Decrease in Inventories	(99.58)	(184.32)
(Increase) / Decrease in Short-term Loans and Advances	(275.93)	37.85
(Increase) / Decrease in Other Current Assets	124.32	(161.50)
Cash generated from operations	4,183.15	2,623.46
Taxes Paid	(562.30)	(523.53)
<b>Net cash from operating activities (A)</b>	<b>3,620.85</b>	<b>2,099.93</b>
<b>B] CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,173.68)	(839.10)
Proceeds from Sale of Fixed Assets	1.92	2.42
Investment in Equity Shares of Subsidiaries	(213.80)	(1,078.28)
(Purchase)/Sale of Mutual Fund Investments	590.34	1,150.91
Loan (given to) / repaid by subsidiary	197.74	44.77
Interest received	55.76	51.66
Dividend received from Mutual Fund Investments	34.73	50.25
Fixed Deposit with banks (net) having maturity over three months	(730.38)	(304.54)
<b>Net Cash from /(used in) investing activities (B)</b>	<b>(1,237.37)</b>	<b>(921.91)</b>



# Cash Flow Statement

PARTICULARS	(Amount in ₹ million)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>C] CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term loan from banks	1,342.55	-
Repayment of Long-term loan from banks	(322.45)	(304.45)
Proceeds from Long-term loan from other than banks	34.81	-
Repayment of Long-term loan from other than banks	(23.04)	(36.75)
Proceeds from issue of Share Capital and application money	47.76	141.41
Proceeds from Working Capital loan (Net)	(3,306.41)	434.78
Proceeds from / (payments for) shares issued / purchased by Employee Welfare Trust (net)	(123.81)	(29.70)
Dividend paid including corporate dividend tax	(260.87)	(241.51)
Interest and finance charges	(112.94)	(226.62)
<b>Net cash from / (used in) financing activities (C)</b>	<b>(2,724.40)</b>	<b>(262.84)</b>
<b>D] EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS</b>	1.52	(10.62)
<b>Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)</b>	<b>(339.40)</b>	<b>904.56</b>
Cash & cash equivalents at close of the year (refer note 1 below)	1,109.00	1,448.40
Cash & cash equivalents at beginning of the year (refer note 1 below)	1,448.40	525.80
Opening cash balance of KPIT Global Solutions Limited	-	18.04
<b>Cash surplus / (deficit) for the year</b>	<b>(339.40)</b>	<b>904.56</b>
<b>Note 1:</b>		
<b>Cash and cash equivalents include:</b>		
Cash on hand	0.11	0.21
Cheques in Hand	1.17	1.66
Balance with banks		
- In current accounts	691.57	955.92
- In deposit account (with original maturity of 3 months or less)	416.15	490.61
<b>Total Cash and cash equivalents (Refer note 18)</b>	<b>1,109.00</b>	<b>1,448.40</b>
<b>Note 2:</b>		
Figures in brackets represent outflows of cash and cash equivalents.		
<b>Note 3:</b>		
The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements.		
<b>Note 4:</b>		
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: 27 April, 2016

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

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

**Anil Patwardhan**  
Chief Financial Officer  
Place : Pune  
Date: 27 April, 2016

**Kishor Patil**  
CEO & Managing Director

**Sneha Padve**  
Company Secretary

# 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 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 accrual basis and to comply in all material aspects with 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 million of Indian rupees, unless otherwise stated.

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 terms. 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 excise duty, sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Customer reimbursable expenses are recorded as a reduction from associated costs.

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.

# Notes forming part of the financial statements

## Liabilities

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

- 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.

Intangible fixed assets are derecognised on disposal or when no future economic benefit is expected from its use and subsequent disposal.

## 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 <sup>(1)</sup>	25
Plant and equipment <sup>(1)</sup>	4
Office equipment <sup>(1)</sup>	10
Owned vehicle <sup>(1)</sup>	5
Furniture and fixtures <sup>(1)</sup>	8

<sup>(1)</sup> 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.

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.

Improvements to leased premises are amortized over the remaining non-cancellable period of lease.

## 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

# Notes forming part of the financial statements

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 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 and 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

# Notes forming part of the financial statements

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. 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



# Notes forming part of the financial statements

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 (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

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Authorized:</b>		
625,000,000 (Previous year 625,000,000) equity shares of ₹ 2 each.	1,250.00	1,250.00
	<b>1,250.00</b>	<b>1,250.00</b>
<b>Issued, subscribed and fully paid-up:</b>		
187,826,334 (Previous year 188,065,361) equity shares of ₹ 2 each fully paid up	375.65	376.13
	<b>375.65</b>	<b>376.13</b>

### 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, 2016		As at 31 March, 2015	
	Number of shares	(₹)	Number of shares	(₹)
At the beginning of the year	188,065,361	376.13	185,494,720	370.99
Add: Shares issued on exercise of employee stock options	836,629	1.67	2,589,906	5.18
Less: Shares held by KPIT Technologies Limited Employee Welfare Trust	1,075,656	2.15	19,265	0.04
Outstanding at the end of the year	<b>187,826,334</b>	<b>375.65</b>	<b>188,065,361</b>	<b>376.13</b>

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	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares as at 31 March, 2016	% of shares held	Number of shares as at 31 March, 2015	% of shares held
Proficient Finstock LLP	24,234,330	12.27%	23,109,330	11.75%
Warhol Limited	19,483,674	9.86%	19,483,674	9.91%

2.4 6,708,441 equity shares (Previous year 5,273,643) 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 88,971,438 (Previous year 88,971,438).

2.6 Also refer note 28.

# Notes forming part of the financial statements

## Note 3 - Reserves and surplus

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Capital reserve</b>		
At the commencement and at the end of the year	19.41	19.41
<b>Capital redemption reserve</b>		
At the commencement of the year	40.00	-
Add : Reserve of KPIT Global Solutions Limited on amalgamation (Refer note 46(4))	-	40.00
	40.00	40.00
<b>Amalgamation reserve</b>		
At the commencement and at the end of the year	51.40	51.40
<b>Securities premium account</b>		
At the commencement of the year	3,849.17	3,705.71
Add : Premium on issue of shares under ESOP scheme	55.26	143.46
Add : Reserve of KPIT Global Solutions Limited on amalgamation (Refer note 46(4))	-	0.00*
	3,904.43	3,849.17
<b>Employees stock options outstanding</b>		
At the commencement of the year	11.77	2.14
Add : Amortized during the year	2.03	9.63
	13.80	11.77
<b>General reserve</b>		
At the commencement of the year	152.00	1,035.75
Add : Transferred from Statement of Profit and Loss	202.00	152.00
Add : Reserve of KPIT Global Solutions Limited, as on the appointed date, acquired pursuant to amalgamation (Refer note 46(4))	-	351.22
Less: Excess of liabilities over assets adjusted pursuant to the scheme of amalgamation with KPIT Global Solutions Limited (Refer note 46(4))	-	1,386.97
	354.00	152.00
<b>Hedging reserve</b>		
At the commencement of the year	55.26	82.77
Add : (Gain) / losses transferred to the Statement of Profit and Loss on occurrence of forecasted hedge transaction	(55.26)	(82.77)
Add : Reserve of KPIT Global Solutions Limited on amalgamation (Refer note 46(4))	-	9.67
Add: Change in fair value of effective portion of outstanding cash flow hedges	51.59	45.59
	51.59	55.26

# Notes forming part of the financial statements

## Note 3 - Reserves and surplus (continued)

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Surplus in Statement of Profit and Loss</b>		
At the commencement of the year	5,873.56	5,166.26
Less : Accumulated deficit of Employee Welfare Trust	123.81	20.29
Add : Balance in Profit and Loss Account of KPIT Global Solutions Limited, as on the appointed date, acquired pursuant to amalgamation (Refer note 46(4))	-	488.15
Less: Excess of liabilities over assets adjusted pursuant to the scheme of amalgamation with KPIT Global Solutions Limited (Refer note 46(4))	-	1,362.02
Add : Profit for the year	2,019.14	2,014.11
Less : Final dividend paid (Refer note 46(2))	0.51	0.92
Less : Dividend tax on final dividend paid	0.89	0.15
Less : Interim dividend (Refer note 28(A))	206.61	-
Less : Dividend tax on interim dividend	45.41	-
Less : Proposed dividend (Refer note 28(B))	217.25	216.33
Less : Dividend tax on proposed dividend	45.41	43.25
Less : Amount transferred to General reserve	202.00	152.00
	7,050.81	5,873.56
	<b>11,485.44</b>	<b>10,052.57</b>

\* Since denominated in ₹ million.

# Notes forming part of the financial statements

## Note 4 - Long term borrowings

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Term loans</b>		
- From banks (secured)		
External Commercial Borrowing (ECB) (Refer note ((i) & (ii) below)	1,658.24	625.90
Other loan (Refer note (iii) below)	0.87	2.08
- From other than banks (secured) (Refer note (iv) below)	7.71	-
<b>Long-term maturities of finance lease obligations (Secured)</b>		
(Secured against fixed assets obtained under finance lease arrangements) (Refer note 41(1))	1.82	2.69
	<b>1,668.64</b>	<b>630.67</b>

### Notes:

- (i) The ECB loan consist of loan 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 + 220 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each upto November 2017. The principal amount of loan outstanding as at the Balance Sheet date is USD 10 million.
- (ii) The ECB loan consist of loan secured by pari passu charge over Company's Land and Building located at Plot No. 17, Rajiv Gandhi Infotech Park, Phase III, Hinjawadi. The term loan carries interest rate of 6 months LIBOR + 160 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each, with a moratorium of 1 year, upto March 2021. The principal amount of loan outstanding as at the Balance Sheet date is USD 20 million.
- (iii) 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 ₹ 0.17 million each upto August 2018.
- (iv) Term loan from other than banks is secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repayable in two equal installments of ₹ 8.70 million each, upto May 2017.

## Note 5 - Long-term provisions

	As at 31 March, 2016	As at 31 March, 2015
<b>Provision for employee benefits</b>		
- Compensated absences	42.40	33.04
- Gratuity (Refer note 38)	206.13	170.36
<b>Other provisions</b>		
- Provision for warranty (Refer note 44)	1.35	1.91
	<b>249.88</b>	<b>205.31</b>

## Note 6 - Short-term borrowings

	As at 31 March, 2016	As at 31 March, 2015
<b>Loans repayable on demand :</b>		
<b>Working capital loan from bank</b>		
- secured (Refer note (i) below)	219.49	2,589.73
- unsecured (Refer note (ii) below)	-	899.58
	<b>219.49</b>	<b>3,489.31</b>

### 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 1% p.a.
- (ii) The loan carried interest rate upto 6 months LIBOR plus 0.75% p.a. This loan was repaid during the year.

# Notes forming part of the financial statements

## Note 7 - Trade payables

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
Total outstanding dues of micro enterprises and small enterprises (Refer note 31)	20.61	0.13
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note 46(7))	521.07	685.22
	<b>541.68</b>	<b>685.35</b>

## Note 8 - Other current liabilities

	As at 31 March, 2016	As at 31 March, 2015
Current maturities of long term debt		
- From banks (secured) (Refer note 4 - Term loan from banks for details of security and repayment terms)	332.87	312.95
- From others (secured) (Refer note 4 - Term loan from banks for details of security and repayment terms)	9.19	6.37
Current maturities of finance lease obligations (secured) (Refer note 41(1))	0.87	0.79
Interest accrued and due on borrowings	0.13	1.84
Interest accrued but not due on borrowings	9.73	12.69
Unearned revenue	104.07	85.05
Unclaimed dividend	4.89	3.44
Accrued employee costs (Refer note 46(7))	501.27	450.33
Payable to subsidiaries (Refer note 40)	3.90	-
Statutory liabilities	149.24	198.29
Payable for purchase of fixed assets	85.93	58.50
Advances from customers	3.59	4.17
Interim dividend (Refer note 28(A))	206.61	-
Tax on interim dividend (Refer note 28(A))	45.41	-
Other payables	0.38	15.79
	<b>1,458.08</b>	<b>1,150.21</b>

## Note 9 - Short-term provisions

	As at 31 March, 2016	As at 31 March, 2015
Provision for employee benefits		
- Compensated absences	98.84	94.89
- Gratuity (Refer note 38)	20.62	5.49
Provision for tax		
- Current tax (net of advance tax) (Refer note 46(7))	140.80	130.07
Service tax payable (net of tax paid under protest)	3.54	3.54
Fringe benefit tax	0.93	0.94
Provision for warranty (Refer note 44)	3.19	8.14
Proposed dividend (Refer note 28(B))	217.25	216.33
Tax on proposed dividend (Refer note 28(B))	45.41	43.26
	<b>530.58</b>	<b>502.66</b>

# Notes forming part of the financial statements

## Note 10 - Fixed assets

Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at 01 April, 2015	Adjustments or Reclassifications	Additions on account of amalgamation Year 2015-16	Disposals/ Retirement/ Derecognition	As at 31 March, 2016	Up to 01 April, 2015	Adjustments or Reclassifications	Additions on account of amalgamation year	Disposals/ Retirement/ Derecognition	Up to 31 March, 2016	As at 31 March, 2015
			(Refer note 46(4))				(Refer note 46(4))				(Amount in ₹ million)
<b>A. Tangible fixed assets</b>											
- Land (Leasehold)	354.16	-	107.31	-	461.47	11.95	-	5.76	-	17.71	443.76
- Building	831.83	-	4.43	-	836.26	361.82	-	25.81	-	387.63	448.63
- Plant and Equipment	1,113.47	-	257.88	21.43	1,349.92	757.38	-	181.05	21.25	917.18	432.74
- Furniture and Fixtures	287.66	-	46.18	-	333.84	227.06	-	14.75	-	241.81	92.03
- Vehicles											60.60
- Lease / Hire Purchase (Refer Note 41(f))	15.89	-	-	4.60	11.29	8.68	-	2.80	4.60	6.88	4.41
- Owned	9.46	-	-	-	9.46	3.41	-	2.40	-	5.81	3.65
- Office Equipments	572.02	-	51.38	0.85	623.55	370.65	-	45.64	0.51	415.78	206.77
- Leasehold Improvements	-	-	174.53	-	174.53	-	-	12.01	-	12.01	162.52
<b>Total tangible fixed assets</b>	<b>3,184.49</b>	<b>(29.58)</b>	<b>122.85</b>	<b>26.88</b>	<b>3,184.49</b>	<b>1,740.95</b>	<b>(14.27)</b>	<b>290.22</b>	<b>26.36</b>	<b>2,004.81</b>	<b>1,443.54</b>
<b>Previous Year</b>	<b>2,750.64</b>	<b>(29.58)</b>	<b>381.15</b>	<b>40.57</b>	<b>3,184.49</b>	<b>1,459.67</b>	<b>(14.27)</b>	<b>75.25</b>	<b>259.69</b>	<b>1,740.95</b>	<b>1,443.54</b>
<b>B. Intangible fixed assets</b>											
- Internally Generated Intangible											
- Product Development Cost	457.75	-	31.53	-	489.28	246.07	-	70.65	-	316.72	172.56
- Other Than Internally Generated Intangible Assets											
- Goodwill	81.89	-	-	-	81.89	81.89	-	-	-	81.89	-
- Non-compete fees	144.21	-	-	-	144.21	144.21	-	-	-	144.21	-
- Product Development Cost	21.60	-	-	21.60	-	21.60	-	-	21.60	-	-
- Rights to render Business Process Outsourcing Services	206.73	-	-	206.73	-	206.73	-	-	206.73	-	-
- Software	1,245.29	-	255.57	-	1,500.86	951.78	-	222.79	-	1,174.57	293.51
<b>Total intangible fixed assets</b>	<b>2,157.47</b>	<b>-</b>	<b>287.10</b>	<b>228.33</b>	<b>2,216.24</b>	<b>1,652.28</b>	<b>-</b>	<b>293.44</b>	<b>228.33</b>	<b>1,777.39</b>	<b>498.85</b>
<b>Previous Year</b>	<b>1,687.47</b>	<b>29.58</b>	<b>49.67</b>	<b>390.75</b>	<b>2,157.47</b>	<b>1,176.63</b>	<b>14.27</b>	<b>26.77</b>	<b>434.61</b>	<b>1,652.28</b>	<b>505.19</b>



# Notes forming part of the financial statements

## Note 11 - Non-current investments

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Trade investments (unquoted)</b>		
<b>Investments in equity instruments of subsidiaries (at cost)</b>		
Systime Computer Corporation, USA [204,082 (Previous year 204,082) common stock of issued equity, no par value]	469.36	469.36
KPIT Infosystems ME FZE, UAE [1 (Previous year 1) equity share of nominal value of AED 1,000,000]	25.41	25.41
KPIT Technologies (UK) Limited A wholly owned subsidiary company incorporated in UK 10,215,966 (Previous year 10,215,966) Equity shares of £1/- each fully paid-up.	827.08	827.08
KPIT Infosystems Incorporated A wholly owned subsidiary company incorporated in USA 12,467 (Previous year 12,467) Equity stock without par value fully paid-up.	2,879.17	2,879.17
KPIT Technologies 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.	215.97	215.97
KPIT (Shanghai) Software Technology Co. Limited A wholly owned subsidiary company incorporated in China 14,074,702 (Previous year 11,014,863) Equity shares of RMB 1 each fully paid up	128.84	96.84
KPIT Technologies 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	34.30	34.30
KPIT Technologies Solucoes EM Informatica LTDA A subsidiary of KPIT Infosystems Inc 1,000 (Previous year 1,000) shares of Brazilian Reas 1 each fully paid up	0.04	0.04
Impact Automotive Solutions Limited 49,990,000 (Previous year 31,810,000) Equity shares of ₹ 10 each fully paid-up.	458.69	276.89
<b>Investments in equity instruments of other entities (at cost)</b>		
Investment in Sankalp Semiconductors Private Limited 771,000 (Previous year 771,000) shares of ₹ 2 each fully paid up	117.55	117.55
Saraswat Co-operative Bank Limited (Refer note 46(4)) 1 (Previous year NIL) equity share of ₹ 10 each fully paid up	0.00*	0.00*
	<b>5,156.41</b>	<b>4,942.61</b>

\* Since denominated in ₹ million.

