KPIT Cummins Infosystems Limited

co-innovation for green growth

ANNUAL REPORT 2009-2010

Board of Directors

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

Amit Kalyani
Director

Anant Talaulicar
Director

Bruce Carver
Director

Deepak Malik
Director

Elizabeth Carey
Director

K.V. Krishnamurthy
Director
(Resigned with effect from January 18, 2010)

Lila Poonawalla
Director

Dr. R.A. Mashelkar
Director

Dr. Srikant Datar
Director

Sudheer Tilloo
Director

Floyd Rutan
Alternate Director

Mark Gerstle
Alternate Director

Dwayne Allen
Alternate Director

Kishor Patil
CEO & Managing Director

Girish Wardadkar
President and Executive Director

Anil Khatri
Company Secretary

Auditors

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

Legal Advisors

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

Financial Institutions

- State Bank of India
- International Finance Corporation
- HDFC Bank Ltd.
- The Hong Kong and Shanghai Banking Corporation Ltd.
- Citibank N.A.
- BNP Paribas
- Standard Chartered
- Axis Bank Ltd.

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From the Chairman and the Managing Director

My Dear Fellow Shareholders,

Last year was an unusual and abnormal year for the global economy and all businesses by any gauge. In the following letter, we would like to look into our performance for the last year and the opportunities and challenges for the year ahead of us.

We started the year with a lot of uncertainty prevailing in the overall global business atmosphere. Our customers were not able to have any visibility beyond a quarter. In the past, we have talked business prospects on a long term basis with our customers. Towards the end of FY09 and majority of FY10, we were unable to converse beyond a quarter even with our long standing customers. The customers themselves were not in a position to discuss business opportunities as they themselves were uncertain about their future revenues.

In the overall economic slump, manufacturing vertical which constitutes close to 90% of our total revenues was the worst hit and globally large manufacturing corporations were facing gross under-utilization of their production capacities. The Automotive Industry also went through its worst phase with production facilities being shut down and inventories piling up significantly. In 2007 close to 80 million new automobiles were sold worldwide and the same number in 2009 was about 60 million — a whopping fall of 25%. Cummins, which is our largest customer and also a strategic partner/investor was no exception to this economic occurrence. Cummins cut down its IT budget significantly and thus it had a subdued effect on our revenues.

The last quarter of the calendar year 2009 brought some respite to the overall negative business climate, with banking sector leading the recovery followed by a mix bag of manufacturing revival. The recent developments in Europe have put in a question mark to a steady recovery in the economic scenario. Still we believe that the first quarter of 2010 has shown positive signs indicating a cautious recovery.

While the world was reeling under such trying economic circumstances last year, we were clear on our objectives of 1) Quality and Productivity, 2) Technology and Practices 3) Profitability and Liquidity and 4) Growth.

As the year has panned out, we have been fairly successful in achieving our stated objectives. With clear focus on Quality and Productivity we have increased the asset repository size and asset reuse percentage, enhanced the utilization of productivity tools, improved CSAT coverage and rating, reduced rework efforts and improved percentage of 'zero defect deliveries' to the customers.

We have been strengthening our technology and practices with concentrated efforts on innovation directed towards creation of IPs and filing of patents. Till date we have 24 patents filed in our name (10 of which were filed in April 2010), with majority of them in the areas of automotive electronics. This helps our positioning as a niche player and domain expert in this area. Even with a pressure on growth and thus profits, we continued to invest in R & D. The total R & D related spend was 1.5% of our revenues in FY10.

This year our Net Profits after Tax grew by 30% over the last year, in spite of a decline in the revenue number year on year. We were able to control our costs across the organization but were diligent enough not to cut budgets in the R & D and people training areas. We were able to have a healthy cash balance as at the year end with Cash reserves close to Rs. 1,800 Million after routine Capital Expenditure of around Rs. 300 Million and payments for acquiring Sparta and the balance holding in KPIT France, KPIT Germany and SolvCentral.

Growth was one area where we would have liked to perform much better. This was the first year in the last 10 years where we saw a dip in revenues year on year. Having said that, we were at least successful in arresting the revenue downfall by coming up with innovative solutions for our customers, reducing customer costs by shifting work offshore and bringing in more predictability to the customer spend by executing projects in a fixed price mode. Our share of offshore revenues for the year stood at close to 60%, up from 55% last year and revenue from fixed price contracts increased from 18% last year to 30% this year. Thus, if we consider the volumes (billed FTEs), there was no de-growth in FY10 as compared to FY09, due to the movement of work from Onsite to Offshore.

During the year, we completed the merger of Sparta Consulting Inc., a US based SAP consulting company. This strengthens our SAP practice and gives us a strong front end team in the US Market. We are sure that the synergies from this merger will take us a long way in creating a niche and leadership position for ourselves in SAP.

During the year, we also added Defense and Energy and Utilities to our verticals of spotlight, to have a cushion for our exposure to the manufacturing vertical. Sparta Consulting already derives about 50% of its revenues from Energy and Utilities vertical which gives us a strong head start in this vertical. We see good potential for growth in this vertical. For the Defense sector, our offerings would be an extension of our embedded and engineering solutions and we have been able to bag a couple of orders already in this area.

With such a difficult year behind us, we now are poised for a good growth year. We expect the Top line to grow by about 25% in USD terms in FY11 over FY10, well above the NASSCOM average industry growth projection of 13% - 15% this year. This growth will be led by Automotive Electronics, SAP and Emerging Markets coupled with the new areas of Energy & Utilities and Defense.

However, some key decisions and actions will result in a lower profit growth as compared to the revenue growth. We have given salary increments across the board for offshore employees with effect from April 01, 2010 which are at par with the industry averages. The rupee, in the near future depicts a trend of strengthening against the Dollar and Euro and GBP cross rates are also on a path of adverse movement during the year. We will also continue to invest in the right areas viz. R & D, sales & marketing and people training, to fuel our future growth. We believe that these investments are an absolute must, if we want to keep on growing well over the industry average, in the next couple of years. We will end up forgoing some profits of the current year but will be poised for a much better growth in the coming years. Hence, we believe that the profit growth will be at a minimum of 5% in FY11, though it will be our endeavour to improve the profit growth beyond 5%. Most of the industry, we believe, will show a lower profit growth as compared to the revenue growth, this year.

Our priorities for FY11 would be as follows:

People — We want to focus on improvement of the competency of our people. This would be through trainings, certifications, Leadership

Development and Budding Leaders Program. Last year, we started doing some work in this area. This year we shall build on it. We shall spend extra efforts on our team members who show greater energy and competency and we shall help them grow faster and take bigger challenges. The recent organizational changes that we have carried out are tailored to build leadership at second and third levels in the Company. We would urge every team member to keep the hunger and curiosity for knowledge and growth always ignited.

Innovation — In the new global scenario, only the innovative companies will prosper. We have been working on new product creations for the past one year. These innovations are a must due to changing economic conditions and environmental challenges posed by energy challenges. We have seen excellent work done by some members of our team. This year, we will step-up our efforts in this area. We will institutionalize all aspects of innovative solutions. We want innovations to happen across KPIT and not just in a few pockets. We are very encouraged by the innovations in productivity, IPs and value –adds, that your company has done in the recent past and we are sure that we will be able to build on them in the next couple of years.

Profitable Growth — Getting back into growth will call for additional investments in sales and marketing and will also call for significant focus on creation of new products and solutions. We believe we will be able to make the growth happen by virtue of our growth in the emerging markets, by virtue of growth in the US anchored by our acquisitions and on account of more products and services that we now have to offer. It is important for us to focus on "Profitable Growth" and not just "Growth". We shall necessarily build on our IPs for non-linear growth. We shall also build on the productivity improvements that we have invested in over the last year. We shall explore innovative pricing models so that "Time and Material" pricing will constitute a comparatively smaller part of our income. We have to actively think how we can create value for our customer and how we can get paid for it, not on the basis of our costs, but on the basis of the value that we create. In order that we have a good understanding of the value that we create, we must look at what is valuable to the "end consumer", who could be our customer's customer.

All the above would mean a new mindset across the organization from all the colleagues of KPIT. We would also expect support and encouragement, as always, from all our investors and stakeholders.

Beyond the growth of our Company and our people, we believe, we satisfy a global need of ensuring "Green and Inclusive" Growth. Last few years have brought out that we as a humanity face challenges on 2 issues – How do we ensure that all of us have inclusive growth and how can it be green. Our internal operations are sensitive to the need of such growth.

"Green and Inclusive" Growth for us is directed towards three major areas:

Customers' Products — Manufacturers' interest in green products is growing, given increased awareness about population growth, global warming and scarcity of natural resources. Our work in the areas of Hybrid Cars, Electric Cars, reducing Emissions from engines, Clusters, infotainment, lower power chips, PDM and alternate fuel vehicles, to name a few are all directed towards green end products for the customer.

Customer Operations — The manufacturing and business operations of the customers need to be fine tuned so that they have a minimal impact on the environment. Our work in the areas of Supply Chain Management, Enterprise Resource Planning, Product Life Cycle Management, Business Process Management, Business Intelligence and Manufacturing Execution Systems, to name a few, is towards ensuring that the customer operations are environment sensitive and friendly.

Our Own Operations — Even though (being in IT domain), our services have little negative environmental impact, KPIT has always proactively ensured that we protect and improve the environment in which we work. We have designed and implemented policies which are aimed at Optimum utilization and conservation of resources like energy and power, water, paper and other consumables, regular tree plantation, effective waste management and recycling, optimizing employee transport and reduction in environment hazardous materials like plastic among others. These policies seek active participation from every department and employee of the Company.

This is a very fulfilling journey and we are glad that we are on it together.

Warm Regards,

Sincerely yours,

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

Kishor Patil
CEO and Managing Director

From the President and Executive Director

Dear Shareholders,

The macroeconomic factors which created a negative impact on the business during FY 2009-10 have already been well addressed in the Chairman and Managing Director's letter. We would therefore try to look at the priorities which were set by the Company for the year gone by and how we have performed on those parameters.

For FY2010, we had broadly set the following priorities:

1. QUALITY & PRODUCTIVITY – Continue to invest in improving customer satisfaction, zero-defect and on time delivery. Focus on delivering Value to customers.
2. TECHNOLOGY and PRACTICES – building specific practices and offerings mapped on to specific customers and geographies.
3. LIQUIDITY & PROFITABILITY – Liquidity by managing cash, focusing on receivables and capital expenditure and Profitability by improving productivity – focus on reuse of assets, rework reduction and deployment of tools, improving engineers' utilization and ensuring appropriate people pyramid.
4. GROWTH – continue to focus on identified list of customers including must win list, India strategy implementation.

Quality & Productivity

In the last year, we have put tremendous emphasis on quality management, productivity improvement and customer interface processes enhancements. Asset based development to implement re-usage strategy was initiated at large scale. We standardized tools for project management and software life cycle activities. We leveraged significantly upon open source tools to bring in efficient cost management. For quick and high quality knowledge transfer we established "Induction Portal".

