

August 7, 2024

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

Scrip ID: KPITTECH

Scrip Code: 542651

Kind Attn: The Manager,
Department of Corporate Services

National Stock Exchange of India Ltd.,

Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051.

Symbol: KPITTECH

Series: EQ

Kind Attn: The Manager,
Listing Department

Dear Sir / Madam,

Subject: - KPIT's Philosophy on Board Composition

Please find below a brief note on the above-captioned subject.

Thanking you.

Yours faithfully,

For **KPIT Technologies Limited**

Nida Deshpande
Company Secretary & Compliance Officer

Dear Shareholders,

The 7th AGM of KPIT Technologies Ltd. is scheduled on August 27, 2024, the Notice of which has already been shared with all of you.

We understand that in some quarters, there is a concern about the independence of our Board, considering the long tenure of some of the directors.

In the note below we would like to explain the company philosophy and thought process behind the current and ongoing composition of the Board of Directors of the company.

Currently the company has the following composition of Board of Directors

- One Chairman who is non-executive and non-independent,
- 4 Executive Directors and
- 6 Independent Directors

KPIT follows a defined process for selection of Independent Directors.

It is our endeavor to have the composition of the Board of Directors with Independent Directors, who possess a broad spectrum of knowledge and expertise in the areas of engineering, technology and global markets, and possess strategic insights, relevant to KPIT.

The new KPIT was incorporated in 2018, and the ‘merger and demerger’ was effective as on January 2019, which effectively was the date of the start of operations for the new KPIT.

Selection of Board Members in 2019

The continuity of most of the relevant board was very important for us, since the demerger was a bold decision taken and though it opened enormous opportunities for the company, it was also accompanied with known risks. Our business prior to the demerger was roughly around USD 600 million, which reduced to roughly USD 200 million, and we had an opening cash balance of just around USD 10 million. In this period of transition, we were keen to receive the wise counsel of our continuing directors who understood our markets and services well. Therefore, we continued for a period of 5 years only with those independent directors, who were relevant for the new KPIT. As you can see below, we have directors of high expertise and stature on our board.

Prof Alberto Luigi Sangiovanni Vincentelli is renowned as “father of semi-con”, is a Prof at university of California Berkely, is a founder of two of the largest EDA Tools companies in the world and is widely respected for his knowledge.

Mr. Anant Talaulicar, a person with global and Indian experience in the field of automotive, provides significant inputs to KPIT with his global business experience, diverse skills, leadership capabilities, expertise in governance and risk management.

KPIT Technologies Limited

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Mr. BVR Subbu, again a very well-known person in the Indian Automotive Industry has been a part of the Automotive industry for decades and his vision and domain expertise, have helped the Company formulate and execute its strategy at a global level.

Selection of Board Members in 2023

As stated earlier, we would like to maintain continuity in the Board and at the same time effect a smooth transition over a period, to ensure prudent rotation as well as steadiness in the Board.

To that effect, one director (Mr. Nikhil Jakatdar) retired, and we sought extensions to the current independent directors, basis a phased transition plan viz. retirement after 2 years (Mr. B V R Subbu), retirement after 3 years (Prof Alberto Luigi Sangiovanni Vincentelli) and retirement after 5 years (Mr. Anant Talaulicar).

Thus, this reappointment (over defined distinct years of reappointment) of Prof Alberto Luigi Sangiovanni Vincentelli, Mr. B V R Subbu and Mr. Anant Talaulicar will help to pave way for new experts relevant to our business in times to come, over the next 2 to 5 years. We have also added almost 50% new faces to our Independent Directors Group with the inclusion of Prof. Rajiv Lal, Mrs. Bhavna Doshi and Mr. Srinath Batni.

Prof. Rajiv Lal is Stanley Roth, Sr. Professor of Retailing at Harvard Business School. He is currently teaching the core Marketing course in the MBA program. Prof. Lal also teaches in several Executive Education programs, has previously served as the Faculty Chair for the General Management Program, and the program on Building and Leading a Customer Centric Organization.

Ms. Bhavna Doshi, a gold medalist Chartered Accountant, has a specialization in the fields of taxation and corporate restructuring. She has been providing advisory services to national and multinational entities for over 30 years. She had been a member of various bodies established for development and regulation of profession of accountancy in India such as ICAI, Tax Administration Reform Commission supporting group, Accounting Standards Board Research, Vision 2021.

Mr. Srinath Batni, a core member of the well-regarded Infosys team, is an experienced Board Member with a demonstrated history of working in the mechanical /industrial engineering industry. Over a period, Mr. Batni has mastered his skillsets like Business Negotiation and Analysis, Business Development, Global Delivery- IT & Quality, and innovatory & visionary Strategy required for the growth and maturing of a company.

Our criteria for the appointment of new directors on our board is very stringent and these appointments have been made after screening more than 15 potential directors. Our chairman connects independently with such potential individuals. Post their interactions and expectations settings, the company decides to on-board them as Independent Directors or have them associated in the capacity of Advisors to Executive Management. This way the wholistic eco-system of independent counsel is built. Currently besides independent directors, we have Dr. Bob Joyce, Elmar Frickenstein, Dr. Masaru Igarashi and Nancy Gioia as Board of Advisors to the Executive Management.

We take the governance of our company at the level of independent directors very seriously. Since there are multiple committees of the Board, you would notice representations by all Independent Directors on multiple committees. Considering the relatively small number of directors and large number of committees, almost every director is on multiple committees. The attendance of our board members in board meetings as well as committee meetings is almost 100%, barring a couple of exceptions.

The emphasis on good governance in the company is also reflected in the performance of the company. We have consistently grown revenues and operating profits for the last 16 consecutive quarters and the financial markets have also rewarded our consistent performance, which is reflected in the market capitalization of the company.

The Company is working towards potentially having 7 independent directors including, two women independent directors, preferably.

During this AGM, we are seeking your approval for Mr. S. B. (Ravi) Pandit (DIN: 00075861), who holds office as a non-executive Director and Chairman of the Board to continue to hold office on attending the age of 75 years as a Non-executive Director and Chairman of the Board, liable to retire by rotation, with effect from March 29, 2025.

Mr. S. B. (Ravi) Pandit was appointed by shareholders as Non-Executive Director and Chairman of the Board with effect from March 29, 2020, subject to retire by rotation. Accordingly, his reappointment by way of retiring by rotation was placed before the shareholders in the AGM held on August 24, 2022, and the same was duly approved by the shareholders. He will continue to be reappointed by way of retire by rotation by shareholders in compliance with section 152 of the Companies Act, 2013 and Regulation 17(1D) of SEBI LODR 2015.

Since Mr. S. B. (Ravi) Pandit is attaining the age of 75 years on March 29, 2025, we are again seeking approval of the Members by way of a Special Resolution mentioned in the Item No. 6 of the AGM notice, otherwise in normal course of business we would have sought in the AGM of 2026, in accordance with section 152 of the Companies Act, 2013 and Regulation 17(1D) of SEBI LODR 2015.

The paragraph in the AGM notice gives his background and explains why we need him on our own board. His commitments to high governance, his knowledge, especially in the field of technology, his stature in the society, his acceptance at various policy levels and his infectious energetic persona is vital for the continual innovation, progress and evolution of the company on an ongoing basis.

Our philosophy is to have a separate Office of the Chairman and a separate Office of the CEO. This has worked well for us till now and we do not wish to disrupt this effective combination, since we believe, it will continue to enable our growth in the near future.

We are certain you will understand and appreciate our thought process.