# Notes forming part of the financial statements

## Note 12 - Deferred tax asset / (liability)

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Deferred tax assets</b>		
- Provision for doubtful debts and advances	80.62	77.24
- Provision for leave encashment	40.73	38.35
- Provision for gratuity	68.40	52.57
	<b>189.75</b>	<b>168.16</b>
<b>Deferred tax liabilities</b>		
- Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts	94.44	75.07
	<b>94.44</b>	<b>75.07</b>
Net deferred tax asset / (liability)	<b>95.31</b>	<b>93.09</b>

## Note 13 - Long-term loans and advances

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
<b>Loans to related parties (Refer note 40)</b>		
- Loan to KPIT Technologies (UK) Limited	-	68.51
- Loan to KPIT Infosystems Incorporated, USA	-	642.52
- Loan to director	22.70	-
<b>Loans and advances to other than related parties</b>		
Capital advances	51.56	2.77
Security deposits	68.33	165.91
<b>Other loans and advances</b>		
- Loan to employees	6.40	-
- Advance taxes and tax deducted at source (net of provisions)	512.82	385.64
- Fringe benefit tax paid in excess of provision (net)	1.45	1.45
- Prepaid expenses	18.51	0.81
- MAT credit entitlement (Refer note 46(7))	359.13	317.78
	<b>1,040.90</b>	<b>1,585.39</b>

## Note 14 - Other non-current assets

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
Balance in Group Gratuity Trust Account	17.84	14.97
Fixed deposits with banks	10.78	11.49
Interest accrued on fixed deposits	0.15	0.13
	<b>28.77</b>	<b>26.59</b>

# Notes forming part of the financial statements

## Note 15 - Current investments

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Investment in Mutual Funds - (unquoted) (non-trade)</b>		
(At cost or fair value whichever is lower)		
NIL units (Previous year 1,123,731 units) Birla Sun Life Savings Fund - Daily Dividend - Regular Plan	-	112.71
NIL units (Previous year 9,810,206 units) - HDFC Liquid Fund - Dividend - Daily Reinvestment	-	100.05
NIL units (Previous year 72,837 units) - Axis Liquid Fund - Daily Dividend	-	72.86
NIL units (Previous year 102,848 units) Reliance Liquid Fund - Treasury Plan- Daily Dividend Option	-	157.23
NIL units (Previous year 70,813 units) Kotak Floater Short-Term - Daily Dividend	-	71.64
NIL units (Previous year 43 units) DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend	-	0.04
NIL units (Previous year 757,600 units) ICICI Prudential Liquid Regular plan - Daily dividend	-	75.81
	-	<b>590.34</b>

## Note 16 - Inventories

(Valued at the lower of cost and net realisable value)

	As at 31 March, 2016	As at 31 March, 2015
Raw materials (Refer note (i) below)	298.96	207.39
Work-in-progress (Refer note (iii) below)	3.29	0.18
Finished goods (Refer note (ii) below)	4.91	0.01
Stores and spares	0.08	0.08
	<b>307.24</b>	<b>207.66</b>
<b>Note :</b>		
<b>i) Breakup of raw material</b>		
Single control unit	150.91	61.42
Bus driver console	38.05	52.35
Camera	40.19	34.10
Dome type antenna	18.69	22.73
VTS Unit	7.27	-
Mic Actia	6.55	-
Others	37.30	36.79
	<b>298.96</b>	<b>207.39</b>
<b>ii) Breakup of finished goods</b>		
Intelligent transport system	4.91	0.01
	<b>4.91</b>	<b>0.01</b>
<b>iii) Breakup of work-in-progress</b>		
Intelligent transport system	3.29	0.18
	<b>3.29</b>	<b>0.18</b>

# Notes forming part of the financial statements

## Note 17 - Trade receivables (Unsecured)

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	91.66	82.99
- Considered doubtful	132.03	130.59
Less: Provision for doubtful trade receivables	132.03	130.59
	91.66	82.99
Other trade receivables		
- Considered good	3,222.23	4,607.92
- Considered doubtful	163.68	114.13
Less: Provision for doubtful trade receivables	163.68	114.13
	3,222.23	4,607.92
	<b>3,313.89</b>	<b>4,690.91</b>

## Note 18 - Cash and bank balances

	As at 31 March, 2016	As at 31 March, 2015
Cash and cash equivalents		
Cash on hand	0.11	0.21
Cheques in hand	1.17	1.66
Balances with banks		
- In current account	691.57	955.92
- In deposit account (with original maturity of 3 months or less)	416.15	490.61
	1,109.00	1,448.40
Other bank balances (includes unclaimed dividend of ₹ 4.89 million (Previous year ₹ 3.55 million))	1,089.04	357.32
	<b>2,198.04</b>	<b>1,805.72</b>
<b>Details of bank balances/deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,107.72	1,446.54
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (excludes unclaimed dividend of ₹ 4.89 million (Previous year ₹ 3.55 million))	1,084.15	353.77
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (Refer note 14)	10.78	11.49
	<b>2,202.65</b>	<b>1,811.80</b>

# Notes forming part of the financial statements

## Note 19 - Short term loans and advances

(Unsecured, considered good unless otherwise stated)

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
Loans and advances to related parties (Refer note 40)		
- Loan to KPIT Infosystems Incorporated, USA	513.37	-
- Loan to director	6.05	-
- Dues from subsidiaries	394.86	162.35
Other loans and advances		
- Employee advances		
Considered good	46.00	60.05
Considered doubtful	24.32	10.22
	70.32	70.27
Less: Provision for doubtful advances	24.32	10.22
	46.00	60.05
- Loan to employees	1.60	-
- Security deposits	119.31	19.47
- Balance with statutory authorities	114.87	67.31
- Prepaid expenses	160.54	116.81
- Advance to suppliers	38.97	155.02
- Other receivables	0.02	25.28
	<b>1,395.59</b>	<b>606.29</b>

## Note 20 - Other current assets

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
Unbilled revenue	309.33	433.66
Interest accrued on fixed deposits	8.81	3.78
Mark to market gain on cash flow hedges (Refer note 37)	51.59	55.26
	<b>369.73</b>	<b>492.70</b>

# Notes forming part of the financial statements

## Note 21 - Revenue from operations

(Amount in ₹ million)

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Software services	12,430.94	11,326.63
<b>Sale of products</b>		
Finished goods	210.08	1,255.48
<b>Sale of products (gross)</b>	210.08	1,255.48
Less : Excise duty	22.46	124.64
<b>Sale of products (net)</b>	187.62	1,130.84
	<b>12,618.56</b>	<b>12,457.47</b>
<b>Break-up of revenue from sale of products (net)</b>		
Intelligent transport system	187.62	862.62
Others	-	268.22
	<b>187.62</b>	<b>1,130.84</b>

## Note 22 - Other income

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest income	60.88	78.71
Dividend income from current investments (non-trade)	34.73	50.25
Foreign exchange gain (net)	138.49	95.44
Profit on sale of fixed assets (net)	1.40	1.24
Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income)	29.26	1.92
	<b>264.76</b>	<b>227.56</b>

## Note 23 - Cost of materials consumed

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Inventory of materials at the beginning of the year	207.39	20.24
Purchases	232.61	1,028.23
Inventory of materials at the end of the year	298.96	207.39
	<b>141.04</b>	<b>841.08</b>
<b>Break-up of cost of materials consumed</b>		
Single control unit	96.75	412.99
Bus driver console	18.48	131.18
Camera	9.01	75.55
LED display board	9.04	123.79
Dome type antenna	3.20	13.98
Others	4.56	83.59
	<b>141.04</b>	<b>841.08</b>

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

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Finished goods</b>		
Inventory at the beginning of the year	0.01	3.01
Inventory at the end of the year	4.91	0.01
	(4.90)	3.00
<b>Work-in-progress</b>		
Inventory at the beginning of the year	0.18	0.01
Inventory at the end of the year	3.29	0.18
	(3.11)	(0.17)
	<b>(8.01)</b>	<b>2.83</b>



# Notes forming part of the financial statements

## Note 25 - Employee benefits expense

	(Amount in ₹ million)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Salaries, wages and bonus (Refer note 46(7))	6,942.64	6,408.07
Contributions to provident fund (Refer note 38)	223.93	190.18
Staff welfare expenses	25.43	38.56
	<b>7,192.00</b>	<b>6,636.81</b>

## Note 26 - Finance costs

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest expense	77.33	126.41
Net loss on foreign currency transactions and translations (considered as finance costs)	30.94	95.14
	<b>108.27</b>	<b>221.55</b>

## Note 27 - Other expenses

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Travel and overseas expenses (net)	309.38	413.56
Transport and conveyance (net)	148.49	151.57
Cost of service delivery (net)	224.24	291.31
Cost of professional subcontracting	297.61	272.22
Recruitment and training expenses	96.14	116.66
Power and fuel	124.66	100.60
Rent (Refer note 41(2))	229.42	150.27
Repairs and maintenance:		
- Buildings	6.50	0.58
- Plant and equipment	207.84	161.85
- Others	54.36	53.05
Insurance	69.15	64.75
Rates and taxes	13.15	13.37
Communication expenses (net)	85.88	76.15
Legal and professional fees	210.49	148.53
Marketing expenses	40.68	34.52
Printing and stationery	8.25	7.32
Auditors remuneration (net of service tax)		
- Audit fees	9.00	8.50
- Limited review of quarterly results	1.20	1.34
- Fees for other services	4.78	3.70
- Out of pocket expenses	0.84	0.52
Bad debts written off	0.02	220.99
Provision for doubtful debts and advances (net)	51.80	120.35
Miscellaneous expenses (Refer note 46(6) and 46(7))	209.72	162.72
	<b>2,403.60</b>	<b>2,574.43</b>

### Note :

Certain expenses are net of recoveries/reimbursements from customers.

# Notes forming part of the financial statements

28. (A) Interim dividend was declared by the Board of Directors by passing a circular resolution on 31 March, 2016. The interim dividend distributed to equity shareholders for the period is ₹ 217.25 million (including amount of ₹ 10.64 million on the shares held by employee welfare trust) i.e. ₹ 1.10 per share (Previous year - ₹ NIL).

(B) The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 217.25 million i.e. ₹ 1.10 per share. (Previous year ₹ 216.33 million 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, 2016 the Company has received an amount of ₹ 0.63 million (Previous year ₹ 7.65 million) towards share application money for 13,644 shares (Previous year 105,108 shares) at a premium of ₹ 0.60 million (Previous year ₹ 7.44 million). 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, 2016	As at 31 March, 2015
1	Outstanding bank guarantees in routine course of business	143.74	157.77
2	Corporate guarantee provided by the Company for loan availed by KPIT Infosystems Incorporated, USA	663.33	600.90
3	Corporate guarantee provided by the Company for loan availed by KPIT Infosystems ME FZE, UAE	66.33	62.59
4	Corporate guarantee provided by the Company for loan availed by KPIT Technologies (UK) Limited	95.09	-
5	Bills discounted	334.32	-
6	Income tax matters	6.77	34.73
7	VAT matters	1.75	2.22
8	Service tax matters (excluding interest and penalty)	554.84	554.86

### (ii) Commitments

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

a. Tangible assets - ₹ 380.16 million (Previous year ₹ 153.66 million).

b. Intangible assets - ₹ 22.67 million (Previous year ₹ 8.17 million).

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

a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31 March, 2016 is ₹ 20.61 million (Previous year ₹ 0.13 million) including unpaid amounts of ₹ Nil (Previous year ₹ Nil) outstanding for more than 30 days. Estimated interest due thereon is ₹ Nil (Previous year ₹ Nil).

b. Amount of payments made to suppliers beyond the appointed date during the year is ₹ 44.63 million (Previous year ₹ 0.02 million). Interest paid thereon is ₹ Nil (Previous year ₹ Nil) and the estimated interest due and payable thereon is ₹ 0.64 million (Previous year ₹ 0.00 million).

c. The amount of estimated interest accrued and remaining unpaid as at 31 March, 2016 is ₹ 0.67 million (Previous year ₹ 0.03 million).

d. The amount of further estimated interest due and payable for the period from 1 April, 2016 to actual date of payment or 20 April, 2016 (whichever is earlier) is Nil.

# Notes forming part of the financial statements

## 32. Particulars of loans and advances in nature of loans required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of party	FY 2015-16		FY 2014-15	
	Balance	Maximum amount outstanding	Balance	Maximum amount outstanding
KPIT Technologies (UK) Limited (including interest)	-	68.51	68.51	74.00
KPIT Infosystems Incorporated, USA (including interest)	513.37	661.46	642.52	746.80

## 33. CIF Value of Imports:

Particulars	FY 2015-16	FY 2014-15
Capital goods	278.31	94.48
Components and spare parts	37.01	25.07

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

Particulars	FY 2015-16	FY 2014-15
Salaries and wages	187.45	177.78
Cost of professional subcontracting	54.12	-
Cost of service delivery	12.12	102.54
Travelling expenses	11.41	105.70
Marketing expenses	9.78	17.36
Professional expenses	79.11	34.10
Rent	-	0.98
Rates and taxes	1.27	1.18
Financial charges	2.35	17.43
Other expenses	15.31	12.51
<b>Total</b>	<b>372.92</b>	<b>469.58</b>

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

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

Particulars	FY 2015-16	FY 2014-15
Software services	9,864.24	8,748.73
Interest from inter-company loans	36.04	34.77
Miscellaneous income	0.09	-
<b>Total</b>	<b>9,900.37</b>	<b>8,783.50</b>

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 2015-16	FY 2014-15
Year to which the dividend relates	FY 2014-15	FY 2013-14
Number of non-resident shareholders to whom remittance was made	4	4
Number of shares on which remittance was made	5,586,347	5,586,347
Amount remitted (in ₹ million)	6.08	6.14

# Notes forming part of the financial statements

## 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, 2016 as required by AS-30 'Financial Instruments : Recognition and Measurement' and accordingly recognized a mark-to-market gain of ₹ 51.59 million (Previous year gain of ₹ 55.26 million) 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 2016:

Type of cover		Forward exchange contracts outstanding at the year end in foreign currency (million)	Forward exchange contracts outstanding at the year end in ₹ (million)	Exposure to Buy/Sell
Forward	EUR	4.65	349.19	Sell
	EUR	(4.20)	(313.85)	Sell
Forward	USD	37.85	2,510.70	Sell
	USD	(38.85)	(2,503.63)	Sell
Forward	GBP	1.10	104.60	Sell
	GBP	(1.20)	(118.85)	Sell

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

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

Particulars	FY 2015-16		FY 2014-15	
	Amount in foreign currency (million)	Equivalent amount in ₹ (million)	Amount in foreign currency (million)	Equivalent amount in ₹ (million)
<b>Trade payables / dues to subsidiaries including payables for purchase of fixed assets.</b>				
GBP	0.05	4.96	0.03	2.83
EUR	1.03	77.00	0.83	58.38
USD	1.16	77.24	0.89	63.36
JPY	3.00	1.77	1.50	0.78
AUD	0.09	4.60	0.01	0.49
SEK	0.02	0.16	0.03	0.22
SGD	0.01	0.72	0.02	0.75
CHF	0.00	0.17	NIL	NIL
NOK	NIL	NIL	0.00	0.02
MYR	NIL	NIL	0.06	0.99
DKK	0.01	0.14	NIL	NIL
KRW	9.76	0.57	NIL	NIL
AED	1.14	20.60	0.01	0.13
CAD	0.03	1.54	0.01	0.57
<b>Trade receivables / dues from subsidiaries</b>				
AUD	1.15	58.61	0.84	39.90
SGD	0.07	3.31	0.05	2.23
CAD	1.23	62.71	0.58	28.50

# Notes forming part of the financial statements

Particulars	FY 2015-16		FY 2014-15	
	Amount in foreign currency (million)	Equivalent amount in ₹ (million)	Amount in foreign currency (million)	Equivalent amount in ₹ (million)
EUR	6.12	459.95	5.37	362.77
GBP	3.66	348.29	3.36	310.37
THB	7.70	14.54	NIL	NIL
MYR	0.01	0.21	NIL	NIL
CHF	NIL	NIL	0.07	4.28
JPY	NIL	NIL	0.74	0.39
DKK	0.07	0.67	1.62	14.56
CNY	5.90	60.54	0.86	8.68
KRW	365.61	21.16	403.73	22.69
USD	35.93	2,383.47	56.72	3,550.41
NZD	0.20	9.00	0.04	2.05
AED	NIL	NIL	0.05	0.83
<b>PCFC loans</b>				
USD	3.00	199.00	40.97	2,564.25
<b>EEFC accounts</b>				
USD	0.45	29.90	2.37	148.14
GBP	0.15	14.03	0.54	49.89
EUR	0.11	8.02	1.48	99.74
<b>Bank deposits</b>				
GBP	0.08	7.24	0.08	7.04
<b>Working capital loan</b>				
USD	-	-	14.37	899.58
<b>Loans - Granted to subsidiaries</b>				
<b>KPIT Technologies (UK) Ltd</b>				
EUR	-	-	1.01	68.51
<b>KPIT Infosystems Incorporated, USA.</b>				
USD	7.74	513.37	10.27	642.52
<b>External commercial borrowing</b>				
USD	30.00	1,989.90	15.00	938.86

Note : 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 ₹ 223.93 million (Previous year ₹ 190.18 million)

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.