As a result of all these initiatives we were able to expand our CSAT coverage and the average rating also improved significantly from 3.85 to 4.19 on a scale of 5. These measures have also paid well in terms of maintaining the profitability margins despite of declining revenues. We maintained our EBITDA margins at 20%+ level throughout the year. Our offshore revenues have improved from 55% in FY09 to 59.79% in FY10. These productivity improvement initiatives taken during the last few years along with the expertise and confidence that we have gained from our customers helped us in increasing the share of 'Fixed Price' revenues to 30%+ from 18% in FY09. We directed all our efforts towards "delivery excellence" and "delivering value" to our customers. During the last year we were certified for ISO 9000, CMMi Level 3 and Auto Spice Level 5.

Technology & Practices

Established in 2007, Center for Research in Engineering Sciences and Technology (CREST) has been our core R&D center and has been contributing significantly in bringing the differentiating factor in the Company's offerings.

As a result of the R&D initiatives, we have filed for another 16 patents during FY10, which takes the total number of patents filed till end of April 2010 to 24. The patents filed during the year are in the areas of hybrid automotive technology, safety features of the car and semiconductor offerings related to high speed transmitters. We would be continuing our work in this direction with a more focused approach as we aim to increase the share of IP led revenues in our total revenues.

We have been working on various technologies like image processing, driver safety assistance systems and high performance computing. These efforts have now started paying off well in terms of achieving specific R&D projects from our clients in these respective areas. This year, we have started working in the cloud computing area, our work in parallel computing has resulted in reducing the execution time for automotive crash simulation. Hybrid technology is another area of interest for research where we are working on the unique design, development and successful implementation of hybrid technology in a vehicle.

To increase our focus on practices and help the practices to grow and be best in Class, we have organized ourselves towards the end of the year which is detailed in the ensuing paras.

We have developed **CLICKSERVICESMILE.com**, an internet-based information system, in association with DSK Toyota that will make car ownership easier for Indian consumers. This development is significant for the Company as it is its first consumer-based product. Our industry-based approach and new vertical focus strategy have led to a consumer-based product as a means to tap into domestic demand for automotive embedded software.

R&D Recognition: Here are a few examples of papers our engineers presented on various forums:

- **"A comprehensive sensor system framework for vehicle safety"** was accepted at ICVES 2009.
- **"Hardware/Software Tradeoffs in Automotive Sensor Data Processing"** was accepted for presentation at the IP-Embedded Systems Conference held in Grenoble, France in December 2009.
- Our articles **"Concurrent Debuggers"; "Programming Tools for Multicore Processors"; "Functional Programming Paradigm and Concurrency"** were published on an online technical site, TechOnline.

Liquidity & Profitability

Sensing the economic turmoil, we started directing our actions towards improving our liquidity right from the start of the year. Our cash balance as on March 31, 2010 stood at Rs. 1,799.27 million as compared to Rs.1,671.17 million as on March 31, 2009. Our focus on DSO reduction has led to improvement in the receivable levels from 69 days to 66 days. Capital expenditure during the year was Rs.296.8 million against Rs.298.07 million in FY09. Control on capital expenditure was a result of our approach of ensuring optimal utilization of not only our people but all assets – IT and physical infrastructure related.

Our profits for the year increased to Rs. 857.31 million from Rs. 658.52 million last year, a growth of 30.19%. With our actions directed towards productivity improvement as stated earlier and the change in revenue mix helped by better average rupee realization as compared to last year, we were able to post this quantum jump in profits year on year, despite the fall in revenues.

Growth

Year 2009-10 put pressure on our customers to improve their cost effectiveness. Customers became more demanding. Value delivery was critical. Your Company focused on ensuring our customers wins.

During the year, we were successful in engaging with customers in China for engineering projects in automotive and semiconductor applications. The Company will invest in this important market. Besides growth opportunities for the Company, this market provides us opportunity to work on challenging engineering problems.

India has also been another growth region for us in FY10. Our India business has grown by 50% during this year and we expect the growth rate to continue. In India, we have seen business growth coming from our SAP practice, but during the year, we have entered into engagements with large auto players of the country. The government has also been very supportive in terms of its mandate and policies for driving the economic growth and thus we can expect good business coming from this market in the future.

Korea, Australia and South Africa are some other markets among the emerging nations which are showing strong growth traction and thus we are very positive on our emerging market growth strategy.

We added a new customer segment - 'Defense' and 'Public Sector Units' (PSU). In the defense sector, our offering would be end-to-end design, engineering and IT services as an extended part of our embedded software work. In PSU, we would be primarily offering our Business IT services package. We believe these two sectors will further help us in strengthening our presence in Indian market.

With the acquisition of Sparta Consulting Inc., we have added 'Energy and Utilities' as a vertical to our business. Together we will seek more opportunities for growth in this vertical and we also aim to further expand our offerings scope in this domain.

In preparation for the growth, we have also begun investments in Practices, Subject Matter Experts and front end sales. We will further step up our investments in technical talent to get ready for the "New Normal" business environment. Project Management rigor, solutioning for customers through Subject Matters Experts and Practice & Business Managers would be critical to our success in the future.

Partnership & Association:

- We became a Product Partner of the Mathworks Connections Program **which** will help us to align our AUTOSAR based products with the industry's leading technical computing software.
- We are now an affiliate member of Center for Automotive Research (CAR), a well known automotive research organization based in Michigan, USA. This association will enable access to the ongoing industry initiatives and practices and thus strengthen our industry ties.
- In collaboration with a leading global semiconductor company from Japan, we have developed a new AUTOSAR 3.0 compatible software solution for various hardware platforms, which enables easy design of application software without the need for new developments.

Our active client base has grown from 128 in FY09 to 141 in FY10. We have added two new customers in the star customer category which increased to 28. Cummins continues to be our top client with a revenue share of 30.18%. Non Cummins star customers constituted 44.52% of our revenues.

Thus we believe we have been able to achieve good results last year, focusing on the above mentioned priorities.

People Development

Our People are our strength. At KPIT we strive to create vibrant and empowering environment that stimulates improved performance. We have designed various programs and certifications where we are ensuring overall development of our people to move quickly to the next level of growth and thus creating a leadership pipeline to lead the performance driven culture across the organization.

As a part of our employee connect, some key initiatives taken during the year:

1. **Pulse 2009**

   We rolled out an organization wide employee satisfaction survey and the results were shared with all colleagues along with the action plan to address the key areas of concern.

2. **Employee Connect**

   We launched a communication framework for strengthening connect of managers with their team members through one on one and group meetings. We have also sharpened focus of Leadership connect with all colleagues wherein we organized various events which covered all our employees based across the globe.

3. **Campus Initiatives**

   We have started hiring from colleges where we see strengths in our domain specific areas like Mechanical Design, MECHATRONICS, Automobile Engineering Software IT like IT and Computer Science Engineering Graduates, Embedded technologies, etc.

   We have signed an MoU with Vishwakarma Institute of Technology and another MoU with Sinhagad Group of Engineering Colleges, Pune to promote academic excellence and faculty empowerment through research and mentoring initiatives.

   A KPIT Center of Excellence has been established at MKSS Cummins College of Engineering for Women, Pune where the sole objective is to encourage R & D orientation amongst students & faculty. We have stepped up our engagement with Business schools to add to the leadership pipeline.

   Budding Technologist program

   We have started this program during the year, where we will sponsor projects in colleges like Cummins College of Engineering, Sinhagad College of Engineering and Pune Institute of Computer Technology. This program is aimed at spotting talent at an early stage and nurture a culture of innovation.

4. **Training Initiatives**

   We have identified key roles within the organization i.e., Project managers, Technical leads and sales team and designed various training programs like PROMS and 'Tech-lead' certification. These programs are focused on developing their individual competencies and professional growth. Role based competency development and certification has been introduced to ensure people development for the right roles and to improve productivity and customer satisfaction.

5. **Community Initiatives**

   Under our Non Profit Connect initiative, we partnered with an NGO called Janawani and developed an online "GIS Based Accident Reporting System" to help the Traffic Police department. We have been working with Seva Sahayog NGO for the last 4 years on their various initiatives like School kit donation drive, organizing Seva fair which demonstrates products prepared by the women Self help groups. "Sponsor a child from Northeast India" is another unique initiative wherein we support children coming from the economically weaker sections of the society.

Infrastructure

During the year, we have consolidated three of our Bangalore Offices to Shailendra Techno Park at Whitefield which is a 65,000 sq. ft. office space. Our other facility in Bangalore is Adarsh Tech Park, Special Economy Zone (SEZ) which has 25,000 sq. ft., area. This facility will give us long term benefits on tax and duty exemptions. Our ultimate goal is to consolidate entire Bangalore operations to Adarsh Tech Park, SEZ by the end of 2011.

Going Forward

We are gearing up to respond to the changing customer preferences. We have got the IT and the BPO teams integrated to enable customer solutioning for IT and also to process their operational transactions. This combined IT & BPO service offering will help our customers to focus on their core activity, while we can take care of the business processing end-to-end. In few select customers engineering solutions would also form part of this integrated approach.

In order to deliver higher value to customers we have restructured our sales and delivery organization to be 'practice based'. The practice teams would focus on specific domain thus build expertise and be able to talk the customer's language. Practice teams would build domain and industry specific offerings and get geared to deliver to the customers more efficiently. Practice team would focus on demand generation, selling and also delivering. This integrated approach would make us more competitive. Customer led & Practice base organization would prepare us to achieve our business objectives.

Priorities for FY11 are based upon following themes:

1. People - Development of people by – right skilling, leadership development and acquiring right DNA.
2. Innovation – Foster a culture of innovation - Practice based to bring about best in class solutions, non linear revenues through IP based offerings and more emphasis on building IPs and filing patents.
3. Profitable Growth – Growth with focus on emerging markets, Oracle and SAP practices and Automotive vertical assisted by Energy and Utilities and Defense. Profitability with Productivity Improvement, DSO reduction, increasing Fixed price revenues, begin non-linear revenues through asset based development and IPs.

With encouragement from our customers and markets, Practice based go-to-market strategy, trained, certified and competent engineers and building a culture of Innovation, we are confident of bringing back growth and improving profitability.

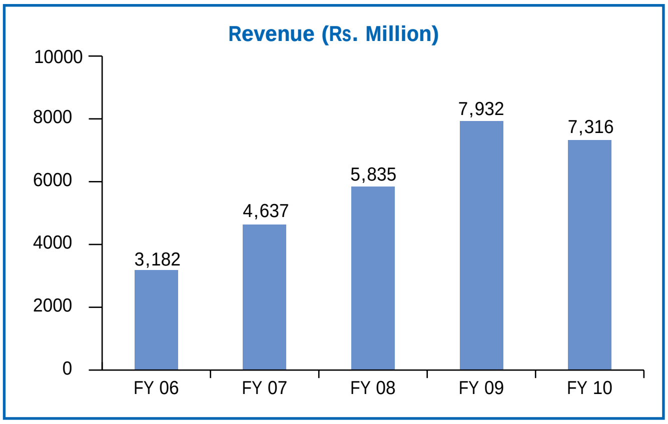
Warm Regards,
Sincerely yours,

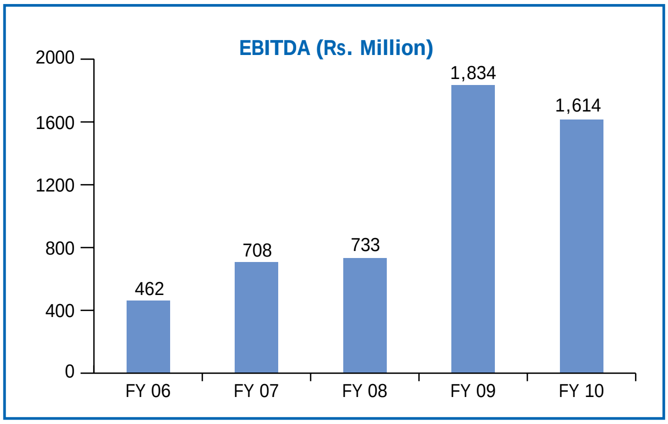
Girish Wardadkar
President & Executive Director

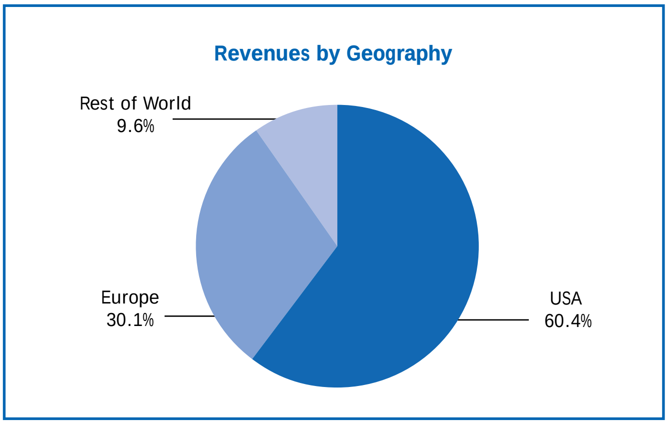
Financial highlights

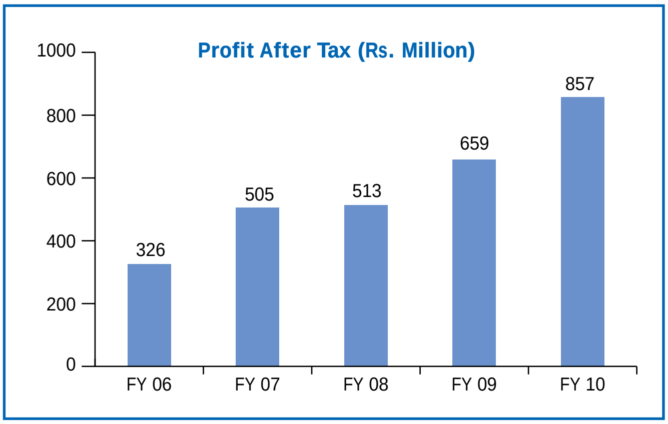
Rs. Million

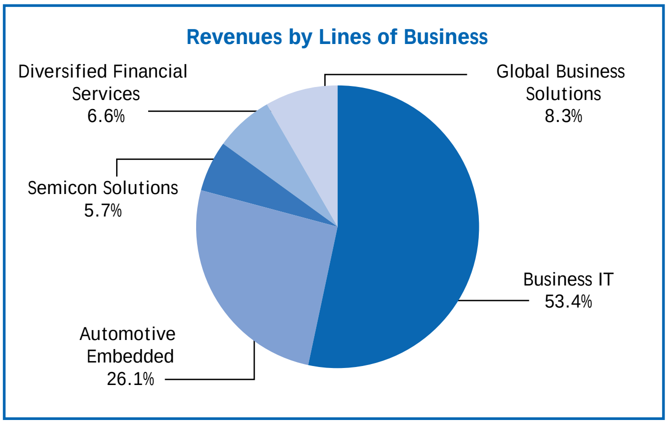
	FY10	FY09	FY08	FY07	FY06
CONSOLIDATED INCOME STATEMENT					
Sales (USD Million)	**153.76**	174.10	145.24	102.52	72.93
Sales	**7,316.41**	7,931.55	5,834.53	4,637.02	3,182.15
Gross Profit	**3,225.91**	3,464.35	2,104.27	1,753.34	1,121.02
EBITDA	**1,614.43**	1,833.55	732.97	707.81	461.90
Interest	**27.41**	45.47	75.47	44.64	19.18
Depreciation/ Amortization	**308.04**	436.46	254.68	121.21	84.20
Other Income	**(252.53)**	(573.79)	198.82	12.90	0.13
Profit Before Tax	**1,026.45**	777.83	601.64	554.86	358.65
Profit After Tax	**857.31**	658.52	512.82	504.76	325.64
CONSOLIDATED BALANCE SHEET					
Share Capital	**157.05**	156.09	155.77	149.55	72.80
Reserves & Surplus	**3,697.28**	1,474.50	2,482.19	1,840.81	1,344.57
Total Shareholders Funds	**3,871.01**	1,630.59	2,637.96	1,990.36	1,417.37
Loans	**1,107.74**	1,184.76	864.86	1,222.96	874.51
Minority Interest	**-**	3.16	5.15	4.51	4.39
Deferred Tax Liability	**51.15**	59.61	42.09	10.22	7.75
Total Sources of Funds	**5,029.90**	2,878.12	3,550.06	3,228.05	2,304.02
Fixed Assets	**2,471.54**	1,795.02	1,680.45	1,772.05	953.38
Investments	**746.98**	0.31	1.09	48.81	0.11
Accounts Receivables	**1,387.68**	1,775.61	1432.2	1,101.72	867.74
Cash and Bank Balances	**1,052.29**	1,671.17	739.79	625.35	411.35
Loans & Advances	**677.03**	449.30	529.55	345.13	442.22
less: current liabilities & provisions	**1,305.62**	2,813.29	833.06	665.12	370.95
Miscellaneous	**-**	-	0.04	0.11	0.17
Total Application of Funds	**5,029.90**	2,878.12	3,550.06	3,228.05	2,304.02
Key Ratios					
Revenue growth	**(7.76%)**	35.94%	25.82%	45.72%	26.05%
EBITDA Growth	**(11.95%)**	150.15%	3.55%	53.24%	38.97%
PAT Growth	**30.19%**	28.41%	1.60%	55.00%	14.68%
Gross Profit Margin	**44.09%**	43.68%	36.07%	37.81%	35.23%
EBITDA Margin	**22.07%**	23.12%	12.56%	15.26%	14.52%
PAT Margin	**11.72%**	8.30%	8.79%	10.89%	10.23%
SG&A to Revenue	**22.03%**	20.56%	23.50%	22.55%	20.71%
ROE	**31.17%**	30.85%	22.16%	29.62%	26.28%
Return on Capital	**21.68%**	20.49%	15.13%	18.25%	17.41%
Debt to Equity	**0.42**	0.48	0.45	0.62	0.50
Cash/ Total Assets	**20.92%**	58.06%	20.84%	19.37%	17.85%
Earnings per Share (Rs.)	**10.97**	8.44	6.84	6.83	4.54

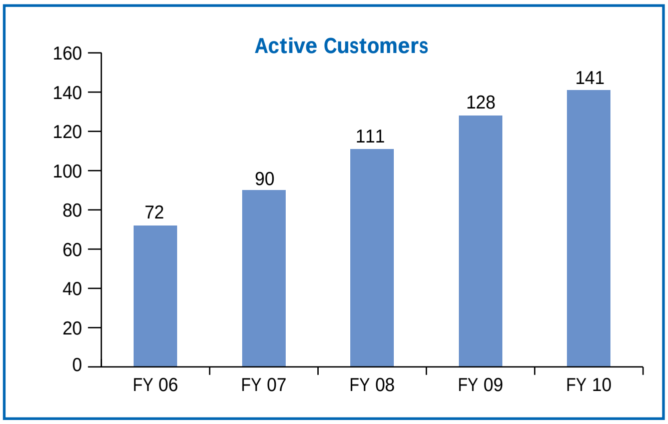

Revenue (Rs. Million)
10000
8000
6000
4000
2000
0
3,182
4,637
5,835
7,932
7,316
FY 06
FY 07
FY 08
FY 09
FY 10


EBITDA (Rs. Million)
2000
1600
1200
800
400
0
462
708
733
1,834
1,614
FY 06
FY 07
FY 08
FY 09
FY 10


Revenues by Geography
Rest of World
9.6%
Europe
30.1%
USA
60.4%


Profit After Tax (Rs. Million)
1000
800
600
400
200
0
326
505
513
659
857
FY 06
FY 07
FY 08
FY 09
FY 10


Revenues by Lines of Business
Diversified Financial Services
6.6%
Global Business Solutions
8.3%
Semicon Solutions
5.7%
Business IT
53.4%
Automotive Embedded
26.1%


Active Customers
160
140
120
100
80
60
40
20
0
72
90
111
128
141
FY 06
FY 07
FY 08
FY 09
FY 10

Management Discussion and Analysis

Industry Development:

The fiscal year 2009-10 can be described as a year of economic turbulence. The mortgage and fiscal crisis took on the global economy, followed by unemployment, declining GDP and weakened demand environment. IT industry was also affected adversely by this turmoil. The technology related spending was reduced drastically. There was not much uptick in the demand scenario and pricing pressures were felt across the industry with clients emphasizing on contract renegotiation. Some customers went bankrupt, while others were delaying the payments and deals.

With the rapidly changing macro-economic scenario, customer demands and expectations have also changed. Customers are maintaining a cautious approach while spending money on their IT requirements. They are also looking for optimum utilization of that money by deriving maximum value in the products and solutions offered. This has emphasized the need for transformation in business models and service delivery, while bringing in more flexibility. The industry is looking to diversify beyond its key offerings and markets, defining new business and pricing models, transforming the delivery process through technology innovation and thus ensuring cost efficiency.

Structural changes:

- **Changing Customer Demand** — Customer requirements are changing as they expect IT to play a key role in increasing their enterprise value. This doesn't focus on simple cost cutting measures but transformation needs to be done in business processes, workforce practices, operation logistics, sales and marketing methodology and information use.
- **Emergence of new models** — Companies understand the significance of IT to the economic performance which extends beyond managing expenditures. Emergence of SaaS and cloud computing, shared services, and more selective outsourcing are some new priorities to address constrained IT budgets.
- **New markets** — The traditional markets of US and Europe have always been the core growth markets for the IT industry. In verticals, BFSI has been the dominant industry vertical for majority of the IT companies till now. The revival in the overall IT spend was driven by recovery in North America and BFSI, while the emerging markets like APAC and emerging verticals like retail / healthcare and Energy & Utilities have further contributed to the uptick.
- **Varied offerings** — Indian IT service offerings have grown from application development and maintenance, to end-to-end solutioning, with testing services, engineering and R & D services, infrastructure services, consulting and system integration. These are the new service areas for increased IT spending.
- **Innovation** — IT industry has been developing its capabilities to bring in transformation in the business processes through increased R & D spend. Now the IT companies are more focused on IP creation, development of new technologies including process and business model innovation and increased domain expertise. There has been a 29 times increase in patents over FY2005-FY2008, and average R & D spend of 1 per cent of revenues. (Source: NASSCOM SR 2010)
- **Green growth** — There is an emerging green revolution where the industry looks forward to develop a business model that is not only competitive but sustainable with minimum ecological footprint.