# Notes forming part of the financial statements

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 2015-16	FY 2014-15
Present value of defined benefit obligation at the beginning of the year	175.85	105.16
Adjustment on account of merger	NIL	26.04
Adjustment on transfer of employees	NIL	NIL
Current service cost	27.43	16.97
Interest cost	14.51	9.38
Actuarial loss / (Gain)	43.61	37.52
Benefits paid	(34.65)	(19.22)
Present value of defined benefit obligation at the end of the year	226.75	175.85

Analysis of defined benefit obligation	FY 2015-16	FY 2014-15
Present value of obligation as at the end of the year	226.75	175.85
Net (asset) / liability recognized in the Balance Sheet	226.75	175.85

Components of employer expenses recognized in the statement of Profit and Loss	FY 2015-16	FY 2014-15
Current service cost	27.43	16.97
Interest cost	14.51	9.38
Actuarial loss / (gain)	43.61	37.52
Expenses recognized in the Statement of Profit and Loss	85.55	63.87

Assumptions	FY 2015-16	FY 2014-15
Discount rate	7.86%	8.25%
Salary Escalation	5.00%	5.00%

Attrition Rate	FY 2015-16	FY 2014-15
- 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 takes into account the inflation, seniority, promotion and other relevant factors.

## Experience adjustments on plan assets & liabilities

	Year ended 31 March				
	2016	2015	2014	2013	2012
Defined benefit obligation	226.75	175.85	105.16	92.70	67.44
Surplus / (deficit)	(226.75)	(175.85)	(105.16)	(92.70)	(67.44)
Experience adjustments on plan liabilities (Gain) / Loss	33.19	46.09	4.24	13.89	(1.21)

## 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.



# Notes forming part of the 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
	KPIT Infosystems Incorporated, USA
	KPIT Technologies France
	KPIT (Shanghai) Software Technology Co. Limited, China
	KPIT Technologies 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 (Through KPIT Technologies GmbH, Germany)
	KPIT Solutions GmbH (Through KPIT Technologies GmbH, Germany)
	CPG Solutions, LLC USA (merged w.e.f 1 January 2016 with KPIT Infosystems Incorporated, USA)
	Sparta Consulting Inc., USA (Through KPIT Infosystems Incorporated, USA)
	KPIT Technologies Soluções EM Informática Ltda. (Through KPIT Infosystems Incorporated, USA)
	Integrated Industrial Information Inc. (merged w.e.f 1 January 2016 with KPIT Infosystems Incorporated, USA)
	SYSTIME Global Solutions LTDA, Brazil (Through SYSTIME Computer Corporation, USA)
	KPIT Technologies Corporation (Through SYSTIME Computer Corporation, USA)

### 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. (upto 21 July 2015)
	Ms. Sneha Padve (w.e.f 22 July 2015)
	Relative of KMP
Mrs. Jayada Pandit	
Mr. Shreyas Patwardhan	
Enterprise over which KMP has significant influence	KP Corporate Solutions Limited
	Kirtane & Pandit LLP

# Notes forming part of the financial statements

## C. Transactions with related parties

Sr. No.	Name of related party	FY 2015-16		FY 2014-15	
		Amount of transactions during the year (₹ million)	Balance as on 31 March, 2016 Debit/(Credit) (₹ million)	Amount of transactions during the year (₹ million)	Balance as on 31 March, 2015 Debit/(Credit) (₹ million)
<b>1</b>	<b>KPIT Technologies (UK) Ltd</b>				
	Investment in equity	NIL	827.08	195.38	827.08
	Loan granted to subsidiary	NIL		74.00	
	Repayment of loan granted to subsidiary	74.24	NIL	NIL	68.51
	Interest income	1.49		1.04	
	Sales	1,036.26	405.56	875.30	396.62
	Reimbursement revenue	83.96		29.01	
	Software service charges	0.26	(0.46)	0.21	(0.20)
	Advance given (net)	30.93		14.27	
	Reimbursement of expenses (net)	73.11	27.28	38.53	19.21
<b>2</b>	<b>KPIT Technologies France</b>				
	Investment in equity	NIL	215.97	NIL	215.97
	Sales	722.26	163.87	344.53	61.03
	Reimbursement revenue	17.86		12.76	
	Advance given (net)	0.59	2.84	NIL	6.24
	Reimbursement of expenses (net)	9.00		12.25	
<b>3</b>	<b>KPIT Technologies GmbH, Germany</b>				
	Sales	408.85	92.18	499.81	201.38
	Reimbursement revenue	8.86		9.33	
	Software service charges	73.91	(29.30)	118.46	(66.00)
	Advance given (net)	6.93		6.76	
	Reimbursement of expenses (net)	35.75	22.21	13.34	6.49
<b>4</b>	<b>KPIT Infosystems Incorporated, USA</b>				
	Investment in equity	NIL	2,879.17	727.32	2,879.17
	Sales	4,048.54	1,137.30	2,988.51	1,492.89
	Reimbursement revenue	85.15		102.26	
	Software service charges	5.62	(7.56)	1.88	(1.79)
	Advance given (net)	25.69		17.21	
	Reimbursement of expenses (net)	371.56	203.46	213.55	63.50
	Repayment of loan granted to subsidiary	195.02	NIL	152.28	NIL
	Loan granted to subsidiary	NIL		NIL	642.52
	Interest income	34.55	513.37	33.73	
<b>5</b>	<b>Sparta Consulting Inc., USA</b>				
	Advance given (net)	1.64	2.84	NIL	1.19
	Reimbursement revenue	18.48		NIL	
	Sales	458.23	336.77	472.05	366.58
	Software service charges	0.12	(0.12)	NIL	NIL
<b>6</b>	<b>KPIT (Shanghai) Software Technology Co. Limited, China</b>				
	Investment in equity	32.00	128.84	27.74	96.84
	Sales	82.84	57.32	17.06	16.21
	Reimbursement revenue	1.02		0.12	
	Advance given (net)	2.63		0.31	
	Reimbursement of expenses (net)	0.42	1.25	0.04	NIL

# Notes forming part of the financial statements

Sr. No.	Name of related party	FY 2015-16		FY 2014-15	
		Amount of transactions during the year (₹ million)	Balance as on 31 March, 2016 Debit/(Credit) (₹ million)	Amount of transactions during the year (₹ million)	Balance as on 31 March, 2015 Debit/(Credit) (₹ million)
<b>7</b>	<b>KPIT Technologies Corporation, Canada</b>				
	Sales	134.80		105.95	
	Reimbursement revenue	0.87	64.71	0.06	30.95
	Advance taken (net)	0.25		4.22	
	Reimbursement of expenses (net)	0.01	0.67	NIL	0.91
<b>8</b>	<b>KPIT Infosystems ME FZE, Dubai</b>				
	Investment in Equity	NIL	25.41	NIL	25.41
	Sales	NIL		38.13	
	Reimbursement revenue	(0.21)	(10.44)	1.04	NIL
	Advance given (net)	0.88		3.06	
	Reimbursement of expenses (net)	0.03	(2.30)	0.11	2.31
<b>9</b>	<b>KPIT Infosystems ME FZE (Australia Branch)</b>				
	Sales	65.10		0.61	
	Reimbursement revenue	7.40	52.25	25.65	24.87
	Advance given (net)	1.34		NIL	
	Reimbursement of expenses (net)	0.43	18.82	14.85	15.84
<b>10</b>	<b>KPIT Infosystems ME FZE (Korea Branch)</b>				
	Sales	42.04		18.79	
	Reimbursement revenue	0.25	14.58	0.04	18.89
	Software service charges	0.53	(0.57)	NIL	NIL
	Advance given (net)	1.63		0.35	
	Reimbursement of expenses (net)	0.54	7.88	11.30	5.50
<b>11</b>	<b>KPIT Technologies Netherlands B.V.</b>				
	Investment in Equity	NIL	34.30	NIL	34.30
	Sales	145.49		121.05	
	Reimbursement revenue	0.58	35.76	0.90	34.16
	Advance given (net)	1.84		NIL	
	Reimbursement of expenses (net)	0.16	1.25	0.17	NIL
<b>12</b>	<b>KPIT Technologies Soluções EM Informática Ltda.</b>				
	Investment in Equity	NIL	0.04	NIL	0.04
	Software service charges	7.92	(9.11)	9.50	(9.49)
<b>13</b>	<b>KPIT Infosystems Limited Filial UK, Sweden</b>				
	Sales	62.72		73.13	
	Reimbursement revenue	5.40	9.95	0.92	23.50
	Advance given (net)	1.81		1.73	
	Reimbursement of expenses (net)	0.20	1.74	0.30	0.49
<b>14</b>	<b>SYSTIME Computer Corporation, USA</b>				
	Investment in Equity	NIL	469.36	NIL	469.36
	Sales	1,002.46		1,502.29	
	Reimbursement revenue	34.03	225.60	40.46	1,115.60
	Advance given (net)	4.78		1.50	
	Reimbursement of expenses (net)	137.45	101.56	170.69	39.12

# Notes forming part of the financial statements

Sr. No.	Name of related party	FY 2015-16		FY 2014-15	
		Amount of transactions during the year (₹ million)	Balance as on 31 March, 2016 Debit/(Credit) (₹ million)	Amount of transactions during the year (₹ million)	Balance as on 31 March, 2015 Debit/(Credit) (₹ million)
<b>15</b>	<b>Impact Automotive Solutions Limited</b>				
	Investment in Equity	181.80	458.69	20.00	276.89
	Share application money	NIL	NIL	(20.00)	NIL
	Advance given (net)	5.01	1.45	NIL	1.56
	Reimbursement of expenses (net)	0.22		5.48	
	Purchase of Components	NIL	0.01	0.63	(0.01)
	Rent and administration charges	5.32	NIL	3.46	NIL
	Sales	77.79	98.45	0.23	0.21
<b>16</b>	<b>CPG Solutions LLC, USA</b>				
	Sales	73.95	NIL	NIL	NIL
	Reimbursement revenue	0.63		NIL	
<b>17</b>	<b>KPIT medini Technologies AG</b>				
	Purchase of license	0.27	(2.18)	NIL	NIL
	Software service charges	0.57		NIL	
<b>18</b>	<b>KP Corporate Solutions Ltd.</b>				
	Sales	0.97	NIL	2.90	3.26
	Professional fees	1.35	0.00	1.10	(0.07)
<b>19</b>	<b>Kirtane &amp; Pandit LLP</b>				
	Professional fees	0.52	NIL	NIL	NIL
<b>20</b>	<b>Mr. S. B. (Ravi) Pandit</b>				
	Salary	15.93	NIL	16.14	NIL
	Reimbursement of expenses (net)	3.85	NIL	1.65	(0.00)
<b>21</b>	<b>Mr. Kishor Patil</b>				
	Salary	11.84	NIL	9.36	NIL
	Perquisites	0.19	NIL	NIL	NIL
	Loan given	30.00	28.75	NIL	NIL
	Repayment of loan granted	1.25		NIL	
	Interest received	0.57	NIL	NIL	NIL
	Reimbursement of expenses (net)	1.92	NIL	2.31	NIL
<b>22</b>	<b>Mr. Sachin Tikekar</b>				
	Salary	12.60	NIL	11.54	NIL
	Reimbursement of expenses (net)	2.91	NIL	5.54	NIL
<b>23</b>	<b>Mr. Chinmay Pandit</b>				
	Salary	3.53	NIL	3.42	NIL
	Reimbursement of expenses (net)	0.65	NIL	0.40	NIL
<b>24</b>	<b>Mrs. Jayada Pandit</b>				
	Salary	1.62	NIL	0.39	NIL
	Reimbursement of expenses (net)	0.01	NIL	0.00	NIL
<b>25</b>	<b>Mr. Anil Patwardhan</b>				
	Salary	7.13	NIL	6.86	NIL
	Reimbursement of expenses (net.)	0.28	NIL	0.71	NIL
<b>26</b>	<b>Mr. Swaminathan R. (upto 21 July, 2015)</b>				
	Salary	1.28	NIL	3.83	NIL
	Reimbursement of expenses (net)	0.05	NIL	0.38	(0.01)
<b>27</b>	<b>Ms. Sneha Padve (w.e.f 22 July, 2015)</b>				
	Salary	2.17	NIL	NIL	NIL
	Reimbursement of expenses (net)	0.01	NIL	NIL	NIL
<b>28</b>	<b>Mr. Shreyas Patwardhan</b>				
	Salary	0.59	NIL	0.47	NIL
	Reimbursement of expenses (net)	0.00	NIL	0.02	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 year end is as follows :

Particulars	FY 2015-16	FY 2014-15
Minimum lease payments		
- not later than one year	1.09	1.09
- later than one year and not later than five years	2.00	3.09
- later than five years	NIL	NIL
Total minimum lease payments	3.09	4.18
Amount representing future interest	0.40	0.70
Present value of minimum lease payments	2.69	3.48
- not later than one year	0.87	0.79
- later than one year and not later than five years	1.82	2.69
- 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 2015-16	FY 2014-15
Minimum lease payments		
- Not later than one year	143.32	131.07
- later than one year and Not later than five years	532.40	196.05
- later than five years	746.03	38.57
<b>Total</b>	<b>1,421.75</b>	<b>365.69</b>

Rental expenses (net of recoveries / reimbursements) of ₹ 229.42 million (Previous year ₹ 150.27 million) 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 2015-16	FY 2014-15
Nominal value per equity share	₹	2.00	2.00
Profit without the profit pursuant to scheme of amalgamation	₹ (million)	2,019.14	1,520.44
Profit without the profit pursuant to scheme of amalgamation attributable to equity shareholders	₹ (million)	2,019.14	1,520.44
Weighted average number of equity shares	No. of shares	191,225,608	189,671,704
Earnings per share before profit on account of amalgamation - Basic	₹ (million)	10.56	8.02
Profit with the profit pursuant to scheme of amalgamation	₹ (million)	2,019.14	2,014.11
Profit without the profit pursuant to scheme of amalgamation attributable to equity shareholders	₹ (million)	2,019.14	2,014.11
Earnings per share after profit on account of amalgamation - Basic	₹	10.56	10.62
Effect of dilutive potential equity shares-			
Employee stock options (including shares held by Employee Welfare Trust)	No. of shares	8,629,025	9,935,111
Weighted average number of diluted equity shares	No. of shares	199,854,633	199,606,815
Earnings per share before profit on account of amalgamation - Diluted	₹	10.10	7.62
Earnings per share after profit on account of amalgamation - Diluted	₹	10.10	10.09

# Notes forming part of the financial statements

43. The Company has received recognition from Department of Scientific and Industrial Research, Ministry of Science and Technology DSIR on 1 April, 2014 for its Research and Development (R&D) facility at its premise in Hinjawadi which is effective from 1 April, 2014 to 31 March, 2018. During the year, the R&D facility is approved for the purpose of Section 35(2AB) of the Income Tax Act, 1961 from 1 April, 2014 to 31 March, 2017.

R&D expenditure debited to the Statement of Profit and Loss aggregating to ₹ 92.34 million (Previous year ₹ 124.60 million) has been incurred by the Company and disclosed under appropriate account heads. Out of total R&D expenditure incurred during the year ₹ 78.00 million (Previous year ₹ 78.21 million) is towards eligible R&D expenditure under Section 35(2AB) of the Income Tax Act, 1961.

Based on this approval, a tax benefit on the weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 amounting to ₹ 98.51 million (Previous year ₹ Nil) pertaining to earlier years has been considered in the current financial year.

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 2015-16 (₹ million)	FY 2014-15 (₹ million)
Building	4.43	56.72
Computers	NIL	6.34
Plant and Machinery	1.44	16.97
Furniture and Fixtures	NIL	14.23

Capital expenditure incurred on various research and development projects is ₹ 204.76 million (Previous year ₹ 72.74 million).