The industry is estimated to aggregate revenues of USD 73.1 Billion in FY2010, with the IT software and services industry accounting for USD 63.7 Billion of revenues. Export revenues are estimated to gross USD 50.1 Billion in FY2010, growing by 5.4 per cent over FY2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees. The engineering design and products development segments that involve IP driven service capabilities command an exports revenue share of 20 per cent, generating revenues of USD 10 Billion in FY2010, growing by 4.2 per cent.

The demand scenario has improved in the last two quarters of FY 2009-10 with improving deal flow, volume growth, stable pricing and faster decision making cycle. These improving economic conditions indicate towards return of customer confidence and growth revival. IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession are now looking at IT for achieving the competitive edge. (Source: NASSCOM SR 2010)

Company's Focus and Strategy:

Challenges:

The industries to which we offer our services and solutions have been badly hit by this downturn. Manufacturing industry has been the worst impacted with manufacturers reducing their capacity utilization, cutting down on the overall IT spends and halting the discretionary IT projects. The automotive industry faced the heat with declining car sales. Weak or negative GDP growth and the financial crisis created pressure on the automakers credit profile. The global semiconductor industry saw revenues declining by 10.5% in 2009 to USD 228.4 Billion. This was the first time when the semiconductor industry saw two consecutive years of revenue decline. There is a new challenge as manufacturers need to save costs to protect their financial results, while they also need innovative products and solutions to retain the existing and acquire the new customers.

Opportunities:

The economic challenges have provided an impetus to create new growth opportunities. As companies have been fighting the economic turmoil, they never lost sight of their client demands. A "new normal" business environment has been established in the industry, where companies with customer focus, innovative offerings and with a competitive cost base will only survive.

Manufacturing companies are looking at IT to bring in flexible and cost effective manufacturing and thus increase the value for its customers. There is a demand growth for more customer facing applications like SCM, CRM and BI applications. Cloud computing is another area which may drive the IT need of manufacturing industry during the year mainly due to its manageable IT infrastructure and cost effectiveness. The mid-market segment remains a major growth avenue for enterprise application software. Green IT is the new development in this industry with corporations focusing on saving power and energy and working on sustainable models which are environment friendly.

Worldwide End-User Spending on IT

(USD Billion)

Particulars	2007	2008	2009	**2010**
Total Market	3,181	3,372	3,198	**3,304**
Annual Growth (%)	-	6.0	(5.2)	**3.3**

(Source: Gartner September 2009) (Gartner Perspective IT spending 2010)

Worldwide Enterprise Spending

(USD Billion)

Particulars	2007	2008	2009	**2010**
Total Market	209	225	221	**231**
Annual Growth (%)	–	7.9	(2.1)	**4.8**

(Source: Gartner September 2009) (Gartner Perspective IT spending 2010)

Worldwide End-User Spending on IT Services

(USD Billion)

Particulars	2007	2008	2009	**2010**
Total Market	747	809	781	**816**
Annual Growth (%)	–	8.3	(3.5)	**4.5**

(Source: Gartner September 2009) (Gartner Perspective IT spending 2010)

Although companies are looking at improving internal IT processes and reducing costs, they continue to invest in innovation. Some businesses still have the resources to invest in IT to retain customers and gain competitive advantage as they realized that a downturn can be a perfect time to undertake projects that impact future growth.

The current economic crisis has accelerated deep structural changes in the automotive industry setting the stage for sustainable growth. Car makers are now looking at technologies to make the cars greener, safer, informative and intelligent to give a comfortable experience to the drivers. Emerging markets are expected to drive the growth for the automotive industry while accounting for almost 70% of the anticipated growth in 2010. There is an increased shift towards Electric Vehicles and this presents automakers, battery manufacturers and suppliers with the momentous opportunity to redefine the ownership experience for consumers. Not only will this industry shift, create new prospects for incumbent players through new products, business models and mobility solutions, but it will also enable participation from the utility and renewable energy sectors. This shift is not only due to the technological advancements, but also highly supported by the government initiatives. For example, the Advanced Technology Vehicles Manufacturing Loan Program will provide OEMs, battery and electric motor suppliers with USD 25 Billion in loans to accelerate the progress of bringing alternative, low emission vehicles to the market.

This transition is posing demand growth for semiconductor companies, who are catering to the automotive segment worldwide as there is an increase in the embedded software and electronics work for automotives. Component makers could address the demand for next generation technology parts relating to turbocharged IC engines, safety, light weighting, interiors, emission reduction etc, which will also lead to a demand uptick for the chip makers.

India's IT industry has always been a major hub for companies looking to offshore their IT operations. Cost labour arbitrage, infrastructure development, innovative technology, supportive regulatory policies and an overall positive business environment have been the key factors as India's value proposition.

Our Focus

Due to the economic downturn, we got a major beating, as we were primarily focused on the manufacturing industry. To diversify our base, we added two new customer segments to our portfolio — Energy & Utilities, and Defense & PSUs, which are closely aligned with our manufacturing domain.

Significant investments are happening in the areas of Energy & Utilities and we can very well integrate and utilize our business IT and embedded software capabilities in this vertical. Smart grids and energy supplies are viewed as national and strategic issues in many countries and thus IT spending is a necessity. In a recent publication by the IDC energy insights, investments in Information, Communication and Technology (ICT) spending by utilities in North America will increase by an average of 4% in 2010 as the industry recovers from the recession and benefits from the infusion of federal funds through the American Recovery and Reinvestment Act (ARRA). These factors, along with cost recovery, indicate the industry will be investing significantly in new technology to enable the intelligent grid in 2010 and beyond. Our presence in Energy & Utilities is further strengthened through the Sparta acquisition. Sparta has a significant presence in this vertical.

In defense, we would provide end-to-end product design, engineering and IT services. This would be an extension of our embedded software work, where we would be like a one stop partner for building and implementing hi-tech and mission critical systems from design to development through system integration, maintenance and support.

Automotive continues to be the primary growth driver for the Company with new opportunities coming in the areas like hybrid vehicles, small cars, power train, driver assistance safety system focusing on installing more safety features in the automobile, in-vehicle networking architecture and infotainment, among others. India is fast emerging as the global hub for smaller cars. More and more electronics and embedded software work is required for all the above mentioned technological developments and we are well geared to take significant advantage of the shifting phenomenon. With a significant portion of our revenues being invested in developing more IP led offerings, we have been able to demonstrate to the customers our domain expertise and leadership which appreciably improves our competitive position. We have filed for 16 patents during the year majority of which are related to automotive.

OEMs are shifting their production and R & D units to India and China, which apart from giving a cost advantage, also helps in better understanding of the emerging demand centers. This would enable them to manufacture low cost cars for the domestic markets and also source design, engineering and components for global use. OEMs would be looking for more and more local suppliers (both hardware and software) where local suppliers show the maturity to service the OEM requirements. KPIT Cummins is an established player in this area and thus would be one of the first preferred partners of choice.

We see growth coming in our manufacturing IT business mainly in SAP, Oracle and Business Intelligence. The emerging geographies would lead the growth in these areas. Together with Sparta we can focus and grow our SAP practice in APAC and Europe, besides US. Energy & Utilities and public sector units will also drive the growth for this line of business along with our core manufacturing industry segments.

For the first time, it has happened that an economic crisis has contributed to the development of emerging markets more compared to the developed nations. As a result, there is a widening growth gap between the emerging markets and the traditional mature markets like US and Europe. We also believe that emerging markets would be at the forefront of the overall growth with traction across regions like India, China, Japan, Korea, Australia and South Africa.

Source:

http://www.idg.com/www/pr.nsf/0/60D005096FCF19528525771A004D9C84

Roland Berger report on "Automotive Insights"

Gartner Perspective IT spending 2010

http://www.gartner.com/it/page.jsp?id=1331214

The path ahead:

Though it would be early to say that the economy has fully recovered, the above shifts in the macro economic factors indicate towards a "new normal" business environment. To be in the forefront of catching up with these, we are making investments in our people, technology, R & D and markets for a profitable growth which will help us in moving faster towards our vision. We believe we are well prepared to take advantage of the post recession economic growth.

Thus with a well defined Growth Plan, our Financial Outlook for FY2011 is as follows:

- USD Revenue Growth of 25% in FY2011 over FY2010.
- This growth would be slower in the first two quarters of FY2011.
- Profit Growth of minimum 5% in FY2011 over FY2010.
- The Profit would be under pressure in the first 2 quarters of FY2011.

During the year, we would be investing majorly in:

- Strengthening Front End, Practice, Pre Sales and SMEs
- R & D Initiatives
- People Training and Certification

which, coupled with rupee appreciation, would lead to a lower profit growth than revenue growth in FY2011.

The first 2 Quarters would be even tougher due to salary increments and fresher hiring and training. The full benefits of fresher hiring and thus employee pyramid will start flowing in from Q3 onwards coupled with strong growth leading to much improved profitability in H2 as compared with H1 of FY2011.

FINANCIAL PERFORMANCE

Revenues:

Revenues for the year stood at USD 153.76 Million. In Rupee terms, revenues were Rs. 7,316.41 Million as compared to Rs. 7,931.55 Million last year. This was the first year in the last 10 years, where we registered a fall in year on year revenues. Our Top Customer, Cummins, reduced the total IT spend drastically this year as compared to the last year and as a result the decline in Cummins absolute revenues was Rs. 889 Million during the year. The non Cummins revenues, including Sparta revenues, grew by Rs. 274 Million, resulting in total absolute decline in revenues of Rs. 615 Million. Though the full year saw a decline in the revenues, the real decline came only in the first Quarter of the financial year, followed by QoQ growth in the next 3 quarters of the year. Onsite revenues declined by 17.37% and the offshore revenues were flat. In volume terms the onsite volumes declined by 8.90% whereas the offshore volumes grew by 1.83% resulting in the overall volume growth being flat.

Particulars	FY2009	**FY2010**	Growth
Sales in USD Million	174.10	**153.76**	(11.68%)
Sales in INR Million	7,931.55	**7,316.41**	(7.76%)
Onsite Revenues (INR Million)	3,560.95	**2,942.26**	(17.37%)
Offshore Revenues (INR Million)	4,370.60	**4,374.14**	0.08%
Onsite FTEs	562	**512**	(8.90%)
Offshore FTEs	2,626	**2,674**	1.83%
Total FTEs	3,188	**3,186**	(0.06%)

Among geographies, we have been able to maintain our absolute revenues in US geography even after the steep fall in Cummins revenues which was aided by the acquisition of Sparta Consulting Inc., the revenues for which were consolidated for a period of four and half months during the year. Europe registered a sharp decline which was also contributed by the rupee appreciation against the euro and sterling pound. Our India business has grown by almost 50% during the year over FY2009. The vertical fall in APAC revenues other than India was arrested by this exceptional growth in India geography.

Revenues by Geography	FY2009	**FY2010**	Growth
US	4,376.22	**4,416.21**	0.91%
Europe	2,844.25	**2,199.46**	(22.67%)
India	711.07	**700.74**	(1.45%)

Manufacturing as an industry was worst hit during the economic downturn which was reflected in our revenues from this vertical during the year. Though within manufacturing vertical the automotive industry was even nastier, our automotive vertical saw a decline in revenues only in the first quarter. Our work in this area is more of R & D nature and of less discretionary nature, we were able to maintain our share of revenues in this space after the fall in the first quarter. The BFSI segment led the economic recovery and we were also able to grow our small pie of BFSI during the year. Energy and Utilities vertical was opened up during the year with a small share in the total revenues of the Company.

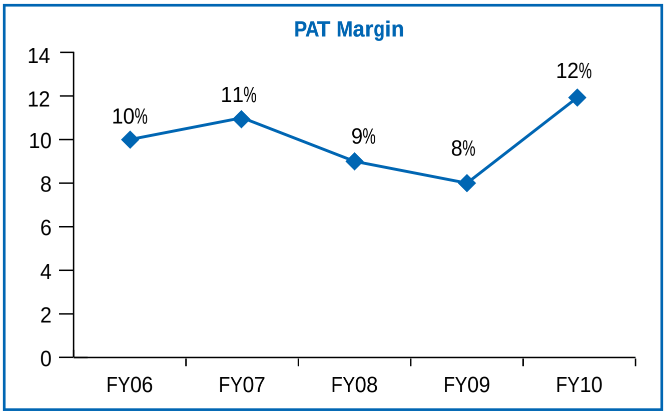
Revenues by Vertical	FY2009	**FY2010**	Growth
Manufacturing	6,919.36	**6,058.24**	(12.45%)
BFSI	454.11	**496.31**	9.29%
Energy and Utilities	—	**221.43**	—
Others	558.08	**540.42**	(3.16%)

Revenues by Lines of Business	FY2009	**FY2010**	Growth
Manufacturing Business IT	4,138.41	**3,906.34**	(5.61%)
Automotive Embedded	2,231.80	**1,910.07**	(14.42%)
Semiconductor Solutions	552.88	**413.51**	(25.21%)
Diversified Financial Services	439.80	**478.86**	8.88%
Global Business Solutions	568.65	**607.63**	6.85%

Profitability:

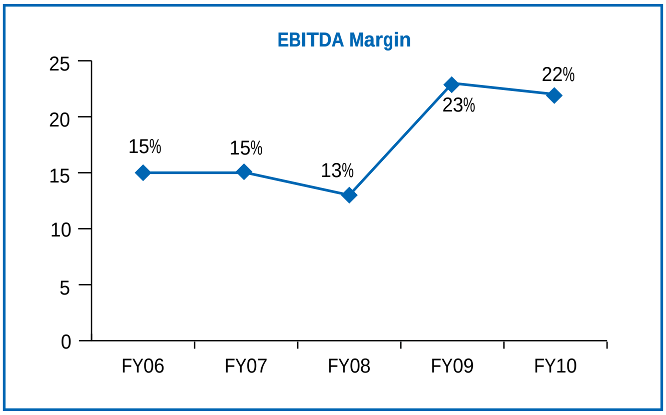
Our Net profit for the year stood at Rs. 857.31 Million, an increase of 30.19% over FY2010. PAT Margin for the year improved to 11.72% against 8.30% in the year before.

Profits (INR Million)	FY2009	**FY2010**	Growth
EBIDTA	1,833.55	**1,614.43**	(11.91%)
PAT	658.52	**857.31**	30.19%



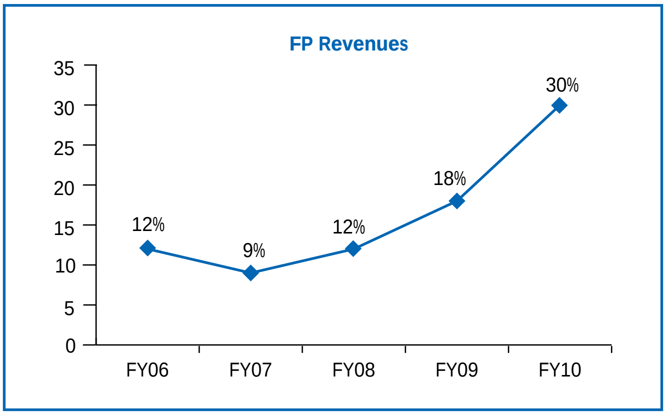
EBITDA for the year declined by 11.91% to Rs. 1,614.43 Million, while EBITDA margin stood at 22.07%, a de-growth of 105 bps. The major reasons for a decline in EBIDTA margins were absolute de-growth in revenue and consolidation of lower margin onsite SAP business in Q3 and Q4. As compared to the Rs. 615 Million decline in yearly revenue, our EBIDTA declined comparatively lower, by Rs. 219.12 Million.

However with our increased focus towards various productivity improvement measures and cost control initiatives along with the shift towards offshore revenue mix, we have been able to maintain our EBITDA margins well above 20% level for the year. These measures include more Fixed Price based revenues, improved reuse of production assets from the repository, reduced rework efforts, increased zero defect deliveries to the customer, increased usage of automation tools, and increased customer satisfaction rating among others.



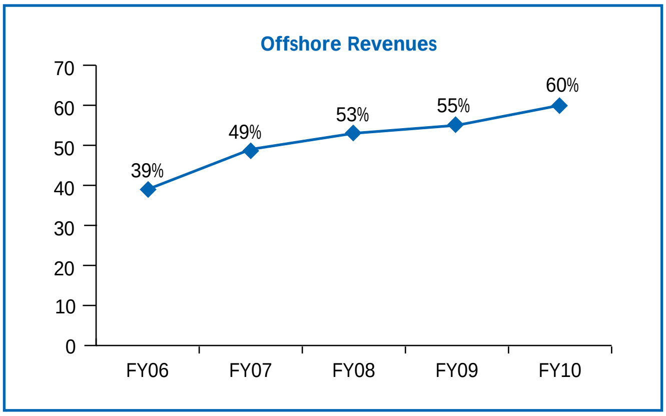
Fixed Price Revenues

We have been continuously growing our share of revenues delivered in a Fixed Price Mode. In Fixed Price Projects, the billing is done based on achievement of predefined milestones delivered in the specific timeframes as decided at the start of the project. Total cost, specifications and deadlines for such projects are determined in advance. The productivity measures carried out by the Company, during the last two years, have given us the confidence of delivering projects profitably, in a fixed price mode. Fixed Price contracts have helped us and will aid us in the future also, in improving profitability.



Offshore Revenues

The revenues derived from services delivered to the customer from remote locations, e.g. India are classified as offshore revenues. Offshore revenues have significantly higher margins than the onsite revenues and the company has been continuously increasing its revenue share of offshore revenues which has helped in improvement of EBIDTA margins over the period of time.

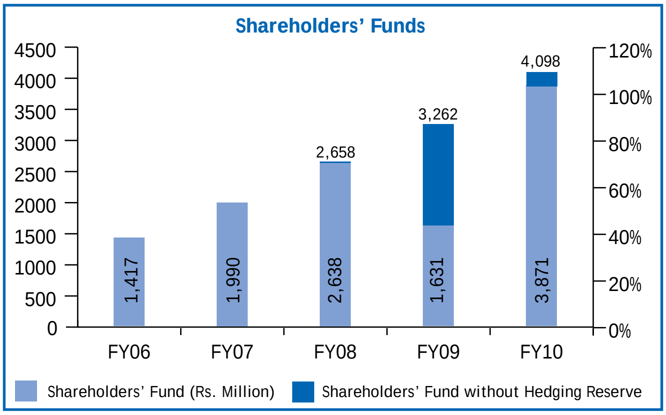


Forex loss for the year stood at Rs. 269 Million as compared to Rs. 574 Million last year. This reduction in the forex loss was on account of rupee appreciation and a better hedge rate as compared to last year. We should continue to see the reduction in forex loss in the next year also.

Shareholders' Funds:

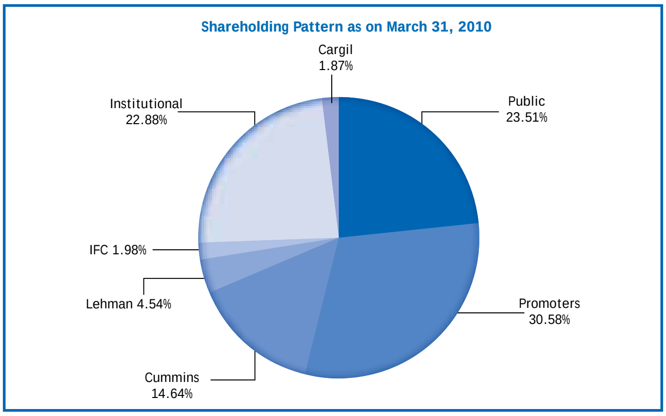
As a company we are always focused on maximizing shareholders' wealth and it is our prime objective to keep building on the Net Worth of the Company.

Hedging Reserve is the MTM gain/loss on all of the outstanding hedging contracts which are due for maturity beyond 90 days from the date of the Balance Sheet, as calculated with respect to the closing rate as at the date of the Balance Sheet. As on March 31, 2010, these hedging reserves were Rs. 227 Million as compared to Rs. 1,631 Million as at March 31, 2009.



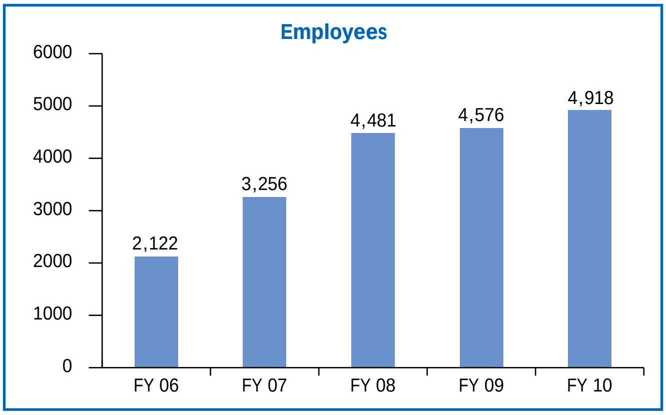
Shareholding Pattern:

Our shareholders include Promoters, renowned domestic and financial institutional investors and individuals. As on March 31, 2010 our shareholding structure was as follows:



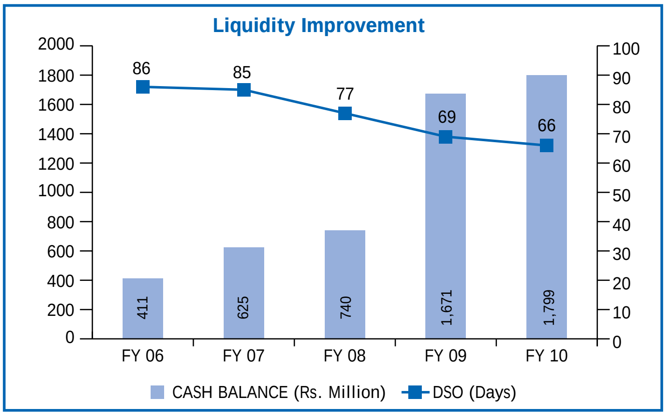
Material developments in human resources/industrial relations front, including number of people employed

We have talked in detail about the various people related initiatives taken by the Company during the last year. In difficult economic conditions also, we did not lose our focus on people investments. The total employee count as of March 31, 2010 stood at 4,918 as compared to 4,576 at the end of FY2009. Thus even with a reduction in the overall revenues, we added 342 resources on a net basis. This addition can be attributed to the merger of Sparta Consulting Inc., into your Company and also the shift of revenues from onsite to offshore which meant that even if the absolute revenues declined, the total volume of work remained the same or increased.