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 2015-16	FY 2014-15
Carrying amount as at the beginning of the year	10.05	14.94
Additional provision made during the year	1.59	4.92
Amount paid/utilized during the year	NIL	NIL
Unused amount reversed during the year	7.10	9.80
Carrying amount at the end of the year	4.54	10.05

## 45. Stock option plans

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

The Board of Directors and Shareholders of the Company approved Employees Stock Option Scheme -1998 at their meetings in 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 2015-16	FY 2014-15
Options outstanding at the beginning of the year	-	200
Granted during the year	-	-
Exercised during the year	-	200
Cancelled / lapsed during the year	-	-
Options outstanding at the end of year	-	-



# Notes forming part of the financial statements

## 2. Employee Stock Option Plan- 2004

The Board of Directors and the shareholders of the Company approved the Employees Stock Option Plan at their meeting in August 2001 and in September 2001, respectively. Pursuant to this approval, the Company instituted ESOP 2004, Plan in July, 2004. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	1,045,264	2,133,241
Granted during the year	-	-
Exercised during the year	271,206	618,602
Cancelled / lapsed during the year	449,070	469,375
Options outstanding at the end of year	324,988	1,045,264

## 3. Employee Stock Option Plan - 2006

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan at their meeting in July 2006 and in August 2006, respectively. Pursuant to this approval, the Company instituted ESOP 2006, Plan in October, 2006. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The vesting of the options is 30%, 30% and 40% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	3,833,379	6,036,302
Granted during the year	2,827,500	61,000
Exercised during the year	752,326	1,925,439
Cancelled / lapsed during the year	731,600	338,484
Options outstanding at the end of year	5,176,953	3,833,379

## 4. Employee Stock Option Plan - 2014

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 of ₹ 2 per option. 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 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	395,000	-
Granted during the year	60,000	395,000
Exercised during the year	-	-
Cancelled / lapsed during the year	300,000	-
Options outstanding at the end of year	155,000	395,000

# Notes forming part of the financial statements

## 5. Employee Stock Option Plan - 2015

The Board of Directors and the shareholders of the Company approved another Employee Stock Option Plan at their meeting in April 2015 and August, 2015, respectively. Pursuant to this approval, the Company instituted ESOP 2015 Plan in August 2015. 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 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	-	-
Granted during the year	1,091,000	-
Exercised during the year	-	-
Cancelled / lapsed during the year	39,500	-
Options outstanding at the end of year	1,051,500	-

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 ₹ 68.22 million (Previous Year ₹ 58.00 million) and earnings per share as reported would be lower as indicated below:

Particulars	FY 2015-16	FY 2014-15
Net profit after tax (without profit pursuant to scheme of amalgamation)	2,019.14	1,520.44
Add: Total stock based compensation expense determined under intrinsic value based method	2.03	9.63
Less: Total stock based compensation expense determined under fair value based method	68.22	58.00
Adjusted net profit	1,952.95	1,472.07
Basic earnings per share (in ₹)		
- As reported	10.56	8.02
- Adjusted	10.21	7.76
Diluted earnings per share (in ₹)		
- As reported	10.10	7.62
- Adjusted	9.77	7.37

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

Particulars	FY 2015-16	FY 2014-15
	<b>ESOP 2006 Scheme</b>	
1. Risk free interest rate (%)	5.14%	8.53%
2. Expected life	3.74 years	3.60 years
3. Expected volatility (%)	40.99%	39.95%
4. Dividend yield (%)	0.93%	0.60%

# Notes forming part of the financial statements

Particulars	FY 2015-16	FY 2014-15
<b>ESOP 2014 Scheme</b>		
1. Risk free interest rate (%)	7.61%	8.75%
2. Expected life	3.76 years	2.99 years
3. Expected volatility (%)	41.80%	39.79%
4. Dividend yield (%)	0.88%	0.63%
<b>ESOP 2015 Scheme</b>		
1. Risk free interest rate (%)	7.76%	-
2. Expected life	3.70 years	-
3. Expected volatility (%)	42.83%	-
4. Dividend yield (%)	1.06%	-

## 46. 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 2015-2016.

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 493,066 equity shares against exercise of options by the employees, after 31 March, 2015 and before the Book closure for the Annual General Meeting held for financial year 2014-15. The Company paid dividend of ₹ 0.51 million on these shares as approved by the shareholders at the Annual General Meeting held on 19 August, 2015.

- The Company has consolidated the KPIT Technologies Limited Employee Welfare Trust.
- During the previous year ended 31 March 2015, the Company merged its wholly owned subsidiary KPIT Global Solutions Limited vide scheme of amalgamation approved by Hon'ble High Court of Bombay via order dated 28 August, 2014 with effective date from 1 April 2013.
- The tax expense for the previous year includes credit of ₹ 72.43 million for matters pertaining to earlier years.
- During the year, the Company has spent ₹ 18.62 million (Previous year ₹ 10.77 million) towards Corporate Social Responsibility.
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

# Notes forming part of the financial statements

Particulars	Amount as per audited financial statement as on 31 March, 2015	Amount regrouped in current year comparative	Regrouping details
Note 8 - Other current liabilities	1,174.21	24.00	Included in "Trade payables" under Note 7 - Trade payables
Note 25 - Employee benefits expense	6,644.74	7.93	Included in "Miscellaneous expenses" under Note 27 - Other expenses
Note 9 - Short-term provisions	465.41	37.25	Included in "MAT credit entitlement" under Note 13 - Long-term loans and advances

8. As per the amended rules on Companies (Accounting Standards) Rules, 2006, notified by the Central Government, the proposed dividend will not be recorded as a liability as at the period end (amended AS-4 – Contingencies and Events occurring after Balance Sheet date). The Company believes that the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after 1 April 2016. Accordingly, the Company has recorded ₹ 262.66 million as liability for proposed dividend (including corporate dividend tax) as at 31 March, 2016.

As per our report of even date attached  
**For B S R & Co. LLP**  
 Chartered Accountants  
 Firm Registration Number 101248W/W-100022

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

**Juzer Miyajiwala**  
 Partner  
 Membership No. 047483

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

**Kishor Patil**  
 CEO & Managing Director

Place: Pune  
 Date: 27 April, 2016

**Anil Patwardhan**  
 Chief Financial Officer  
 Place : Pune  
 Date: 27 April, 2016

**Sneha Padve**  
 Company Secretary

# 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 Holding Company' or 'the Company') and its subsidiaries together referred to as 'the Group', comprising the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together referred to as 'the consolidated financial statements').

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of ₹ 732.34 million as at 31st March 2016, total revenues of ₹ 770.46 million and net cash inflows amounting to ₹ 163.97 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, based on the comments in the auditors' reports of the Holding Company and the subsidiary companies incorporated in India, refer to our separate Report in "Annexure A".
  - g) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 30 to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company. There were no amounts required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

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

Juzer Miyajiwala  
Partner  
Membership No.: 047483

Place: Pune  
Date: 27 April 2016



## Annexure A to the Independent Auditors' Report on the Consolidated Financial Statements of KPIT Technologies Limited

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of KPIT Technologies Limited on the consolidated financial statements for the year ended 31 March 2016.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of KPIT Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Control Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

## Inherent Limitations of Internal Financial Control Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such a company incorporated in India.

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

Place: Pune  
Date: 27 April 2016

Juzer Miyajiwala  
Partner  
Membership No: 047483

# Auditor's Report

To the Board of Directors

## KPIT Technologies Limited

We have audited the accompanying annual consolidated financial results of KPIT Technologies Limited ('the Company') and its subsidiaries (collectively known as 'the Group') for the quarter and year ended 31 March 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31 March 2016 and the corresponding quarter ended in the previous year as reported in these consolidated financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year and have been regrouped / reclassified where necessary. Also the figures up to the third quarter had only been reviewed and not subjected to an audit.

These consolidated financial results have been prepared on the basis of the annual consolidated financial statements and the reviewed quarterly consolidated financial results upto the end of the third quarter which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the annual consolidated financial statements, which have been prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these consolidated financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the quarter and year ended 31 March 2016.

We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of ₹7,323.40 lakhs as at 31 March 2016 and total revenues of ₹ 2,688.55 lakhs and ₹ 7,704.60 lakhs and net cash inflows of ₹ 1,315.01 lakhs and ₹ 1,639.72 lakhs respectively for the quarter and year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management.

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

Place: Pune  
Date: 27 April 2016

Juzer Miyajiwala  
Partner  
Membership number: 047483

# Consolidated Balance Sheet

(Amount in ₹ million)

	Note	As at 31 March, 2016	As at 31 March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	375.65	376.13
Reserves and surplus	3	13,431.26	12,577.72
		13,806.91	12,953.85
<b>Share application money pending allotment</b>	29	0.63	7.65
<b>Non-current liabilities</b>			
Long-term borrowings	4	1,672.69	779.85
Long-term provisions	5	515.55	423.30
		2,188.24	1,203.15
<b>Current liabilities</b>			
Short-term borrowings	6	498.09	3,677.16
Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		20.99	0.13
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,212.38	1,331.51
Other current liabilities	8	3,294.23	2,918.02
Short-term provisions	9	930.72	646.47
		5,956.41	8,573.29
	<b>Total</b>	<b>21,952.19</b>	<b>22,737.94</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	10A	1,930.38	1,599.37
Intangible fixed assets	10B	560.36	608.30
Capital work-in-progress		77.45	34.46
Intangible assets under development		282.26	86.07
Goodwill (on consolidation)		4,024.66	5,087.93
Non-current investments	11	117.55	224.72
Deferred tax assets (net)	12	619.55	519.91
Long-term loans and advances	13	1,509.74	1,303.71
Other non-current assets	14	52.78	124.57
		9,174.73	9,589.04
<b>Current assets</b>			
Current investments	15	0.04	590.38
Inventories	16	380.04	228.77
Trade receivables	17	6,860.87	6,978.70
Cash and bank balances	18	3,953.27	3,637.54
Short-term loans and advances	19	676.55	681.12
Other current assets	20	906.69	1,032.39
		12,777.46	13,148.90
	<b>Total</b>	<b>21,952.19</b>	<b>22,737.94</b>
Significant accounting policies	1		
Notes referred to above form an integral part of the consolidated financial statements	2-40		

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: 27 April, 2016

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

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

**Anil Patwardhan**  
Chief Financial Officer

Place : Pune  
Date: 27 April, 2016

**Kishor Patil**  
CEO & Managing Director

**Sneha Padve**  
Company Secretary

# Consolidated Statement of Profit and Loss

		(Amount in ₹ million)	
	Note	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Revenue from operations</b>	21		
Sale of services		32,035.89	28,767.96
Sale of products		228.19	1,255.85
Less: Excise duty		21.17	124.64
Sale of products (net)		207.02	1,131.21
Other income	22	247.70	351.79
<b>Total revenue</b>		<b>32,490.61</b>	<b>30,250.96</b>
<b>Expenses</b>			
Cost of materials consumed	23	172.27	848.76
Changes in inventories of finished goods and work-in-progress	24	(38.10)	2.83
Employee benefits expense	25	19,328.56	17,411.62
Finance costs	26	151.93	259.84
Depreciation and amortization	10	691.25	851.35
Other expenses	27	8,427.05	8,391.89
<b>Total expenses</b>		<b>28,732.96</b>	<b>27,766.29</b>
<b>Profit before exceptional items and tax</b>		<b>3,757.65</b>	<b>2,484.67</b>
Exceptional items ((Refer note 40(3)))		112.98	-
Profit before tax		3,644.67	2,484.67
<b>Tax expenses</b>			
Current tax		941.34	280.02
MAT credit entitlement		(41.35)	-
Deferred tax benefit		(70.32)	(165.22)
<b>Total tax expense</b>		<b>829.67</b>	<b>114.80</b>
<b>Profit for the year</b>		<b>2,815.00</b>	<b>2,369.87</b>
Earnings per equity share (face value per share ₹ 2 each)			
Basic	36	14.72	12.49
Diluted	36	14.09	11.87
Significant accounting policies	1		
Notes referred to above form an integral part of the consolidated financial statements	2-40		

As per our report of even date attached  
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**Sneha Padve**  
Company Secretary

# Consolidated Cash Flow Statement

PARTICULARS	(Amount in ₹ million)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	3,644.67	2,484.67
<b>Adjustments for</b>		
(Profit)/Loss on sale of fixed assets (net)	5.14	(2.31)
Depreciation / Amortization / Diminution	691.25	851.35
Interest expense	120.99	164.69
Interest income	(28.27)	(46.95)
Dividend income	(34.73)	(50.34)
Diminution in the value of investment	112.98	-
Exchange differences on translation of foreign currency cash and cash equivalents	(1.52)	10.62
Unrealised foreign exchange loss/(gain)	100.69	(115.95)
Amortisation of ESOP expenses	2.03	9.63
Operating Profit before working capital changes	4,613.23	3,305.41
<b>Adjustments for changes in working capital:</b>		
Increase / (Decrease) in Long-Term Provisions	92.26	190.10
Increase / (Decrease) in Trade Payables	(89.97)	230.29
Increase / (Decrease) in Other Current Liabilities	172.39	446.20
Increase / (Decrease) in Short-Term Provisions	42.90	(60.86)
(Increase) / Decrease in Long-Term Loans and Advances	(3.20)	(22.61)
(Increase) / Decrease in Other Non Current Asset	(2.86)	-
(Increase) / Decrease in Inventories	(151.27)	(183.20)
(Increase) / Decrease in Trade Receivables	127.73	(64.31)
(Increase) / Decrease in Short-term Loans and Advances	4.58	172.11
(Increase) / Decrease in Other Current Assets	126.95	(342.31)
Cash generated from operations	4,932.74	3,670.82
Income taxes paid	(815.76)	(776.77)
<b>Net cash from operating activities (A)</b>	<b>4,116.98</b>	<b>2,894.05</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,246.13)	(913.35)
Proceeds from sale of fixed assets	2.35	7.35
Investment in subsidiaries	(227.74)	(1,182.39)
Proceeds from sale of Mutual fund investment	590.34	1,150.92
Interest received	23.32	47.11
Dividend received	34.73	50.34
Fixed Deposit with banks (net) having maturity over three months	(662.04)	(279.96)
<b>Net Cash used in investing activities (B)</b>	<b>(1,485.17)</b>	<b>(1,119.98)</b>

# Consolidated Cash Flow Statement

PARTICULARS	(Amount in ₹ million)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term loan from banks	1,358.50	123.33
Repayment of Long term loan from banks	(744.03)	(657.20)
Proceeds from Long term loan from other than banks	34.78	-
Repayment of Long term loan from other than banks	(24.25)	(43.28)
Proceeds from issue of Share Capital and application money	47.76	141.41
Proceeds from Working Capital loan (net)	(3,216.13)	473.68
Proceeds from / (payments for) shares issued / purchased by Employee Welfare Trust (net)	(123.81)	(29.71)
Dividend paid including corporate dividend tax	(260.87)	(241.51)
Interest and finance charges paid	(126.27)	(170.06)
<b>Net cash used in financing activities (C)</b>	<b>(3,054.32)</b>	<b>(403.34)</b>
<b>D Exchange differences on translation of foreign currency cash and cash equivalents</b>	1.52	(10.62)
<b>Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)</b>	<b>(420.99)</b>	<b>1,360.11</b>
Cash & cash equivalents at close of the year (Refer note 1 below)	2,859.23	3,280.22
Cash & cash equivalents at beginning of the year (Refer note 1 below)	3,280.22	1,810.50
Less : Cash & cash equivalents on acquisition of subsidiaries	-	109.61
<b>Cash Surplus / (deficit) for the year</b>	<b>(420.99)</b>	<b>1,360.11</b>
<b>Note 1 :</b>		
<b>Cash and cash equivalents include:</b>		
Cash on hand	0.29	0.34
Cheques in Hand	1.29	38.54
Balance with banks		
- In current accounts	2,356.60	2,740.73
- In deposit accounts (with original maturity of 3 months or less)	501.05	500.61
<b>Total Cash and cash equivalents (also refer note 18)</b>	<b>2,859.23</b>	<b>3,280.22</b>
<b>Note 2:</b>		
Figures in brackets represent outflows of cash and cash equivalents.		
<b>Note 3:</b>		
The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements.		
<b>Note 4 :</b>		
Previous year's figures have been rearranged/regrouped wherever necessary.		

As per our report of even date attached  
**For B S R & Co. LLP**  
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Firm Registration Number 101248W/W-100022

**Juzer Miyajiwala**  
Partner  
Membership No. 047483

Place: Pune  
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**For and on behalf of the Board of Directors of  
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Place : Pune  
Date: 27 April, 2016

**Kishor Patil**  
CEO & Managing Director

**Sneha Padve**  
Company Secretary



# 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 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, 2016.
- ii. The Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention as going concern on accrual basis to comply in all material aspects with 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 millions of Indian rupees, unless otherwise stated.

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. 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.
  - iii. 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, 2016	As at 31 March, 2015
<b>Direct subsidiaries</b>				
1	KPIT Technologies (UK) Limited	United Kingdom	100	100
2	KPIT Infosystems Incorporated, USA	United States of America	100	100
3	KPIT Technologies France	France	100	100
4	KPIT (Shanghai) Software Technology Co. Limited, China	China	100	100
5	KPIT Technologies 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 1 July, 2014)	India	100	100
9	KPIT Global Solutions Limited (merged w.e.f 1 April, 2014) *	India	N.A.	N.A.
<b>Indirect subsidiaries</b>				
10	KPIT Technologies GmbH, Germany (Subsidiary of KPIT Technologies (UK) Limited)	Germany	100	100
11	CPG Solutions LLC, USA (Subsidiary of KPIT Infosystems Incorporated, USA)**	United States of America	N.A.	100
12	KPIT TECHNOLOGIES SOLUÇÕES EM INFORMÁTICA LTDA. (Subsidiary of KPIT Infosystems Incorporated, USA)	Brazil	100	100
13	Sparta Consulting Inc., USA (Subsidiary of KPIT Infosystems Incorporated, 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 (Subsidiary of KPIT Technologies GmbH, Germany)	Germany	100	100
17	Integrated Industrial Information Inc. (Subsidiary of KPIT Infosystems Incorporated USA)**	United States of America	N.A.	100
18	KPIT Solutions GmbH, Germany (Subsidiary of KPIT Technologies GmbH, Germany w.e.f. 1 November, 2014)	Germany	100	Nil

\* During the previous year, KPIT Global Solutions Limited was merged with KPIT Technologies Limited

\*\* During the year, CPG Solutions, LLC and Integrated Industrial Information, Inc. were merged with KPIT Infosystems Incorporated, their holding company, effective January 1, 2016.

# 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 terms. 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.

Customer reimbursable expenses are recorded as a reduction from associated costs.