Liquidity

Year before last and last year, with the macro economic conditions not being favourable, we as a company, took on liquidity as a primary priority, along with profitability. We worked extensively on reduction in days of sales outstanding and limited our capital expenditure. Every quarter we were able to generate positive free cash flows. As a result we have a healthy cash balance on our balance sheet. The Cash Balance as at March 31, 2010 stood at Rs. 1,799 Million. The total debt outstanding as at March 31, 2010 was Rs. 1,108 Million.



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.

Risk and Concerns

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

Thus to conclude, your Company's financial position continues to be strong. As we go into the next year, our top priorities are People, Innovation and Profitable Growth. With all our actions directed towards these and support from all the stakeholders, we are confident of success in the journey ahead.

Cautionary Statement

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

Enterprise Risk Management Report

"We cannot quantify the future because it is unknown, but we have learned how to use the numbers to scrutinize what has happened in the past. But to what degree we should rely on the patterns of the past to tell us what the future will be like?"

Peter Bernstein

The Enterprise Risk Management (ERM) Team in your Company continues to tackle this perennial question with a systematic approach. The focus is now on collecting the trends, analyzing the same and using the inferences to plan for better risk management. Albeit, this is a challenging task but the efforts are now on making ERM effective. Risk Management Team of your company closely works under the guidance from Top Management as well as Audit Committee and has a strong lineage in Internal Audit.

Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. ERM enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

The focus of ERM continues to be on tracking and monitoring of critical entity-level risks. Operational risks are addressed through Internal Monitoring mechanisms.

ERM Status:

Your Company continued to monitor the entity level risks which were identified in the last financial year. Some of those risks are still critical in the present scenario. Parallel to this, the ERM team of your company worked on understanding the various challenges of the current situation and pinpointing certain entity-level risk areas.

Risk Identification was a very detailed exercise during this financial year. The Executive Management of your Company under the guidance of the Audit Committee had taken a base of risks reported in the last year's annual report (FY 2008-09) and identified **six critical risk** areas in your Company. It was decided that the Company would focus on these areas and specific risks falling under these areas. Following are the main risk areas:

1. Customer
2. People
3. Strategy
4. Delivery
5. Finance and
6. IT/Infrastructure.

For each of these risk areas, owners from top management are identified. Similarly, for each of the areas two major risks are identified. A new set of risk indicators have been identified for these risks. Your Company would continue to monitor the same during FY 2010-2011.

The ERM team of your Company continued to monitor selected risks from this list, based on indicators and periodical reporting was done to the top management on the status from time to time.

A detailed list of identified risks for FY 2010-2011 is given below. The ERM Team of your Company will review this list from time to time in FY 2010-11 to ensure that the list remains updated.

Risk No.	Risk Area	Risk Topic
1.	Customer	Management of Relationship with Top Customers
		Concentration of Customers
2.	People	Management of important (Top) employees
		Cost of HR
3.	Strategy	Absence of Correct Strategic Focus
		Non-conformance with defined strategy
4.	Delivery	Operational Excellence
		Obsolescence of Offerings / Delivery Models
5.	Finance	Foreign Exchange
		Liquidity
6.	IT and Infrastructure	Intellectual Property Risk
		Infrastructure

Risk Management Activities:

Following are the salient features – best practices – of the Risk Management Activities. Your Company believes that these features would help in proper "risk treatment".

1. The ERM team is concentrating on entity-level risks only and that too on selected critical ones.
2. Each risk is discussed threadbare, crystallized and prioritized by the top management.
3. Each selected risk is owned by a member from the executive management team.
4. Single Point of Contact (SPOC) person has been nominated for each risk area for clear, faster and effective communication between the concern risk owner and risk management team.
5. Risk Indicators are identified in consultation with the Risk Owners. These indicators would help in monitoring the health status of that particular risk area.
6. Risk Status Assessment is carried out based on Risk Indicator data and trends.
7. Risk Status for selected risks gets compiled and analyzed as the data flows from the Risk Owners (with the support from SPOC) to the ERM team to the Top Management.
8. For each risk area, the owners implement suitable Risk Management actions. Results of these actions reflect in the Risk Indicator status.
9. This Risk List is monitored with the purpose of keeping it updated and relevant.
10. There are six risk areas and twelve identified risks as stated above. Out of which six risks are considered as top risks. For the period 2010-11, your Company is focusing of top six risks.

With institutionalization of Risk Indicator mechanism, your Company drives the Risk Management activities in a methodical way. Your Company understands that Risk Management awareness is very critical in addressing the risks.

Your Company believes that the "human" aspect of any risk is the most important and therefore conscious efforts are being taken to embed Risk Management culture in the teams.

Community Contribution at KPIT Cummins

Community Contribution is one of the core values of KPIT Cummins. While every company is, in essence, an economic entity and has therefore to perform on economic parameters, we believe that it is more than just an economic entity. A company is rooted in the society from which it derives all its inputs — such as physical infrastructure, or human infrastructure like its own people, or customers. Every company that draws so much from its society must give something back in return. That is why Community Contribution is an essential value for us.

Today KPIT Cummins' community initiatives span a wide range of tenets that includes ethics, values and transparency. Branded as 'Beyond business' we commit to benefit the society at large – not limiting to cultural or physical boundaries. We make this happen by involving energies and efforts of employees but not restricting to just contribution of funds. We hold this value very dearly, as we realize our responsibilities as a global organization, and therefore have dedicated ourselves to creating happy communities, by proactively involving ourselves in community welfare initiatives.

Some of the Community Contribution programs organized by us during the year are as given below:

1. **Non-Profit Connect:** We strongly believe that we should leverage our IT expertise to serve the communities we choose to work with. Thus under this forum we work with schools and NGOs to provide IT related support which includes computer training programs conducted by KPites, providing computers, up gradation of their software, support for their hardware related queries, website development, applications development, etc.
   - We partnered with an NGO called Janwani, that focuses on Urban Development and developed for them an online "GIS Based Accident Reporting System". This system has been designed to help the Traffic Police Department enter all relevant details of an accident including exact location in the city Relatives of the victims can also access information through this application. This application has been launched in Pune in July 2009.
   - In collaboration with Janawani, KPIT Cummins has developed web-based application for Participatory budget of Pune Municipal Corporation (PMC). This application has helped citizens to register their suggestions without having to visit the ward office. This unique application is part of the PMC's effort to increase public participation in areas that impact lives of citizens such as the Budget creation process. Through this web-based solution Citizens can register their suggestions online. On submission of a suggestion, ward level engineers evaluate the suggestion and then approve or disapprove the same. This step has helped in increasing people participation from 2000 in last year to 6000 in the year 2009. The application helped to maintain transparency of the Budgeting Process also.
2. **Let Us Give:** Living by our Core Value of Community Initiative entails giving generously to those in dire need, thereby helping to improve their lives. Under this initiative KPites contribute to social causes through various donations
   - We are working with Seva Sahayog, an umbrella organization of various NGOs, for the last 4 years. They conducted a survey for identifying causes for school dropout and have come up with a detailed analysis of the same. One of the key reasons that came to light from this survey is poverty of the school children due to which their families cannot afford the basic things needed for their education such as books, school bag, etc. Seva Sahayog thus launched the "School Kit Donation Drive" and KPIT has been supporting this initiative for the last two consecutive years. In the first year, i.e. 2008, we raised Rs.1,25,000/- and stood 3rd among 15 other IT companies from Pune that participated in the drive. This benefitted approx. 625 school children from the underprivileged sections of society. In 2009 this drive witnessed participation from over 500 colleagues from Pune and we raised a fund of Rs.1,87,800/- that directly benefitted 939 children. Over 80 colleagues and their families also participated in assembly and distribution of the school kits.

Chairman Mr. Ravi Pandit distributing School Kits to children

   - Along with Seva Sahayog we have been organizing the Seva Fair, an exhibition of various products by women Self Help Groups, for the past three years. Colleagues visit the stalls with great enthusiasm and their response has been overwhelming. Each year the amount collected has been approx. Rs. 1 lakh and these proceeds have been utilized for furthering their goals.
   - The initiative "Let's Make a Difference in Their Life" was launched for the Children from rural and underprivileged areas of Bhugaon near Pune. Under this program we ran the following activities:

Chairman Mr. Ravi Pandit distributing Books to children

     - o A library has been setup in Bhugaon village with around 1,000 books in association with Akshar Bharati.
     - o Out of the 939 school kits assembled in 2009, 100 School kits have been distributed to these children.
   - "Sponsor a child from North-East India" – This is a unique initiative through which children from these parts of the country who belong to economically weaker sections of

the society are provided education, lodging and boarding in the bigger cities in hostels. KPIT has been supporting this initiative for two consecutive years. In the first year we were able to sponsor 10 children and in the second year we have got sponsorships for 15 children staying in Pune. The hostel in Pune accommodates approx. 55 children and KPIT has sponsored the remaining 40 children this year. The sponsorship from KPIT also takes care of the overall maintenance of the hostel. Our volunteers visit the child sponsored by them and also occasionally take them for picnics or to their homes.

- Being a responsible global corporate citizen we have stood in support of victims of various natural calamities. We appealed to all of our colleagues to make a voluntary donation for "Karnataka Flood Relief Fund" in October 2009 and we have donated Rs.1,31,384/- for this cause.
- Nobody can do everything, but everyone can do something. Considering this we have organized various donation drives like Clothes donation, Books donation, Toys donation for which we have got a good response. One of the most successful and sustainable such drives has been the "Blood Donation Drive". Once in a quarter we organize a Blood Donation camp in our premises. We are happy to say that we donate more than 800 blood bags per year. Due to the goodwill we have built with the blood banks over these past few years, we are today in a position to get blood in case of emergency for our colleagues and their families on the very same day with a single phone call.

KPites @ Blood Donation Drive

3. **Count Me In:** We strongly believe, community initiatives should not be restricted to just contribution of funds, it must necessarily involve the energies and efforts of people. This Club focuses on direct involvement of KPites with the underprivileged sections of society wherein we work closely with NGOs, schools, etc.
   - Our Chairman Mr. Ravi Pandit released a documentary film on 'Aarogya Rakshak' project (Village Health Workers) which was created entirely by the Theatre and Photography club members of KPIT. Our volunteers travelled to remote villages to understand the background of the movement, its operations and the challenges faced. They interviewed various stakeholders of the project such as the founder, doctor, Village Health Workers and villagers. This documentary is being used by the NGO to create awareness about this project in other villages across India. In addition to this a donation of Rs. 35,230/- was made to the NGO involved in this project at the launch of the documentary. The fund was raised by way of sale proceeds from Photography Exhibition put up by KPites at our premises in October, 2008.
   - In another unique initiative a group of 15 highly committed and enthusiastic KPites have been visiting the slums near Yerawada on every Saturday evening to anchor Study Circles for the children. We have also undertaken other activities like guiding them about various career options, value education, etc. KPIT has also contributed an amount of Rs. 560,000/- towards furthering the goals of Surajya.
   - The Bangalore Community Initiative Team (VCARE): has taken a commendable step in adopting a Government Lower Primary School located close to one of our offices. This school houses about 80 students from 1st to 5th standard, most of them hailing from below poverty line families. In an attempt to provide them the basic necessities, the VCARE team visited the school and identified few areas for which we could join hands with the school authorities to provide these children better environment for schooling. Joining hands with Akshaya Patra Foundation, which provides Mid Day Meals, VCARE decided to help provide Nutritious Food to these school kids as a first step. On the eve of Children's day VCARE, Community Initiative Bangalore Team organized various events and activities for these children such as drawing and dance competitions. Class toppers were felicitated and gifted school bags. Books for Library, benches for classrooms, organizing cultural events, emphasis on sanitation, uniforms and shoes for kids, knowledge sharing activities are also some of the other initiatives in the pipeline. The school adoption program has received a tremendous response from the Bangalore colleagues. In addition to this KPIT has contributed an amount of Rs. 3 lakhs towards the recurring expenses of 10 schools for children from underprivileged sections of society in Bangalore city.

KPites Bangalore Volunteers @ Muncipal Primary School

   - In March 10, 55 children from Vijaynagara Govt. School, Bangalore along with their teachers and the VCARE volunteers from Bangalore, visited Jawaharlal Nehru Planetarium and Visvesvaraya Museum. The visit was organized by the VCARE team.

4. **Tree dom —** This Club works towards creating awareness amongst employees on environmental issues and taking steps to conserving the environment.
   - There are several villages and houses that are still without electricity in India. Villagers use dry wood in large quantities to light a fire and this has an adverse impact on the environment. KPIT Cummins decided to make a difference in the lives of some of these villagers. In collaboration with an NGO "Ecosolutions" we distributed 30 solar lamps in three villages in and around Pune in December, 2009. We have got encouraging reports from the villagers — they are able to save 50% fuel. We have decided to extend this initiative to some more homes in this year.
   - For the past 2 years KPIT celebrates Environment Week on the occasion of Word Environment Day and given below are

some of the activities arranged for the same:

- o KPIT Green Valley – We have planted 150 samplings on the Baner Hills, which is in the surrounding vicinity of our Pune office. We have adopted the saplings and will take care of them for next three years.
- o An Awareness Program on organic farming was arranged with the help of Maharashtra Organic Farming Federation (MOFF).
- o Over 2,000 employees participated in the oath taking for a cleaner and greener environment that was led by our Chairman Mr. S. B. (Ravi) Pandit.

- "Take as much as you need drive" was organized to reduce food wastage in cafeteria. Our colleagues supported the initiative by reducing daily waste from 15 kg to 6 kg.

What Beneficiaries say…

"I am the only earning member supporting my children's education. Thanks to KPIT today I am a proud owner of this tea stall that brings me a monthly income of Rs. 4,000 and I am able to support my family." Mrs. Dighe (Tea Stall owner)

"Ritesh dada has taught us how to speak in English and also tells us nice stories. Speaking in English will help me become an engineer like him." Rahul is one of the students in Ritesh's Class – Teach for India initiative

"From my early childhood we have had difficulty seeing objects after the sunset. The only light we had was the fire we used to cook food and an earthen lamp. This Lamp has more light with which my grandchildren can do their school work and also read their stories to me" Kantabai, village woman from Kusarpeth village near Pune, on receiving the solar lamp.

"As an NGO we need software support for fulfilling our mission to create awareness and enhance peoples' participation on many issues of civic importance. The KPIT team is always more than willing to help us. The Company has come forward to support this social cause by developing web-enabled software for participatory budgeting. This platform helped enhancing the participation triple fold" Kishori Gadre Director, MCCIA (Janwani). Janwani, is an NGO promoted by MCCIA and is closely associated with KPIT Cummins.

Experiences of our volunteers

'I am with KPIT for last 5.5 years. When in India I have worked with the Surajya Community Initiatives. It was a great learning and joy to work for the slum around Yerwada. The experience I had with the three slums is worth mentioning. The kids over there are very energetic and that makes me get involved with them. I had decided to continue working with Surajya when I got the opportunity to spend time on regular basis on Saturdays and I also enjoy spending any other free time I get with these children.'

…Santosh Sandbhor – Tech Lead (Automotive)

'Weekly activity of spending time with underprivileged kids, playing with them, teaching, sharing good things with them has been an extremely gratifying experience for me. It is like getting back to childhood. It helps me unwind, release the stress which builds up in the entire week and helps me rejuvenate so as to look forward to the forthcoming week. Plus it has given me an insight to the problems they are facing, the areas which need improvement and as a responsible citizen I feel it is our duty to give something back to the society. Initially I used to crib about not having certain things, always demanding for more, now I have started counting my blessings. Overall, it has been a fabulous experience till now and I intend to continue'.

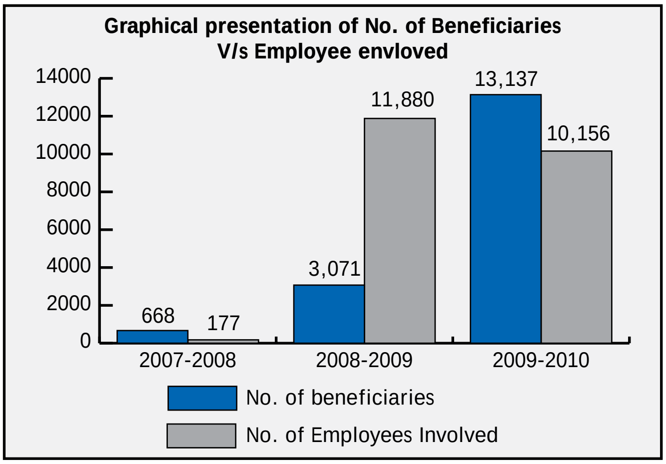
…Prajakta Kataria – (Software Engineer)

"I got a chance to work with Chafekar Trust, Chinchwad, Pune which involved imparting basic computer education to under privileged students of the Chafekar Trust. The glitter in the eyes of those children and their aspirations about life, considering the facts such as family background, no exposure to computers at all, etc., made me realize the true potential that was untouched"

…Tejas Joshi – (Software Engineer)

Metrics

All our initiatives are Metrics driven. We measure the number of beneficiaries and the number of colleagues involved in each initiative. We aim for achieving an employee involvement which is equal to or greater than 1.5 times of our employee strength in a given year. Happy to say that we are consistently achieving this target. Below is the result of our work.



Directors' report

Dear Shareholders,

The Directors are pleased to present the Nineteenth Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2010.

Performance of the Company

Particulars	Standalone 2009-2010		Consolidated 2009-2010	
	USD Million	Rupees Million	USD Million	Rupees Million
Total Sales and Income	90.19	4,270.45	154.52	7,316.41
Total Expenses	62.30	2,949.86	120.42	5,701.97
PBDIT	27.89	1,320.58	34.10	1,614.43
Profit/(Loss) before Tax (PBT)	19.04	901.73	21.68	1,026.45
Profit/(Loss) after Tax (PAT)	16.57	784.50	18.11	857.31
Profit Available for appropriation	16.57	784.50	18.11	857.31

Result of Operations

The global meltdown has made a significant impact on the growth of the IT industry and the economy at large and KPIT is no exception to this. Revenue growth in the fiscal has declined, with total sales in revenue terms being comparatively lower than previous year. Due to the global meltdown, like other IT companies, the Company also decided to shift its onsite operations to offshore. The change in this business model, resulted into a decline in revenues. However the total volume of business and the number of employees working on the projects have remained almost same as previous year. The Company has managed to sustain its trend of growth in profits. In light of the same, the result of operations is reported herein below.

Total consolidated revenue for the fiscal year 2009-10 (FY10) was Rs. 7,316.41 Million. Gross Profit and Earnings before depreciation, interest and tax (EBITDA) are Rs.3,225.91 Million and Rs.1,614.43 Million, respectively. Gross profit margin improved by 0.41% to 44.1% of the revenue. Net profit after tax grew by 30.19% to Rs.857.31 Million.

The revenues for the year on a consolidated basis in USD terms are USD 154.52 Million as against USD 174.10 Million during the previous year. Average realization rate was Rs. 47.35 per US Dollar.

Standalone revenue for the fiscal year 2009-10 (FY10) was Rs. 4,270.45 Million. Gross profit is at Rs.1,945.55 Million. Net profit after tax grew by 24.98% to Rs.784.50 Million.

Transfer to Reserves

We propose to transfer Rs. 79 Million to the General Reserve. An amount of Rs. 704.21 Million is proposed to be retained in the Profit & Loss Account.

Dividend

The Directors are pleased to recommend a dividend @ 35% (Rs. 0.70) per equity share of face value of Rs. 2/- each on the paid-up equity share capital of the Company.

Share Capital

The Company allotted 480,080 equity shares of Rs. 2/- each, to the employees under the ESOP schemes in the financial year 2009-10.

The outstanding issued, subscribed and paid-up capital of the Company as on March 31, 2010 is 78,523,041 shares (of Rs. 2/- each).

Manpower Strength

The Company had 4,918 employees as on March 31, 2010. During the year there was a net addition of 1,719 employees. The employee strength increased by 5.9% over the previous year.

CRISIL Ratings

CRISIL has confirmed the financial credit rating of AA-/ Stable for the revised bank limits of Cash Credit and Term Loan facilities and P1+ for Bank Guarantee & Letter of Credit for the Company.

Quality

The Company is highly committed to security standards raised by the Industry. The Company has been awarded 9001:2008 and 27001:2005 certificates by TUV Nord Cert GmbH. for providing Software Development, Product Engineering, Product Support, etc.

Institutional Holding

As on March 31, 2010, the institutional holding in the Company was 22.88%. This excludes the following (i) approximately 4.54% held by LB India Holdings Mauritius II Limited, an affiliate of Lehman Brothers, US and its PAC, (ii) approximately 1.98% held by International Finance Corporation, Washington, and (iii) approximately 1.87% held by Cargill Mauritius Limited (CML). Including the aforementioned three shareholders, total institutional holding as on March 31, 2010 stood at 31.27%.

Information about the Subsidiary Companies

As on March 31, 2010 the Company had nine subsidiaries:

1. **KPIT Infosystems Inc. (KPIT US)** was incorporated in 1998, in the US, for catering to the demand of US based customers. The Company holds 100% of the share capital and voting power of KPIT US. KPIT US earned revenues of Rs. 3,483.74 Million (previous year Rs. 4,139.90 Million) and recorded a profit of Rs.12.60 Million (previous year profit of Rs. 40.99 Million) ended on March 31, 2010.

2. **KPIT Infosystems Limited (KPIT UK)** was incorporated in 1996, in UK, for catering the demand of customers based out of UK & Europe. The Company holds 100% of the share capital and voting power of KPIT UK. During the year, KPIT UK has earned revenues of Rs. 872.60 Million (previous year Rs. 1,170.40 Million) and registered a loss of Rs.6.64 Million (previous year profit of Rs. 9.53 Million).