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 Group 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

# Notes forming part of the consolidated financial statements

asset. Goodwill arising from amalgamation/acquisition is measured at 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.

Intangible fixed assets are derecognised on disposal or when no future economic benefit is expected from its use and subsequent disposal.

## 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 <sup>(1)</sup>	25
Plant and equipment <sup>(1)</sup>	3-4
Office Equipment <sup>(1)</sup>	5-10
Owned Vehicle <sup>(1)</sup>	5
Furniture and fixtures <sup>(1)</sup>	7-10

<sup>(1)</sup> 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.

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 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 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.

# Notes forming part of the consolidated financial statements

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.

## 1.9 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 is computed by dividing the profit for the year after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax 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.

## 1.12 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 and 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 Group 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 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 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 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.

# Notes forming part of the consolidated financial statements

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 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, if any. 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.



# Notes forming part of the consolidated financial statements

## 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 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

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Authorised:</b>		
625,000,000 (Previous year 625,000,000) equity shares of ₹ 2 each.	1,250.00	1,250.00
	<b>1,250.00</b>	<b>1,250.00</b>
<b>Issued, subscribed and fully paid up:</b>		
187,826,334 (Previous year 188,065,361) equity shares of ₹ 2 each fully paid up	375.65	376.13
	<b>375.65</b>	<b>376.13</b>

### 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, 2016		As at 31 March, 2015	
	Number of shares	(₹)	Number of shares	(₹)
<b>Equity shares</b>				
At the beginning of the year	188,065,361	376.13	185,494,720	370.99
Add: Shares issued on exercise of employee stock options	836,629	1.67	2,589,906	5.18
Less: Shares held by KPIT Technologies Limited Employee Welfare Trust	1,075,656	2.15	19,265	0.04
Outstanding at the end of the year	187,826,334	375.65	188,065,361	376.13

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, 2016	% of shares held	Number of shares as at 31 March, 2015	% of shares held
	Proficient Finstock LLP	24,234,330	12.27%	23,109,330
Warhol Limited	19,483,674	9.86%	19,483,674	9.91%

2.4 6,708,441 equity shares (Previous year 5,273,643) 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 - 88,791,438 (Previous year 88,791,438).

2.6 Also refer note 28.

# Notes forming part of the consolidated financial statements

## Note 3 - Reserves and surplus

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Capital reserve</b>		
At the commencement of the year	27.71	23.86
Add : Additions during the year	-	3.85
	27.71	27.71
<b>Amalgamation reserve</b>		
At the commencement and at the end of the year	51.40	51.40
<b>Securities premium account</b>		
At the commencement of the year	3,849.17	3,705.71
Add : Premium on issue of shares under ESOP scheme	55.26	143.46
	3,904.43	3,849.17
<b>Employees stock options outstanding</b>		
At the commencement of the year	11.77	2.14
Add : Amortized during the year	2.03	9.63
	13.80	11.77
<b>General reserve</b>		
At the commencement of the year	53.21	936.96
Add : Transferred from Statement of Profit and Loss	202.00	152.00
Less : Adjustment under scheme of amalgamation (Refer note 40(5))	-	1,035.75
	255.21	53.21
<b>Capital Redemption Reserve</b>		
At the commencement of the year	40.00	-
Add : Transferred from KPIT Global Solutions Limited on amalgamation (Refer note 40(5))	-	40.00
	40.00	40.00
<b>Hedging reserve</b>		
At the commencement of the year	55.26	92.44
Add : (Gain)/losses transferred to the Statement of Profit and Loss on occurrence of forecasted hedge transaction.	(55.26)	(92.44)
Add : Change in fair value of effective portion of outstanding cash flow hedges	51.59	55.26
	51.59	55.26
<b>Surplus in Statement of Profit and Loss</b>		
At the commencement of the year	8,357.48	7,566.87
Add: Profit for the year	2,815.00	2,369.87
Less : Adjustment under scheme of amalgamation (Refer note 40(4) & 40(5))	1,524.30	1,146.32
Less : Final dividend paid (Refer note 40(2))	0.51	0.92
Less : Dividend tax on final dividend paid	0.89	0.15
Less : Interim dividend (Refer note 28 (A))	206.61	-
Less : Dividend tax on interim dividend	45.41	-
Less : Proposed dividend (Refer note 28 (B))	217.25	216.33
Less : Dividend tax on proposed dividend	45.41	43.25
Less: Accumulated deficit of Employee Welfare Trust	123.81	20.29
Less : Amount transferred to General reserve	202.00	152.00
	8,806.29	8,357.48
<b>Foreign currency translation reserve</b>		
At the commencement of the year	131.72	(14.00)
Add : Foreign exchange gain/(loss) during the year	149.11	145.72
	280.83	131.72
	<b>13,431.26</b>	<b>12,577.72</b>

# Notes forming part of the consolidated financial statements

## Note 4 - Long-term borrowings

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Term loans</b>		
- From banks (Secured)		
External Commercial Borrowing (ECB) (Refer note (i) & (ii) below)	1,658.24	625.90
Other loan (Refer note (iii) below)	0.88	2.08
- From other than banks (Secured) (Refer note (iv) below)	7.71	-
- From banks (Unsecured) (Against corporate guarantee issued by the holding company) (Refer note (v) below)	-	140.83
<b>Long-term maturities of finance lease obligations (Secured)</b> (Secured against fixed assets obtained under finance lease arrangements) (Refer note 35(1))	5.86	11.04
	<b>1,672.69</b>	<b>779.85</b>

### Notes:

- (i) The ECB loan consists of loan 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 + 220 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each upto November 2017. The principal amount of loan outstanding as at the Balance Sheet date is USD 10 million.
- (ii) The ECB loan consist of loan secured by pari passu charge over Company's Land and Building located at Plot No. 17, Rajiv Gandhi Infotech Park, Phase III, Hinjawadi. The term loan carries interest rate of 6 months LIBOR + 160 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each, with a moratorium of 1 year, upto March 2021. The principal amount of loan outstanding as at the Balance Sheet date is USD 20 million.
- (iii) 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 ₹ 0.17 million each upto August 2018.
- (iv) Term loan from other than banks is secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repayable in two equal installments of ₹ 8.70 million each, upto May 2017.
- (v) The term loan from Bank availed by one of the subsidiaries carried interest rate of 6 months LIBOR + 150 basis points and the loan was repaid during the year.

## Note 5 - Long-term provisions

	As at 31 March, 2016	As at 31 March, 2015
<b>Provision for employee benefits</b>		
- Compensated Absences	306.98	250.80
- Gratuity (Refer note 32)	207.22	170.59
<b>Other provisions</b>		
- Provision for warranty (Refer note 38)	1.35	1.91
	<b>515.55</b>	<b>423.30</b>

## Note 6 - Short-term borrowings

	As at 31 March, 2016	As at 31 March, 2015
<b>Loans repayable on demand</b>		
- Working capital loans from banks (secured) (Refer note (i) below)	498.09	2,777.58
- Working capital loan from bank (unsecured) (Refer note (ii) below)	-	899.58
	<b>498.09</b>	<b>3,677.16</b>

### 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 1% p.a.
- (ii) The loan carried interest rate upto 6 months LIBOR plus 0.75% p.a. The loan was repaid during the year.

# Notes forming part of the consolidated financial statements

## Note 7 - Trade payables

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	20.99	0.13
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note 40 (8))	1,212.38	1,331.51
	<b>1,233.37</b>	<b>1,331.64</b>

## Note 8 - Other current liabilities

	As at 31 March, 2016	As at 31 March, 2015
Current maturities of long-term debt		
- from banks (secured) (Refer note 4 - Term loan from banks for details of security and repayment terms)	332.86	312.95
- from others (secured) (Refer note 4 Term loan from other than banks for details of security and repayment terms)	9.19	6.37
- from banks (unsecured) (Refer note 4 - Term loan from banks for repayment terms)	-	266.01
- Current maturities of finance lease obligations (Refer note 35(1))	7.04	7.20
Accrued employee costs (Refer note 40 (8))	1,405.64	1,259.85
Interest accrued and due	0.69	3.01
Interest accrued and not due	9.73	12.69
Unearned revenue	421.77	409.39
Unclaimed dividend	4.89	3.43
Statutory remittances	581.64	536.93
Payables in respect of fixed assets	85.93	58.50
Advances from customers	12.69	21.73
Interim dividend payable (Refer note 28 (A))	206.61	-
Tax on interim dividend payable (Refer note 28 (A))	45.41	-
Purchase consideration payable	168.81	-
Others	1.33	19.96
	<b>3,294.23</b>	<b>2,918.02</b>

## Note 9 - Short-term provisions

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
Provision for employee benefit		
- Compensated Absences	196.46	171.87
- Gratuity (Refer note 32)	20.64	5.50
Provision for taxes		
- Current tax (net of advance tax) (Refer note 40(8))	433.91	195.64
Other provisions		
- Service tax payable (net of tax paid under protest)	3.54	3.54
- Provision for warranty (Refer note 38)	13.51	10.33
- Proposed dividend (Refer note 28 (B))	217.25	216.33
- Tax on proposed dividend (Refer note 28 (B))	45.41	43.26
	<b>930.72</b>	<b>646.47</b>

# Notes forming part of the consolidated financial statements

## Note 10 - Fixed assets

Particulars	GROSS BLOCK					DEPRECIATION / AMORTIZATION / DIMINUTION					NET BLOCK				
	As at April 1, 2015	Asset Redclassification on account of Merger of 2015-16	Additions on account of Merger of 2015-16	Adjustment on account of FE translation during the year	Disposals/Retirements/Derecognition	As at March 31, 2016	Up to April 1, 2015	Asset Reclassification on account of Merger of 2015-16	Additions on account of Merger of 2015-16	During the year	Adjustment on account of FE translation during the year	Disposals/Retirements/Derecognition	Up to March 31, 2016	As at March 31, 2015	
<b>A. TANGIBLE ASSETS</b>															
Land (Leasehold)	354.16	-	-	107.31	-	461.47	11.95	-	-	5.76	-	-	17.71	443.76	342.21
Building	83183	-	-	4.42	-	83625	36182	-	-	25.81	-	-	387.63	44862	470.01
Plant and Equipment	1,25,159	-	-	286.78	4.79	1,25,912	829.20	-	-	210.21	3.38	30.44	1,012.35	499.77	422.39
Furniture and Fixtures	34605	-	-	491.90	3.06	39176	254.23	-	-	21.58	1.44	4.11	273.14	118.62	91.82
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Lease / Hire Purchase (Refer Note 34(f))	1652	-	-	-	0.04	1196	930	-	-	2.80	0.04	4.60	7.54	4.42	7.22
- Owned	953	-	-	-	0.01	954	349	-	-	2.40	0.01	-	5.90	3.64	6.04
Office Equipment	66685	-	-	53.57	4.19	71414	434.78	-	-	51.11	3.29	6.79	482.39	23175	232.07
Leasehold Improvement	5973	-	-	174.53	1.00	23526	32.12	-	-	22.88	0.46	-	55.46	179.80	27.61
<b>TOTAL TANGIBLE ASSETS</b>	<b>3,536.26</b>	<b>-</b>	<b>-</b>	<b>676.51</b>	<b>13.09</b>	<b>4,172.50</b>	<b>1,936.89</b>	<b>-</b>	<b>-</b>	<b>342.55</b>	<b>8.62</b>	<b>45.94</b>	<b>2,242.12</b>	<b>1,930.38</b>	<b>1,599.37</b>
Previous Year	3,099.21	(44.57)	99.84	449.23	4.26	71.71	3,536.26	1,681.02	(19.97)	49.00	291.84	1.92	66.92	1,936.89	1,599.37
<b>B. INTANGIBLE ASSETS</b>															
Internally Generated Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Product Development Cost	59182	-	-	31.53	8.01	63136	380.14	-	-	70.65	8.01	-	458.80	172.56	211.68
- Technical Knowhow	1900	-	-	-	-	1900	949	-	-	3.80	-	-	13.29	5.71	9.51
Other Than Internally Generated Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Goodwill	287.51	-	-	-	11.56	299.07	213.23	-	-	38.97	7.51	-	259.71	39.36	74.28
- Non Compete Fees	144.21	-	-	-	-	144.21	144.21	-	-	-	-	-	144.21	-	-
- Product Development Cost	2160	-	-	-	-	2160	2160	-	-	-	-	2160	-	-	-
- Right to render Business Process Outsourcing Services	206.73	-	-	-	-	206.73	206.73	-	-	-	-	206.73	-	-	-
- Software	1,301.67	-	-	264.31	3.08	1,568.94	988.84	-	-	235.28	2.14	0.05	1,226.21	342.73	312.83
<b>TOTAL INTANGIBLE ASSETS</b>	<b>2,572.54</b>	<b>-</b>	<b>-</b>	<b>295.84</b>	<b>22.65</b>	<b>2,662.58</b>	<b>1,964.24</b>	<b>-</b>	<b>-</b>	<b>348.70</b>	<b>17.66</b>	<b>228.38</b>	<b>2,102.22</b>	<b>560.36</b>	<b>608.30</b>
Previous Year	2,080.10	44.57	41.64	392.88	14.82	2,572.54	1,360.10	19.97	16.74	559.51	9.14	1.22	1,964.24	608.30	

(Amount in ₹ million)

# Notes forming part of the consolidated financial statements

## Note 11 - Non-current investments

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Trade Investments (Unquoted)</b>		
<b>Investments in equity instruments of other entities (At cost less diminution other than temporary)</b>		
Investment in Sankalp Semiconductors Private Limited 771,000 (Previous Year 771,000) equity shares of ₹ 2 each fully paid up	117.55	117.55
Investments in GAIA System Solutions Inc. 550 (Previous year 550) Equity shares at par fully paid up (Refer Note 40(3))	-	107.17
<b>Non-trade Investments (Unquoted)</b>		
<b>Investments in equity instruments of other entities</b>		
Saraswat Co-operative Bank Limited (Refer note 40(5)) 1 (Previous year 1) equity share of ₹ 10 each fully paid up	0.00*	0.00*
	<b>117.55</b>	<b>224.72</b>

\* Since denominated in ₹ Million

## Note 12 - Deferred tax assets (net)

	As at 31 March, 2016	As at 31 March, 2015
<b>Deferred tax assets</b>		
- Provision for doubtful debts and advances	80.62	77.24
- Provision for leave encashment	177.97	148.29
- Provision for gratuity	68.40	52.56
- Provision for depreciation	28.92	24.42
- Bad debts reserve	324.20	242.97
- Others	50.70	65.29
	<b>730.81</b>	<b>610.77</b>
<b>Deferred tax liabilities</b>		
- Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts	96.34	90.86
- Others	14.92	-
	<b>111.26</b>	<b>90.86</b>
<b>Net deferred tax asset</b>	<b>619.55</b>	<b>519.91</b>

As a subsidiary of the Company has unabsorbed depreciation and losses under tax laws, in the absence of virtual certainty of taxable profits in the future, deferred tax assets on timing differences have been recognised only to the extent of net deferred tax liabilities.

# Notes forming part of the consolidated financial statements

## Note 13 - Long term loans and advances

(Unsecured, considered good unless otherwise stated)

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<b>Loans and advances to related parties</b>		
Loan to Director	22.70	-
<b>Loans and advances to other than related parties</b>		
Capital advances	51.56	2.77
Security deposits	116.64	166.12
Other loans and advances		
- Advance taxes and tax deducted at source (net of provisions)	927.20	814.51
- Fringe benefit tax paid in excess of provision (net)	1.45	1.45
- Prepaid expenses	19.72	1.08
- Loan to employees	11.34	-
- MAT credit entitlement (Refer note 40(8))	359.13	317.78
	<b>1,509.74</b>	<b>1,303.71</b>

## Note 14 - Other non-current assets

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
Balance in Group Gratuity Trust Account	17.84	14.97
Fixed deposits with banks	10.81	11.49
Margin money deposits	23.98	97.98
Interest accrued on fixed deposits	0.15	0.13
	<b>52.78</b>	<b>124.57</b>

## Note 15 - Current investments

	As at 31 March, 2016	As at 31 March, 2015
<b>Investments in Mutual funds (unquoted) (non-trade)</b> <i>(At cost or market value whichever is lower)</i>		
Nil units (Previous year 1,123,731 units) Birla Sun Life Savings Fund - Daily Dividend - Regular Plan	-	112.71
Nil units (Previous year 9,810,206 units) - HDFC Liquid Fund - Dividend - Daily Reinvestment	-	100.05
Nil units (Previous year 72,837 units) - Axis Liquid Fund - Daily Dividend	-	72.86
Nil units (Previous year 102,848 units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option	-	157.23
Nil units (Previous year 70,813 units) Kotak Floater Short-Term - Daily Dividend	-	71.64
Nil units (Previous year 43 units) DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend	-	0.04
Nil units (Previous year - 757,600 units) ICICI Prudential Liquid Regular plan - Daily dividend	-	75.81
Other fund	0.04	0.04
<b>Total</b>	<b>0.04</b>	<b>590.38</b>



# Notes forming part of the consolidated financial statements

## Note 16 - Inventories

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials (Refer note (i) below)	340.84	228.50
Work-in-progress (Refer note (iii) below)	5.77	0.18
Finished goods (Refer note (ii) below)	32.52	0.01
Stores and spares	0.91	0.08
	<b>380.04</b>	<b>228.77</b>
Note :		
i) Breakup of raw material :		
Single control unit	156.21	61.42
Camera	40.19	34.10
Bus driver console	38.05	52.35
Dome type antenna	18.68	22.72
VTS Unit	7.27	-
Display Board	7.08	-
LIION Battery Pack with BMS	5.76	-
Mic - Actia	6.55	-
Others	61.05	57.91
	<b>340.84</b>	<b>228.50</b>
ii) Breakup of finished goods :		
Intelligent transport system	31.77	0.01
Hybrid electric systems (Indica)	0.75	-
	<b>32.52</b>	<b>0.01</b>
iii) Breakup of work-in-progress :		
Intelligent transport system	5.77	0.18
	<b>5.77</b>	<b>0.18</b>

## Note 17 - Trade receivables

(Unsecured)

	As at 31 March, 2016	As at 31 March, 2015
Outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	229.94	346.56
- Considered doubtful	1,045.64	732.93
	1,275.58	1,079.49
Others receivables		
- Considered good	6,630.93	6,632.14
- Considered doubtful	41.81	134.62
	6,672.74	6,766.76
Less: Provision for doubtful trade receivables	1,087.45	867.55
	<b>6,860.87</b>	<b>6,978.70</b>

# Notes forming part of the consolidated financial statements

## Note 18 - Cash and bank balances

(Amount in ₹ million)

	As at 31 March, 2016	As at 31 March, 2015
Cash and cash equivalents		
Cash on hand	0.29	0.34
Cheques in hand	1.29	38.54
Balances with banks		
- In current accounts	2,356.60	2,740.73
- In deposit accounts(with original maturity of 3 months or less)	501.05	500.61
	2,859.23	3,280.22
Other bank balances (includes unclaimed dividend of ₹ 4.89 million (Previous year ₹ 3.55 million))	1,094.04	357.32
	<b>3,953.27</b>	<b>3,637.54</b>
<b>Details of bank balances/deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	2,857.65	3,241.34
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (excludes unclaimed dividend of ₹ 4.89 million (Previous year ₹ 3.55 million))	1,089.15	353.77
Bank deposits due to mature after 12 months of the reporting date included under "Other non-current assets" (Refer note 14)	34.79	109.47
	<b>3,981.59</b>	<b>3,704.58</b>

## Note 19 - Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
<b>Loans and advances to related parties</b>		
- Loan to Director	6.05	-
<b>Loans and advances to other than related parties</b>		
<b>Other loans and advances</b>		
Employee advances		
- Considered good	96.70	193.44
- Considered doubtful	24.32	10.22
	121.02	203.66
Less: Provision for doubtful advances	24.32	10.22
	96.70	193.44
- Loan to employees	2.84	-
- Prepaid expenses	216.17	187.61
- Balances with statutory authorities	173.26	52.11
- Security deposits	113.56	57.41
- Claims recoverable	-	1.06
- Advance to suppliers	67.95	160.90
- Other receivables	0.02	28.59
	<b>676.55</b>	<b>681.12</b>

## Note 20 - Other current assets

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
Unbilled revenue	846.27	973.22
Interest accrued on fixed deposits	8.83	3.91
Mark to market gain on cash flow hedges (Refer Note 31(1))	51.59	55.26
	<b>906.69</b>	<b>1,032.39</b>

# Notes forming part of the consolidated financial statements

## Note 21 - Revenue from operations

(Amount in ₹ million)

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Software services</b>	32,035.89	28,767.96
<b>Sale of products</b>		
Finished goods	228.19	1,255.85
<b>Sale of products (gross)</b>	228.19	1,255.85
Less : Excise duty	21.17	124.64
<b>Sale of products (net)</b>	207.02	1,131.21
	<b>32,242.91</b>	<b>29,899.17</b>
<b>Breakup of revenue from sale of products (net)</b>		
Intelligent transport system	179.31	862.61
Others	27.71	268.60
	<b>207.02</b>	<b>1,131.21</b>

## Note 22 - Other income

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest income	28.27	46.95
Dividend income from current investments (non-trade)	34.73	50.34
Profit on sale of fixed assets (net)	-	2.31
Foreign exchange gain (net)	114.20	242.41
Other non-operating income (net of expenses directly attributable to such income) (including miscellaneous income)	70.50	9.78
	<b>247.70</b>	<b>351.79</b>

## Note 23 - Cost of materials consumed

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Inventory of materials at the beginning of the year	228.50	31.15
Purchases	284.61	1,046.11
Inventory of materials at the end of the year	340.84	228.50
	<b>172.27</b>	<b>848.76</b>
<b>Break-up of cost of materials consumed</b>		
Single control unit	71.04	412.99
Bus driver console	10.73	131.18
Camera	10.83	75.55
LED display board	32.16	123.79
Dome type antenna	1.04	13.97
Battery	15.76	-
Others	30.71	91.28
	<b>172.27</b>	<b>848.76</b>

# Notes forming part of the consolidated financial statements

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

(Amount in ₹ million)

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Finished goods</b>		
Inventories at the beginning of the year	0.01	3.01
Inventories at the end of the year	32.52	0.01
	(32.51)	3.00
<b>Work-in-progress</b>		
Inventories at the beginning of the year	0.18	0.01
Inventories at the end of the year	5.77	0.18
	(5.59)	(0.17)
	<b>(38.10)</b>	<b>2.83</b>

## Note 25 - Employee benefits expense

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Salaries, wages and incentives (Refer note 40 (8))	19,050.57	17,155.52
Contribution to provident and other funds (Refer note 32)	224.84	190.18
Staff welfare expenses	53.15	65.92
	<b>19,328.56</b>	<b>17,411.62</b>

## Note 26 - Finance costs

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest expense	120.99	164.69
Net loss on foreign currency transactions and translations (considered as finance costs)	30.94	95.15
	<b>151.93</b>	<b>259.84</b>

# Notes forming part of the consolidated financial statements

## Note 27 - Other expenses

(Amount in ₹ million)

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Travel and overseas expenses (net)	1,063.81	1,300.49
Transport and conveyance (net)	283.62	270.37
Cost of service delivery (net)	422.51	267.81
Cost of professional sub-contracting (net)	3,841.38	4,125.36
Recruitment and training expenses	171.31	217.17
Power and fuel	130.53	105.73
Rent (Refer note 35(2))	411.92	315.56
Repairs and maintenance -		
- buildings	6.55	0.59
- plant & equipment	220.37	173.60
- others	80.76	68.57
Insurance	109.88	102.62
Rates & taxes	70.35	41.55
Communication expenses (net)	174.34	158.36
Legal and professional fees	483.12	354.75
Marketing expenses	369.48	284.71
Loss on sale of fixed assets (net)	5.14	-
Printing & stationery	14.48	14.34
Auditors remuneration (net of service tax)		
- Audit fees	9.00	8.50
- Limited review of quarterly results	1.20	1.34
- Fees for other services	4.78	3.70
- Out of pocket expenses reimbursed	0.84	0.52
Bad debts written off	13.19	162.37
Provision for doubtful debts, unbilled revenue and advances (net)	183.37	151.41
Miscellaneous expenses (net) (Refer note 40(7) & 40 (8))	355.12	262.47
	<b>8,427.05</b>	<b>8,391.89</b>

### Note

Certain expenses are net of recoveries/reimbursements from customers.

28. A) Interim dividend was declared by the Board of Directors by passing a circular resolution on March 31, 2016. The interim dividend distributed to equity shareholders for the period is ₹ 217.25 million (including amount of ₹ 10.64 million on the shares held by Employee welfare trust) i.e. ₹ 1.10 per share. (Previous year ₹ NIL).
- B) The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 217.25 million i.e. ₹ 1.10 per share. (Previous year – ₹ 216.33 million 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, 2016 the Company has received an amount of ₹ 0.63 million (Previous year ₹ 7.65 million) towards share application money for 13,644 shares (Previous year 105,108 shares) at a premium of ₹ 0.60 million (Previous year ₹ 7.44 million). 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.

# Notes forming part of the consolidated financial statements

## 30. Contingent liabilities and commitments:

### (i) Contingent liabilities

(Amount in ₹ million)

Sr. No.	Particulars	As at 31 March, 2016	As at 31 March, 2015
1	Outstanding bank guarantees in routine course of business	177.04	157.77
2	Corporate guarantee provided by the Company for loan availed by KPIT Infosystems Incorporated, USA	663.33	600.90
3	Corporate guarantee provided by the Company for loan availed by KPIT Infosystems ME FZE, UAE	66.33	62.59
4	Corporate guarantee provided by the Company for loan availed by KPIT Technologies (UK) Limited	95.09	-
5	Bills discounted	334.32	-
6	Income tax matters	7.36	35.26
7	VAT matters	1.75	2.22
8	Service Tax matters (excluding interest and penalty)	554.84	554.86

### (ii) Commitments:

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

- Tangible fixed assets – ₹ 380.25 million (Previous Year ₹ 154.67 million)
- Intangible fixed assets – ₹ 22.67 million (Previous Year ₹ 8.17 million)

(iii) Based on the deals already entered by the Company, the contingent payout on performance and other consideration would be ₹ Nil ( Previous year ₹1,112.56 million)

## 31. (1) Details of Derivative Instruments (for hedging)

- 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, 2016 as required by AS-30 'Financial Instruments: Recognition and Measurement' and accordingly recognized a mark-to-market gain of ₹ 51.59 million (Previous year gain of ₹ 55.26 million) in the Hedging Reserve.
- 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, 2016:

Type of cover	Forward exchange contracts outstanding at the year end in foreign currency (million)	Forward exchange contracts outstanding at the year end in ₹ (million)	Exposure to Buy/ Sell
Forward	EUR	4.65	Sell
	EUR	[4.20]	Sell
Forward	USD	37.85	Sell
	USD	[38.85]	Sell
Forward	GBP	1.10	Sell
	GBP	[1.10]	Sell

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 that are not hedged by a derivative instrument or otherwise:

Particulars	FY 2015-2016		FY 2014-2015	
	Amount in Foreign Currency (million)	Equivalent amount in ₹ (million)	Amount in Foreign Currency (million)	Equivalent amount in ₹ (million)
<b>Trade payables including payables for purchase of fixed assets.</b>				
AUD	0.09	4.60	0.01	0.49
AED	0.57	10.28	0.01	0.13
CAD	0.01	0.51	0.01	0.57
EUR	0.20	15.02	0.13	8.71
GBP	0.05	4.75	0.03	2.53
JPY	3.00	1.77	1.50	0.78
MYR	-	-	0.06	0.99
CHF	0.00	0.17	-	-
SEK	0.02	0.16	0.03	0.22
SGD	0.01	0.49	0.02	0.75
USD	0.67	44.44	0.67	41.91
<b>Trade and other receivables</b>				
AUD	0.06	3.06	0.05	2.44
EUR	0.22	16.52	0.64	43.26
NZD	0.06	2.89	0.04	2.05
USD	3.63	240.79	4.89	306.18
SGD	0.06	2.95	0.04	2.01
MYR	0.01	0.20	-	-
THB	7.70	14.42	-	-
GBP	0.00	0.01	-	-
<b>PCFC loans</b>				
USD	3.00	199.00	40.97	2,564.25
<b>EEFC accounts</b>				
USD	0.45	29.90	2.37	148.14
GBP	0.15	14.03	0.54	49.89
EUR	0.11	8.02	1.48	99.74
<b>Bank deposits</b>				
GBP	0.08	7.24	0.08	7.04
<b>Working Capital Loan</b>				
USD	-	-	14.37	899.58
<b>External Commercial Borrowings</b>				
USD	30.00	1,989.99	15.00	938.86

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

## 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 ₹ 224.84 million (Previous Year ₹ 190.18 million)
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 2015-16	FY 2014-15
Present value of defined benefit obligation at the beginning of the year	176.08	131.28
Current service cost	27.55	17.03
Interest cost	14.53	9.39
Actuarial loss / (gain)	44.35	37.60
Benefits paid	(34.65)	(19.22)
Present value of defined benefit obligation at the end of the year	227.86	176.08

Analysis of defined benefit obligation	FY 2015-16	FY 2014-15
Present value of obligation as at the end of the year	227.86	176.08
Net (asset) / liability recognized in the Balance Sheet	227.86	176.08

Components of employer expenses recognized in the statement of Profit and Loss	FY 2015-16	FY 2014-15
Current service cost	27.55	17.03
Interest cost	14.53	9.39
Actuarial loss / (gain)	44.35	37.60
Expenses recognized in the Statement of Profit and Loss	86.43	64.02

Assumptions:	FY 2015-16	FY 2014-15
<b>For Impact Automotive Solutions Limited</b>		
Discount rate	8.07%	8.25%
Salary escalation	5.00%	5.00%
Attrition Rate		
- 4 years and below	5.00%	5.00%
- 5 years and above	2.00%	2.00%
<b>For KPIT Technologies Limited</b>		
Discount rate	7.86%	8.25%
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				
	2016	2015	2014	2013	2012
Defined benefit obligation	227.86	176.08	131.20	124.55	92.12
Surplus / (Deficit)	(227.86)	(176.08)	(131.20)	(124.55)	(92.12)
Experience adjustments on plan liabilities (gain) / loss	33.94	46.13	7.09	9.80	(10.83)

# Notes forming part of the consolidated financial statements

## 33A. 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, 2016				31 March, 2015			
	USA ₹ million	UK & Europe ₹ million	Rest of World ₹ million	Total ₹ million	USA ₹ million	UK & Europe ₹ million	Rest of World ₹ million	Total ₹ million
a) Segment Revenue								
Revenue from External customers	22,047.59	5,807.04	12,564.05	40,418.68	20,014.81	4,589.35	5,295.02	29,899.18
Inter Segment Revenue	-	-	8,175.77	8,175.77	-	-	-	-
Total Segment Revenue	22,047.59	5,807.04	4,388.28	32,242.91	20,014.81	4,589.35	5,295.02	29,899.18
b) Segment Results	5,106.33	1,881.54	492.35	7,480.22	4,011.41	1,489.30	709.45	6,210.16
Unallocated Corporate expenses (Net)				(3,633.64)				(3,562.95)
Finance Cost				(151.93)				(259.83)
Interest income				28.27				46.95
Dividend income				34.73				50.34
Exceptional Items				(112.98)				-
Profit / (Loss) before tax				3,644.67				2,484.67
Income Tax				(899.99)				(280.02)
Deferred Tax				70.32				165.23
Profit/ (Loss) after Tax				2,815.00				2,369.88
c) Segment Assets	5,011.04	1,669.65	1,026.44	7,707.13	5,057.53	1,279.60	1,614.80	7,951.93
Unallocated Segment Assets				1,106.49 *				993.64 *
Unallocated Corporate Assets				13,138.57				13,755.12
Total Assets				21,952.19				22,700.69
d) Segment Liabilities	174.26	105.40	154.80	434.46	186.90	113.48	130.74	431.12
Unallocated Segment Liabilities				5,190.96 *				4,266.18 *
Unallocated Corporate Liabilities				2,519.86				5,049.55
Total Liabilities				8,145.28				9,746.85
e) Cost incurred during the period to acquire Segment Fixed Assets				- #				- #
f) Depreciation / Amortisation				691.25 #				851.35 #
g) Non cash expenses other than Depreciation / Amortisation				112.98 #				- #

### B) Secondary segment - Business segments

	31 March, 2016					31 March, 2015				
	Auto ₹ million	IES ₹ million	SAP ₹ million	Others ₹ million	Total ₹ million	Auto ₹ million	IES ₹ million	SAP ₹ million	Others ₹ million	Total ₹ million
a) Segment Revenue	10,189.37	11,608.41	7,344.43	3,100.70	32,242.91	9,019.30	11,780.73	6,271.96	2,827.19	29,899.18
b) Segment Assets	-	-	-	-	8,813.62 *	-	-	-	-	8,945.57 *

\* 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

(Currency - ₹ million)

Sr. No.	Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)	
		As % of consolidated net assets	Amount (₹ million)	As % of consolidated profit or (loss)	Amount (₹ million)
<b>A Parent Company:</b>					
	KPIT Technologies Limited	86%	11,861.09	72%	2,019.14
		<b>(A)</b>	<b>86%</b>	<b>72%</b>	<b>2,019.14</b>
<b>B Subsidiaries:</b>					
<b>I Indian:</b>					
	Impact Automotive Solutions Limited	1%	188.19	-4%	(98.11)
<b>II Foreign:</b>					
1	KPIT Technologies (UK) Limited	8%	1,127.43	5%	155.57
2	KPIT Infosystems Incorporated, USA	20%	2,738.35	13%	377.89
3	KPIT Technologies France	1%	205.76	2%	51.15
4	KPIT (Shanghai) Software Technology Co. Limited, China	1%	131.77	2%	51.52
5	KPIT Technologies Netherlands B.V	1%	72.33	1%	20.46
6	SYSTIME Computer Corporation, USA	6%	796.73	3%	85.86
7	KPIT Infosystems ME FZE, Dubai	0%	(58.44)	4%	104.60
8	KPIT Technologies GmbH, Germany (Subsidiary of KPIT Technologies (UK) Limited)	4%	566.80	1%	26.86
9	CPG Solutions LLC, USA (Subsidiary of KPIT Infosystems Incorporated, USA)*	-	-	-7%	(207.92)
10	KPIT TECHNOLOGIES SOLUÇÕES EM INFORMÁTICA LTDA. (Subsidiary of KPIT Infosystems Incorporated, USA)	0%	25.18	-2%	(49.31)
11	Sparta Consulting Inc, USA (Subsidiary of KPIT Infosystems Incorporated, USA)	1%	82.50	7%	191.11
12	SYSTIME Global Solutions LTDA, Brazil (Subsidiary of SYSTIME Computer Corporation, USA)	0%	20.45	0%	0.24
13	KPIT Technologies Corporation (Subsidiary of SYSTIME Computer Corporation, USA)	2%	338.21	3%	85.90
14	KPIT medini Technologies AG (Subsidiary of KPIT Technologies GmbH, Germany)	1%	79.04	1%	41.17
15	Integrated Industrial Information Inc. (Subsidiary of KPIT Infosystems Incorporated)*	-	-	-2%	(60.24)
16	KPIT Solutions GmbH, Germany (Subsidiary of KPIT Technologies GmbH, Germany we.f. 01/11/2014)	0%	56.75	1%	23.22
		<b>(B)</b>	<b>46%</b>	<b>28%</b>	<b>799.97</b>
<b>C</b>	<b>Intercompany eliminations</b>	-32%	(4,425.23)	0%	(4.11)
<b>D</b>	<b>Minority interest</b>	0%	NIL	0%	NIL
<b>E</b>	<b>Total (A+B+C+D)</b>	<b>100%</b>	<b>13,806.91</b>	<b>100%</b>	<b>2,815.00</b>

\* During the year, CPG Solutions, LLC and Integrated Industrial Information, Inc. were merged with KPIT Infosystems Incorporated, USA, their holding company, effective 1 January, 2016.

# Notes forming part of the consolidated financial statements

## 33C 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 31 March, 2016 is ₹ 20.99 million (Previous year - ₹ 0.13 million) including unpaid amounts of ₹ 0.01 million (Previous year - ₹ Nil) outstanding for more than 30 days. Estimated interest due thereon is ₹ Nil (Previous year - ₹ Nil).
- Amount of payments made to suppliers beyond the appointed date during the year is ₹ 46 million (Previous year - ₹ 0.02 million). Interest paid thereon is ₹ Nil (Previous year - ₹ Nil) and the estimated interest due and payable thereon is ₹ 0.66 million (Previous year - ₹ 0.00 million).
- The amount of estimated interest accrued and remaining unpaid as at 31 March, 2016 is ₹ 0.67 million (Previous year - ₹ 0.03 million).
- The amount of further estimated interest due and payable for the period from 1 April, 2016 to actual date of payment or 20 April 2016 (whichever is earlier) is ₹ Nil.

## 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. (upto 21 July, 2015)
	Ms. Sneha Padve (w.e.f 22 July, 2015)
Relative of KMP	Mr. Chinmay Pandit
	Ms. Jayada Pandit
	Mr. Shreyas Patwardhan
Enterprise over which KMP have significant influence	KP Corporate Solutions Ltd.
	Kirtane & Pandit LLP

C. Transactions with related parties:

Sr. No.	Name of related party	FY 2015-16		FY 2014-15	
		Amount of transactions during the year (₹) million	Balance as on 31 March 2016 Debit/(Credit) (₹) million	Amount of transactions during the year (₹) million	Balance as on 31 March 2015 Debit/(Credit) (₹) million
1	<b>Mr. S. B. (Ravi) Pandit</b>				
	Salary	15.93	NIL	16.14	NIL
	Reimbursement of expenses (net)	3.92	NIL	1.66	(0.00)
2	<b>Mr. Kishor Patil</b>				
	Salary	11.84	NIL	12.04	NIL
	Reimbursement of expenses (net)	2.06	NIL	2.61	NIL
	Perquisite value	0.19	NIL	NIL	NIL
	Loan given	30.00	28.75	NIL	NIL
	Repayment of Loan granted	1.25		NIL	NIL
	Interest received	0.57	NIL	NIL	NIL
3	<b>Mr. Sachin Tikekar</b>				
	Salary	12.92	NIL	11.83	NIL
	Reimbursement of expenses (net)	2.97	NIL	5.99	NIL
4	<b>Mr. Chinmay Pandit</b>				
	Salary	3.53	NIL	3.42	NIL
	Reimbursement of expenses (net)	0.65	NIL	0.40	NIL

# Notes forming part of the consolidated financial statements

Sr. No.	Name of related party	FY 2015-16		FY 2014-15	
		Amount of transactions during the year (₹) million	Balance as on 31 March 2016 Debit/(Credit) (₹) million	Amount of transactions during the year (₹) million	Balance as on 31 March 2015 Debit/(Credit) (₹) million
<b>5</b>	<b>Mrs. Jayada Pandit</b>				
	Salary	1.62	NIL	0.39	NIL
	Reimbursement of expenses (net)	0.01	NIL	0.00	NIL
<b>6</b>	<b>Mr. Anil Patwardhan</b>				
	Salary	7.13	NIL	6.86	NIL
	Reimbursement of expenses (net)	0.28	NIL	0.71	NIL
<b>7</b>	<b>Mr. R. Swaminathan</b>				
	Salary	1.28	NIL	3.83	NIL
	Reimbursement of expenses (net)	0.05	NIL	0.38	(0.01)
<b>8</b>	<b>Mrs. Sneha Padve</b>				
	Salary	2.17	NIL	NIL	NIL
	Reimbursement of expenses (net)	0.01	NIL	NIL	NIL
<b>9</b>	<b>Mr. Shreyas Patwardhan</b>				
	Salary	0.59	NIL	0.47	NIL
	Reimbursement of expenses (net)	NIL	NIL	0.02	NIL
<b>10</b>	<b>Kirtane &amp; Pandit LLP</b>				
	Professional fees	0.52	NIL	NIL	NIL
<b>11</b>	<b>KP Corporate Solutions Limited</b>				
	Sales	0.97	NIL	2.90	3.26
	Professional fees	1.35	0.00	1.10	(0.07)

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

## 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 2015-16 ₹ million	FY 2014-15 ₹ million
Minimum lease payments		
- Not later than one year	7.83	8.53
- Later than one year and not later than five years	6.17	12.00
- Later than five years	NIL	NIL
<b>Total minimum lease payments</b>	<b>14.00</b>	<b>20.53</b>
Amount representing future Interest	1.10	2.29
Present value of minimum lease payments	12.90	18.24
- Not later than one year	7.04	7.20
- Later than one year and not later than five years	5.86	11.04
- Later than five years	NIL	NIL

# Notes forming part of the consolidated financial statements

## 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 2015-16 ₹ million	FY 2014-15 ₹ million
<b>Minimum lease payments</b>		
- Not later than one year	275.45	228.50
- Later than one year and not later than five years	924.25	390.12
- Later than five years	837.85	185.90
<b>Total minimum lease payments</b>	<b>2,037.55</b>	<b>804.52</b>

Rental expenses of ₹ 411.92 million (Previous year ₹ 315.56 million) 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 2015-16	FY 2014-15
Nominal value per equity share	₹	2.00	2.00
Profit for the year	₹ (million)	2,815.00	2,369.87
Profit attributable to equity shareholders	₹ (million)	2,815.00	2,369.87
Weighted average number of equity shares	No. of shares	191,225,608	189,671,704
<b>Earnings per share – basic</b>	₹	<b>14.72</b>	<b>12.49</b>
Effect of dilutive potential equity shares -			
Employee stock options (including shares held by Employee Welfare Trust)	No. of shares	8,629,025	9,935,111
Weighted average number of diluted equity shares	No. of shares	199,854,633	199,606,815
<b>Earnings per share – diluted</b>	₹	<b>14.09</b>	<b>11.87</b>

37. The Company has received recognition from Department of Scientific and Industrial Research, Ministry of science and technology DSIR on 1 April, 2014 for its Research and Development (R&D) facility at its premise in Hinjewadi which is effective from 1 April, 2014 to 31 March, 2018. During the year, the R&D facility is approved for the purpose of section 35(2AB) of the Income Tax Act, 1961, from 1 April, 2014 to 31 March, 2017.

Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 92.34 million (Previous year ₹ 124.60 million) has been incurred by the Company and disclosed under appropriate account heads. Out of total R & D expenditure incurred during the year ₹ 78.00 million (Previous year ₹ 78.21 million) is towards eligible R & D expenditure under Section 35 (2AB).

Based on this approval, a tax benefit on the weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 amounting to ₹ 98.51 million (Previous year ₹ Nil) pertaining to earlier years has been considered in the current financial year.

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 2015-16 ₹ million	FY 2014-15 ₹ million
Building	4.43	56.72
Computers	NIL	6.34
Plant and Machinery	1.44	16.97
Furniture and Fixtures	NIL	14.23

Capital expenditure incurred on various research and development projects is ₹ 204.76 million (Previous year ₹ 72.73 million).

# Notes forming part of the consolidated financial statements

## 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 2015-16 ₹ million	FY 2014-15 ₹ million
Carrying amount as at the beginning of the year	12.25	21.19
Additional provision made during the year	9.71	8.70
Addition on account of acquisition	-	1.98
Amount paid/utilized during the year	NIL	NIL
Unused amount reversed during the year	7.10	19.62
Carrying amount at the end of the year	14.86	12.25

## 39. Stock option plans

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

The Board of Directors and Shareholders of the Company approved Employees Stock Option Scheme -1998 at their meetings in 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 2015-16	FY 2014-15
Options outstanding at the beginning of the year	-	200
Granted during the year	-	-
Exercised during the year	-	200
Cancelled / lapsed during the year	-	-
Options outstanding at the end of year	-	-

- Employee Stock Option Plan– 2004

The Board of Directors and the shareholders of the Company approved the Employees Stock Option Plan at their meeting in August 2001 and in September 2001, respectively. Pursuant to this approval, the Company instituted ESOP 2004, Plan in July, 2004. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The Options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant. The maximum exercise period is 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	1,045,264	2,133,241
Granted during the year	-	-
Exercised during the year	271,206	618,602
Cancelled / lapsed during the year	449,070	469,375
Options outstanding at the end of year	324,988	1,045,264

- Employee Stock Option Plan – 2006

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan at their meeting in July 2006 and in August 2006, respectively. Pursuant to this approval, the Company instituted ESOP 2006, Plan in October, 2006. The compensation committee of the Company administers this Plan. Each option carries



# Notes forming part of the consolidated financial statements

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 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	3,833,379	6,036,302
Granted during the year	2,827,500	61,000
Exercised during the year	752,326	1,925,439
Cancelled / lapsed during the year	731,600	338,484
Options outstanding at the end of year	5,176,953	3,833,379

#### 4. Employee Stock Option Plan – 2014

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 of ₹ 2 per option. 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 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	395,000	-
Granted during the year	60,000	395,000
Exercised during the year	-	-
Cancelled / lapsed during the year	300,000	-
Options outstanding at the end of year	155,000	395,000

#### 5. Employee Stock Option Plan – 2015

The Board of Directors and the shareholders of the Company approved another Employee Stock Option Plan at their meeting in April 2015 and August, 2015, respectively. Pursuant to this approval, the Company instituted ESOP 2015 Plan in August 2015. 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 5 years from the date of vesting.

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

Particulars	FY 2015-16	FY 2014-15
Options outstanding at the beginning of the year	-	-
Granted during the year	1,091,000	-
Exercised during the year	-	-
Cancelled / lapsed during the year	39,500	-
Options outstanding at the end of year	1,051,500	-

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

# Notes forming part of the consolidated financial statements

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black Scholes Options Pricing Model), the Company's Profit after Tax would be lower by ₹ 68.22 million (Previous Year ₹ 58 million) and earnings per share as reported would be lower as indicated below:

Particulars	FY 2015-16	FY 2014-15
Net profit after tax (₹ million)	2,815.00	2,369.87
Add: Total stock based compensation expense determined under intrinsic value based method (₹ million)	2.03	9.63
Less: Total stock based compensation expense determined under fair value based method (₹ million)	68.22	58.00
Adjusted net profit (₹ million)	2,748.81	2,321.50
Basic earnings per share (in ₹)		
- As reported	14.72	12.49
- Adjusted	14.37	12.24
Diluted earnings per share (in ₹)		
- As reported	14.09	11.87
- Adjusted	13.75	11.63

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

Particulars	FY 2015-16	FY 2014-15
<b>ESOP 2006 scheme</b>		
1. Risk free interest rate (%)	5.14%	8.53%
2. Expected life	3.74 years	3.60 years
3. Expected volatility (%)	40.99%	39.95%
4. Dividend yield (%)	0.93%	0.60%

Particulars	FY 2015-16	FY 2014-15
<b>ESOP 2014 Scheme</b>		
1. Risk free interest rate (%)	7.61%	8.75%
2. Expected life	3.76 years	2.99 years
3. Expected volatility (%)	41.80%	39.79%
4. Dividend yield (%)	0.88%	0.63%

Particulars	FY 2015-16	FY 2014-15
<b>ESOP 2015 scheme</b>		
1. Risk free interest rate (%)	7.76%	-
2. Expected life	3.70 years	-
3. Expected volatility (%)	42.83%	-
4. Dividend yield (%)	1.06%	-

#### 40. 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 493,066 equity shares against exercise of options by the employees, after 31 March, 2015 and before the Book closure for the Annual General Meeting held for FY 2014-15. The Company paid dividend of ₹ 0.51 million on these shares as approved by the shareholders at the Annual General Meeting held on 19 August, 2015.

# Notes forming part of the consolidated financial statements

3. During the year, the Company has provided for the decline, other than temporary, in the carrying amount of an investment for ₹ 112.98 million, in accordance with AS-13 "Accounting for Investments".
4. During the year, CPG Solutions, LLC (transferor) has been merged with KPIT Infosystems Incorporated (transferee), its holding company, in terms of Articles of Merger filed with the State of Florida. CPG was engaged in the business of providing software consultancy services in the areas of ERP, Supply Chain Management and Business Intelligence. Consolidation of operations was undertaken with the aim of improving operational efficiencies.

The effective date in accordance with Agreement and Plan of Merger is 1 January, 2016.

The accounting of merger has been done by using pooling of interest method. Further, as per Article 1.3 of the Agreement and the plan of merger :

- i. the assets of the transferor company have been recorded by transferee company at their existing carrying amounts
- ii. the liabilities of the transferor company have been recorded by transferee company at their existing carrying amounts
- iii. the reserves of the transferor company have been recorded by transferee company at their existing carrying amounts

During the year, Integrated Industrial Information, Inc. (transferor) has been merged with KPIT Infosystems Incorporated (transferee), its holding company, in terms of Articles of Merger filed with the State of North Carolina. I-Cubed was involved in the areas of Product Lifecycle Management consulting, specializing in data migration, PLM technical services and customization and managed services.

The effective date in accordance with Agreement and Plan of Merger is 1 January, 2016.

The accounting of merger has been done by using pooling of interest method. Further, as per Article 1.4 of the Agreement and Plan of merger, the same treatment is given in the books of transferee company as is mentioned above in case of CPG Solutions LLC.

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

Assets	CPG Amount (USD million)	I-cubed Amount (USD million)
Fixed assets/Intangible assets (net)	0.08	0.45
Long-term loans and advances	-	0.02
Trade receivables	1.05	2.26
Cash and bank balances	0.02	0.06
Short-term loans and advances	0.06	0.09
Other current assets	0.15	0.01
<b>Total</b>	<b>1.36</b>	<b>2.89</b>

Liabilities	CPG Amount (USD million)	I-cubed Amount (USD million)
Long-term borrowings	-	2.12
Long-term provisions	0.28	-
Short-term borrowings	-	0.05
Trade payables	0.20	0.11
Other current liabilities	0.78	0.43
Short-term provisions	0.07	0.07
<b>Total</b>	<b>1.33</b>	<b>2.78</b>

Reserves	CPG Amount (USD million)	I-cubed Amount (USD million)
Surplus in Statement of Profit and Loss	(2.15)	(1.80)

Difference between the cost of investment and the value of net identifiable assets acquired as adjusted in Reserves	CPG Amount (USD million)	I-cubed Amount (USD million)
Cost of investment	15.16	15.55
Less : Value of net identifiable assets acquired	2.18	1.91
<b>Adjusted in Reserves</b>	<b>12.98</b>	<b>13.64</b>

# Notes forming part of the consolidated financial statements

5. During the previous year ended 31 March, 2015, the Company merged its wholly owned subsidiary KPIT Global Solutions Limited vide scheme of amalgamation approved by Hon'ble High Court of Bombay via order dated 28 August, 2014 with effective date from 1 April, 2013.
6. The tax expense for the previous year includes credit of ₹ 245.92 million on account of revised tax return of earlier years filed in the US jurisdiction following completion of extensive documentation requirements and ₹ 72.43 million for other matters in India pertaining to earlier years.
7. During the year the Company has spent ₹ 18.62 million (Previous year ₹ 10.77 million) 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, 2015 (₹ million)	Amount regrouped in current year (₹ million)	Regrouping details
Note 8 - Other current liabilities	1,205.01	24.00	Included in "Trade payables" under Note 7 - Trade payables
Note 25 - Employee benefits expense	17,419.55	7.93	Included in "Miscellaneous expenses" under Note 27 - Other expenses
Note 9 - Short term provisions	609.22	37.25	Included in "MAT credit entitlement under Note 13 - Long term loans & advances

9. As per the amended rules on Companies (Accounting Standards) Rules, 2006, notified by the Central Government, the proposed dividend will not be recorded as a liability as at the period end (amended AS-4 – Contingencies and Events occurring after Balance Sheet date). The Company believes that the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after April 1, 2016. Accordingly, the Company has recorded ₹ 262.66 million as liability for proposed dividend (including corporate dividend tax) as at March 31, 2016.

As per our report of even date attached  
**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number 101248W/W-100022

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

**Juzer Miyajiwala**  
Partner  
Membership No. 047483

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

**Kishor Patil**  
CEO & Managing Director

**Anil Patwardhan**  
Chief Financial Officer

**Sneha Padve**  
Company Secretary

Place: Pune  
Date: 27 April, 2016

Place : Pune  
Date: 27 April, 2016

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CIN: L72200PN1990PLC059594

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune – 411 057, India.  
Tel.: +91-20-6652 5000 | Fax: +91-20-6652 5001 | Email: connectwithus@kpit.com | Website: www.kpit.com

**Subject: Green Initiative in Corporate Governance - Shareholders' Consent to receive communication in Electronic Form**

**Dear Shareholder,**

Your Company is a firm believer of and has always been fostering green and inclusive growth. Co-innovation for green growth is now a quintessential part of your Company's values. Your Company has been taking major initiatives all along in green growth. For last several years KPIT has been publishing its Corporate Sustainability Report, and is now taking the 'Green Initiative in Corporate Governance' in accordance with the agenda promoted by the Ministry of Corporate Affairs (MCA).

The MCA vide Section 20 of the Companies Act, 2013 and Rule 35 of the Companies (Incorporation) Rules, 2014 allow companies to serve documents through electronic mode thus encouraging the green initiative.

In view of the above, we propose to send you all shareholder communications and documents like Annual Reports, Notices etc. through electronic mode, in future. In order to facilitate electronic communication with you, we request you to register your e-mail address with your depository participant (the agency with whom your demat account is maintained) or with our Registrar and Share Transfer Agent, **Link Intime India Private Limited** at: [bhagavant.sawant@linkintime.co.in](mailto:bhagavant.sawant@linkintime.co.in). Alternatively, you may register your e-mail address with the Company by writing an email to [connectwithus@kpit.com](mailto:connectwithus@kpit.com) with the subject line - 'Green Initiative'. **If you have already registered your e-mail address, you are not required to re-register the same unless there is a change in your e-mail address.**

Kindly note that shareholders are entitled to be furnished with a printed copy of all the shareholder communication and reports and the Company undertakes to provide the same at no extra cost to you, upon request.

We believe that by subscribing to this green initiative, you would be contributing towards the protection of your environment. We request your concurrence so as to enable us to e-mail the Annual Reports, Notices, etc. to you.

Thanking you,

For **KPIT Technologies Limited**

**Sneha Padve**

Company Secretary





CIN: L72200PN1990PLC059594

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park,  
Phase – I, MIDC, Hinjawadi, Pune – 411 057.

Tel.: +91 20 6652 5000 | Fax No.: +91 20 66525001 | Email: connectwithus@kpit.com | Website: www.kpit.com

## Notice

**NOTICE** is hereby given that the Twenty Fifth Annual General Meeting of KPIT Technologies Limited will be held on Wednesday, August 24, 2016, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjawadi, Pune – 411 057, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2016, together with the reports of the Auditors and the report of the Board of Directors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended March 31, 2016, together with the reports of the Auditors thereon.
3. To confirm the payment of interim dividend for FY2015-16 and to declare final dividend for the financial year ended March 31, 2016.  
[The Board has recommended dividend at ₹ 1.10/- per equity share of ₹ 2/- each [@ 55%].
4. To appoint a Director in place of Mr. B V R Subbu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the appointment of Statutory Auditors.

### SPECIAL BUSINESS

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 the provisions of Section 196, Section 197, Section 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force, approval be and is hereby accorded for the re-appointment of Mr. Sachin Tikekar (DIN: 02918460), Whole-time Director, of the Company for a period of five years with effect from October 20, 2016, on the terms and conditions specified in the Agreement to be entered into between the Company and Mr. Sachin Tikekar.

**RESOLVED FURTHER THAT** Mr. Sachin Tikekar shall be liable to retire by rotation and this re-appointment shall be subject to his continuance as a Director of the Company during his tenure and shall ipso facto terminate, if he ceases to be Director of the Company for any reason whatsoever.

**RESOLVED FURTHER THAT** Mr. S. B. (Ravi) Pandit, Chairman of the Board of Directors, Mr. Anil Patwardhan, Chief Financial Officer and the Company Secretary be and are hereby severally authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

By Order of the Board of Directors  
For **KPIT Technologies Limited**

Pune  
April 27, 2016

**Sneha Padve**  
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 annexed to 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 FORM, 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 on **Tuesday, August 16, 2016**.

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. Telephone: 91- 20-26161629 E-mail: [bhagavant.sawant@linkintime.co.in](mailto: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 Chief Financial Officer at [anil.patwardhan@kpit.com](mailto:anil.patwardhan@kpit.com) or to the secretarial department at [connectwithus@kpit.com](mailto:connectwithus@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 holding shares in demat form 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 duly filled in Attendance Slip 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, Employee Stock Option Plan 2014 and Employee Stock Option Plan 2015 are being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, 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 [connectwithus@kpit.com](mailto:connectwithus@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. ₹360,591/- 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 2015-16, 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. Aniruddha Patwardhan at [aniruddha.patwardhan@kpit.com](mailto:aniruddha.patwardhan@kpit.com) 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 Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, 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.
18. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Meeting.
19. The Register of Contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Meeting.

## ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]

### Item No. 6

Mr. Sachin Tikekar, aged 48 years, was inducted as a Director on the Board of the Company on October 20, 2011. He holds a Master's 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 is working on the overall strategy, operating systems, creation of some new solutions, executive sponsorship of the key Global Accounts and Partnerships along with Succession Planning and Development of senior people in the organization. He has previously worked with US Sprint and Strategic Positioning Group. Mr. Tikekar possesses 23 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.

As on March 31, 2016, 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 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 and the members have already approved his remuneration up to October 19, 2016. The Board of Directors of the Company in their meeting held on April 27, 2016, have approved his re-appointment, subject to the approval of the shareholders. It is, therefore, proposed to re-appoint Mr. Tikekar for further period of 5 years w.e.f. October 20, 2016.

Brief terms and conditions of re-appointment of Mr. Tikekar are given below:

- (a) Mr. Tikekar shall be paid basic salary and allowances in the range of ₹ 94.5 lacs to ₹ 225 lacs per annum. Within this range, the aggregate of basic salary and allowances may be revised by the Board of Directors or the Nomination and Remuneration (HR) Committee of the Board of Directors, from time to time, subject to a maximum annual increase of 15% over the basic salary and allowances for the previous year.
- (b) The following perquisites shall be allowed to Mr. Tikekar, in addition to basic salary and allowances mentioned above:
  - i. Company's Contribution to Provident Fund,

- ii. Gratuity as per the policy of the Company in force from time to time,
- iii. Encashment of leave as per the rules of the Company in force from time to time,
- iv. Use of Company provided car and
- v. Medical insurance for the Director and his family as per Company's policy applicable to senior managers of the Company.

- (c) Variable incentive of such amount as may be decided by the Board of Directors or the Nomination and Remuneration (HR) Committee of the Board of Directors, from time to time.
- (d) The aggregate of basic salary, allowances, perquisites and variable incentive of Mr. Tikekar, shall not exceed 5% of the net profits of the Company subject to the condition that the total remuneration payable to Mr. Tikekar along with the total remuneration payable to the Managing Director(s) and other Whole-time Director(s) together shall not exceed 10% of the net profits of the Company.

If the Company incurs a loss or its profits are inadequate in any financial year during the tenure of Mr. Sachin Tikekar, he may be paid such minimum remuneration as determined by the Board of Directors or the Nomination & Remuneration (HR) Committee of the Board of Directors, within the limits laid down in Part II of Schedule V of the Companies Act, 2013.

**Particulars as per Section II of Part II of Schedule V of the Companies Act, 2013 are given below.**

### I. General Information:

1. **Nature of industry:**  
The Company is in the business of providing services and products in technology consulting and product engineering space.
2. **Financial performance based on given indicators:**  
Please refer to Financial Statements attached to this Notice.
3. **Foreign investments or collaborations, if any:** Nil.

### II. Information about the appointee:

1. **Background details:**  
Please refer to paragraphs above in this item for these details.
2. **Past remuneration:**  
During the financial year 2015-2016, the Company paid ₹ 12.60 lakhs to Mr. Tikekar.
3. **Job profile and his suitability:**  
Mr. Tikekar will be responsible for managing the key customer relationships of the Company. The previous paragraphs give information on the suitability of Mr. Tikekar.

**4. Remuneration proposed:**

Fixed remuneration: Range of ₹ 94.5 lakhs for the year 2015-16 to ₹ 225 lakhs over the tenure (October 20, 2016 to October 19, 2021).

Variable remuneration: As fixed by the Board of Directors or the Nomination & Remuneration (HR) Committee of the Board.

Total remuneration: Not to exceed 5% of the profits of the Company subject to an overall ceiling of 10% for all the Whole-time Directors and Managing Director(s).

Perquisites and other details: Please refer to previous paragraphs in this item of business.

**5. Comparative remuneration profile with respect to industry, size of the Company, profile of position and person:**

The comparative remuneration in the Information Technology (IT) industry for companies with revenues in the range of US \$ 200 mn to US \$ 500 mn for the position of Whole-time Director ranged from ₹ 85 lakhs to ₹ 215 lakhs for the year 2014-15.

**6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Please refer Note No. 40 to the Standalone Financial Statements attached.

**III. Other information:**

- 1. Reasons of loss or inadequate profits:** Not applicable.
- 2. Steps taken or proposed to be taken for improvement:** Not applicable.
- 3. Expected increase in productivity and profits in measurable terms:** Not applicable.

The draft agreement to be entered into between the Company and Mr. Tikekar will be available for inspection at the registered office of the Company on all working days, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

As per the provisions of Section 196 of the Companies Act, 2013, the re-appointment of the Whole-time Director shall be approved by the members at a General Meeting of the Company. Hence the re-appointment of Mr. Tikekar is proposed for the approval of the Members at the Annual General Meeting of the Company.

Mr. Tikekar will be deemed to be concerned or interested in the resolution to the extent of the remuneration payable to him under the authority of the resolution. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel are concerned or interested in the proposed resolution.

## 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 Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, 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 Friday, August 19, 2016 (9:00 a.m.) and ends on Tuesday, August 23, 2016 (5:00 p.m.). 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. Tuesday, August 16, 2016, 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 is as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
    - (i) Open email 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.
  - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s)]:
    - (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](http://www.evoting.nsdl.com) or contact Mr. Amit Vishal – Senior Manager, at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) 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, Tuesday, August 16, 2016.
- X. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holds shares as of the cut-off date i.e.
  - (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 [jbbhave@gmail.com](mailto:jbbhave@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Tuesday, August 16, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [phagavant.sawant@linkintime.co.in](mailto:phagavant.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 forget your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://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. Jayavant Bhavé, Proprietor, J.B. Bhavé & Co., 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 Annual 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 favor 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](http://www.kpit.com)) and on the website of NSDL ([www.evoting.nsdl.com](http://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.

# Notes



# Notes



KPIT TECHNOLOGIES LIMITED

CIN: L72200PN1990PLC059594

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjawadi, Pune – 411 057. India.  
Tel.: +91 20 6652 5000 | Fax: +91 20 6652 5001 | Email: connectwithus@kpit.com | 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 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, August 24, 2016 at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, 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 for the financial year ended March 31, 2016, together with the reports of the Auditors and the report of the Board of Directors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended March 31, 2016, together with the reports of the Auditors thereon.
3. To confirm the payment of interim dividend for FY2015-16 and to declare final dividend for the financial year ended March 31, 2016.
4. To appoint a Director in place of Mr. B V R Subbu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the appointment of Statutory Auditors.
6. To re-appoint Mr. Sachin Tikekar, Whole-time Director.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of the shareholder

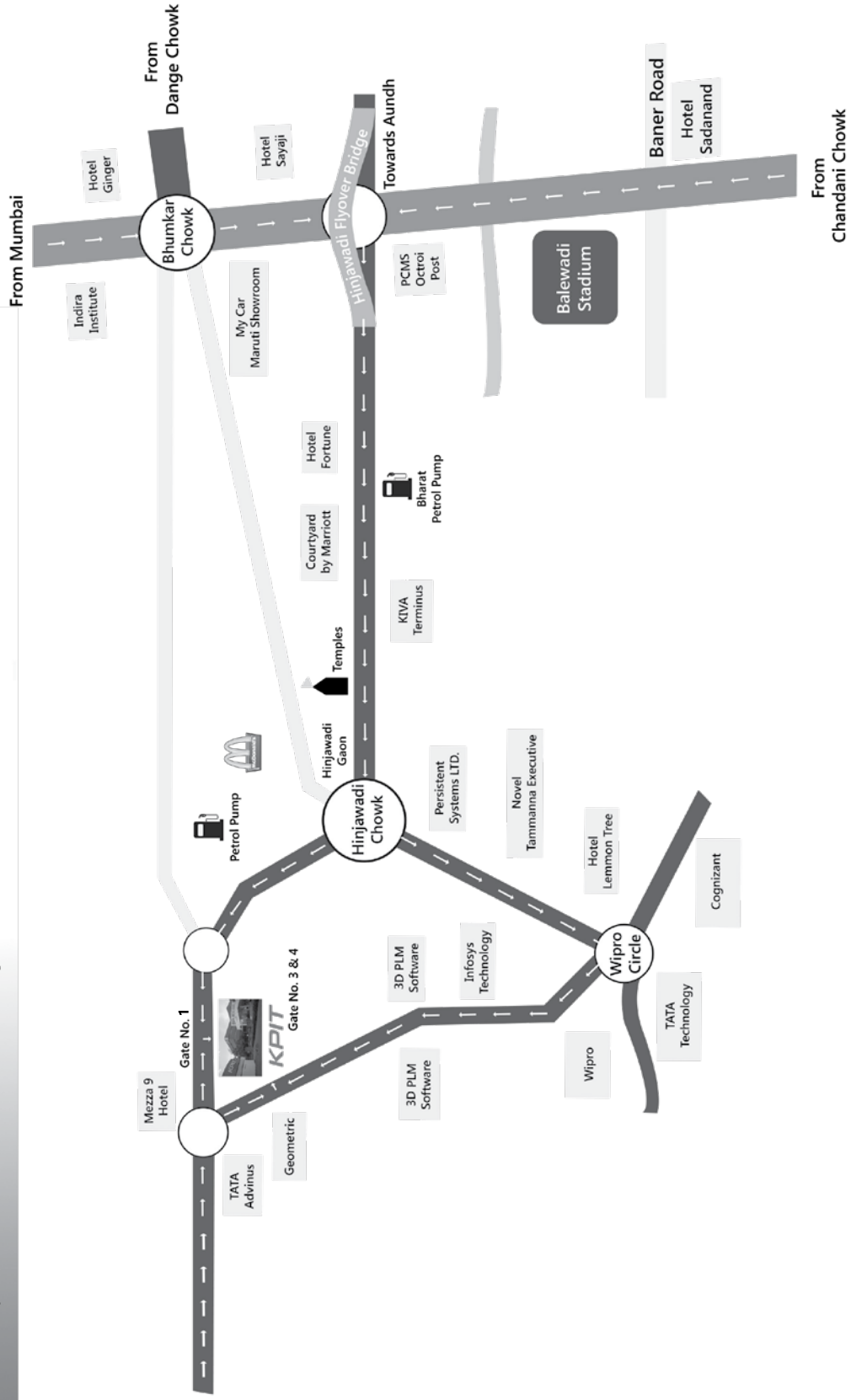
Signature of Proxy holder(s)



**Note:** 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 form, 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.



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	President & Board Member
Pawan Sharma	CEO–Solutions and Services
Pankaj Sathe	Chief Marketing Officer
Anup Sable	Chief Technology Officer
Anil Patwardhan	Chief Financial Officer
Abhishek Sinha	Chief People and Operations Officer







**KPIT Technologies Limited**

35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC,  
Hinjawadi, Pune - 411057, India  
Phone: +91 - 20 - 6652 5000 | Fax: +91 - 20 - 6652 5001  
Email: [connectwithus@kpit.com](mailto:connectwithus@kpit.com) | Website: [www.kpit.com](http://www.kpit.com)

Compliance under Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

FORM A

(For Audit Report with unmodified opinion on Standalone Financial Statements)


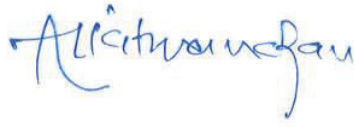


1.	Name of the Company	KPIT Technologies Limited
2.	Annual financial statements for the year ended	March 31, 2016
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not applicable
5.	To be signed by	
	1. Kishor Patil CEO & Managing Director	
	2. Anil Patwardhan Sr. Vice President & Head Corporate Finance & Governance (CFO)	
	3. Juzer Miyajiwalla Partner Membership No: 047483 For B S R & CO. LLP Chartered Accountants Registration No: 101248W/W-100022	
	4. Lila Poonawalla Chairperson- Audit Committee	
Place: Pune		
Date: April 27, 2016		



Compliance under Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

FORM A

(For Audit Report with unmodified opinion on Consolidated Financial Statements)

1.	Name of the Company	KPIT Technologies Limited
2.	Annual financial statements for the year ended	March 31, 2016
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not applicable
5.	To be signed by	
	1. Kishor Patil CEO & Managing Director	
	2. Anil Patwardhan Sr. Vice President & Head Corporate Finance & Governance (CFO)	
	3. Juzer Miyajiwalla Partner Membership No: 047483 For B S R & CO. LLP Chartered Accountants Registration No: 101248W/W-100022	
	4. Lila Poonawalla Chairperson- Audit Committee	
Place: Pune		
Date: April 27, 2016		