3. **KPIT Cummins Global Business Solutions Limited (KPIT GBS)** was incorporated in 2005 as a wholly owned subsidiary of the Company in India for rendering business process outsourcing and other business solutions. KPIT GBS specializes in providing BPO/KPO services and consulting in Governance & Regulatory Compliance. KPIT GBS reported a profit of Rs. 145.66 Million for the year ended March 31, 2010 (previous year a loss of Rs. 74.41 Million) on revenues of Rs. 516.64 Million (previous year Rs. 486.40 Million).

4. **KPIT Infosystems GmbH (KPIT Germany)** was added as a step down subsidiary in 2005. In the financial year 2009-10, KPIT UK acquired the balance shareholding of 40% in KPIT Germany. KPIT Germany is now a 100% subsidiary of KPIT UK. This subsidiary is completely focused on huge automotive market in Germany to expand our customer base in this segment with a vision to become No. 1 global product engineering partner to the automotive industry. KPIT Germany reported a loss of Rs. 18.04 Million for the year ended March 31, 2010 (previous year a profit of Rs. 5.49 Million) on revenues of Rs. 503.44 Million (previous year Rs. 651.97 Million).

5. **KPIT Infosystems Inc. [a.k.a. SolvCentral.com Inc.] (SolvCentral)**, based in US was added as a step down subsidiary in 2005 when KPIT US acquired 90% of its shares. In the financial year 2009-10, KPIT US acquired the balance shareholding of 10% in SolvCentral. SolvCentral is now a 100% subsidiary of KPIT US. SolvCentral is focused in the Business Intelligence (BI) space in the US market. SolvCentral reported a loss of Rs. 0.66 Million during the year ended March 31, 2010 (previous year loss of Rs. 3.54 Million) with revenues of Rs. 128.90 Million (previous year Rs. 187.52 Million).

6. **KPIT Infosystems France SAS (KPIT France)** was formerly known as Pivolis. KPIT France has provided direct presence in France which is an important market in European region from KPIT's growth perspective. In the Financial year 2009-10 KPIT France reported a profit of Rs. 6.13 Million during the year (Previous year a profit of Rs. 12.64 Million) with revenues of Rs. 341.97 Million (previous year Rs. 345.96 Million).

7. **KPIT Infosystems Central Europe Sp.z o.o., (KPIT Poland)**, was promoted by the Company as its wholly owned subsidiary in Poland in August 2006. KPIT Poland is providing near shore centre to the customers based out of Europe, who are looking forward to outsourcing from India based service providers. KPIT Poland reported a loss of Rs. 5.52 Million during the year ended March 31, 2010 (previous year loss of Rs. 23.26 Million) on revenues of Rs. 33.15 Million (previous year Rs. 55.73 Million).

8. **Sparta Consulting Inc. (Sparta Inc.)** merged into KPIT US on October 30, 2009 and is now a wholly owned subsidiary of KPIT US. The total consideration for merger of Sparta Inc., with KPIT US is upto USD 38 Million to be paid in a phased manner. Sparta Inc., a California, US-based company and a leading provider of high end SAP solutions is one of the fastest growing SAP consultancies in North America. With the merger of Sparta Inc., the Company's business model will be further strengthened to focus more on select industries like Automotive and Industrials and achieve market leadership by creating best in class SAP practice. It would also help leverage the Company's global presence especially in Europe and Asia Pacific.

9. **Sparta Infotech India Private Limited (Sparta India)**, was a subsidiary of Sparta Inc. Consequent to the merger for Sparta Inc., with KPIT US, Sparta India is now a subsidiary of KPIT US. Sparta India was incorporated to cater Sparta's India based clientele.

   Sparta Inc. (consolidated) reported a profit of Rs. 29.85 Million during the period ended March 31, 2010 on revenues of Rs. 578.70 Million. *(Sparta's figures of revenue and Profit have been taken into consideration for post-merger period i.e. after October 30, 2009 till March 31, 2010)*

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

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of all the above subsidiaries. The Company had applied to the Government of India for an exemption from such attachment as we present the audited consolidated financial statements in the annual report. We believe that consolidated financial statements present a full and fair picture of the state of affairs and the financial condition of a company, and are accepted globally. Government of India has granted us an exemption from complying with Section 212(8) vide its letter dated March 17, 2010. Accordingly, this annual report does not contain the financial statements of these subsidiaries. Statement pursuant to Section 212 of the Companies Act, 1956, is given elsewhere in this Annual Report. The Company will make available the audited annual accounts and related detailed information of the subsidiary companies, where applicable, upon request by any member of the Company. The Company will also upload the accounts of the individual subsidiaries on its official website. These documents will also be available for inspection during business hours at our registered office.

Directors

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

Mr. Girish Wardadkar was re-appointed as the President & Executive Director of the Company for a further period of five years with effect from January 19, 2010. Mr. Girish Wardadkar's re-appointment as President & Executive Director is subject to the approval of the members of the Company in general meeting. A detailed profile of Mr. Girish Wardadkar forms part of the notice of this ensuing meeting, which is attached with this Annual Report.

Mr. K. V. Krishnamurthy resigned from the directorship of the Company with effect from January 18, 2010. The Company has immensely benefitted from the expert professional guidance of Mr. K. V. Krishnamurthy. The Board places on record its sincere appreciation for all the help and guidance provided by him.

Auditors

The Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed.

Corporate Governance

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

Management Discussion and Analysis

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

Responsibility Statement of the Board of Directors

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

i) in the preparation of the accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed and there has been no material departure;

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

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

iv) the Directors have prepared the accounts for the year ended March 31, 2010 on a 'going concern' basis.

Particulars of Employees

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

Employees Stock Option Plan (ESOP)

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

Fixed Deposits

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

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

Conservation of Energy - Our Company's primary business being Software services, our operations are conducted with energy conservation as a focus area. The Company has taken various initiatives for optimum utilization and conservation of resources. Some of the initiatives taken by the Company are as follows:

1. **Energy Conservation measures:**

   The facility at Hinjawadi Pune reflects KPIT's commitment to energy efficiency and *"Green Growth"*. The features incorporated in building design are as follows:

   a) Buildings are clad with **Clay Tiles**, which prevent the ingress of heat inside the building, thus reducing the heat load and consequently, lessen load on AC.

   b) Facility is built in such a way where in we make **maximum use of natural light** thus saving energy. Internal gardens make the facility cooler which helps in reducing dependency on AC.

   c) Internal lighting is integrated with **occupancy sensors** which reduces the energy consumption.

   d) AC system installed is of **VRF technology** which facilitates in the control of local cooling thus resulting in considerable saving *vis-à-vis* a conventional central AC system

   e) Installation of **Ozonized air purification system** has considerably reduced load on AC system.

2. Two Six Sigma Green Belt projects completed on minimizing wastage in energy consumption for Pune Facility which has resulted in 15% savings.

3. **Various steps have been undertaken to utilize the energy in an optimum manner like:**

   a) All lights replaced with CFL;

   b) Lift lights replaced with LEDs;

   c) Correction done to capacitor bank to achieve 1.0 power factor to minimize the power losses;

   d) Shutting down UPS at night and on weekends;

   e) Defined AC working hours and temperatures to suit seasonal changes;

   f) Optimization of LUX level in working areas by removing extra lights;

   g) Changing over to LED lamp projectors;

4. PC Shut Down Drive undertaken to shut down PCs during non- working hours resulting into considerable reduction in energy consumption.

Water Conservation measures:

1. **Hydro pneumatic system** of water supply installed there by ensuring minimum wastage of water.

2. Recycled water generated through **Sewage treatment plant used for gardening purpose**.

Environment Improvement initiatives:

1. **Tree plantation:** Initiated within and outside the premises.

2. **Employee Transport:** Various steps taken in employee transport to reduce fuel consumption such as:-

   a) Control on unscheduled cab requirements thereby ensuring optimum seat utilization.

   b) Use of buses in lieu of cabs

Research and Development (R & D) Activities - It has been 3 years since inception of our R & D center called 'Center for Research in Engineering Sciences and Technology' or CREST. Every year CREST team has made significant contribution.

During the first year, we put focus on driver safety and image processing. The efforts put in the first year have now started paying off well in terms of concrete R & D projects from our customers.

In the second year, our focus was on High Performance Computing (HPC). In the second year itself we received a R & D project from power generation industry and we successfully solved the problem of load balancing based on our patented work in the High Performance Computing area.

This year, which is our third year, we started working in the cloud computing area. Our work on cloud computing along with HPC resulted in reduction of execution time for automotive crash simulation from 120 hours to only 12 hours, a savings of 90% in execution time! This resulted in customer delight and increased confidence that KPIT Cummins can do it.

Our significant research contribution this year includes unique design, development, and successful implementation of hybrid technology in a vehicle. The technology is so novel and unique that we have filed for 11 patents on this technology.

This year, the contribution to patents has been substantial. In one year, we have filed for 16 patents. With this new addition, we are glad that KPIT Cummins has reached a noteworthy milestone of 24 patents.

Client projects: Our research and development projects have continued to attract specialized customer projects and revenues throughout the year: An image processing-based manufacturing solution was delivered to one of our customers and a vision-based vehicle safety application is in the pipeline. To help us serve the increasing customer requirements, our carefully-grown expertise in Image Processing is being consolidated into an 'Image Processing Center of Excellence'.

Last year, we reported 'Lab-on-Wheels,' our experimentation platform for developing and testing embedded algorithms, with a successful demonstration of collision avoidance. We have expanded our range of applications in the development which includes:

1) ‘Lane Departure warning System’

2) ‘Driver Status Monitoring’

3) ‘Around View system’

High Performance Computing, Cloud Computing: We began R&D in the area of Cloud Computing, which is a promising new technology for cost-effective and pervasive computing.

Our work in parallel computing has resulted in significant reduction in execution time for automotive crash simulation. Initially the crash simulation software used to take 5 to 6 days to run. Our team parallelized the program to give dramatic 90% reduction in execution time.

Recognitions: Based on our successful technology demonstrations and strong connect with academic as well as research institutions, we received World Bank support through a soft loan of one million dollars for our R & D projects.

Nalanda and Budding Technologist Program: Nalanda is our International Student Internship Program. We hosted three students from France and the U.S. last year. The program continues to be popular as we receive more nominations than we can accommodate.

Budding technologist is an engineering student project program specifically meant for students in India. We have significantly expanded our collaboration with local institutions by interviewing 250 students, selecting about 100 students, and sponsoring 21 student projects at the Bachelor’s and Master’s level. This partnership bore fruit in the form of tangible demonstrations, one patentable project, seven papers, and industry-aware students. Our subject matter experts also helped in building strong technical skills amongst students through presentations, student projects, paper reviews, and mentoring students.

TechTalk: TechTalk@KPITCummins is our quarterly technical journal. We are now in the third year of the journal. We continue to receive very good response from our readers as well as authors. In the past year, we published issues covering topics in ‘Concurrent Computing Systems, Sensor Networks, Energy — the next frontier, and Reaching New Heights with Intellectual Property’. We also published a special issue with articles from our customers, shedding light on a variety of business aspects. We are planning issues on “Journey of the Wheel — Transportation” and “Advances in Driver Safety Applications” for the coming year.

Additional Recognitions received: To share knowledge and learn from other researchers we sent in the research papers for publication in international conferences. This year, five papers were accepted in the national and international conferences and online technology journals. Our commitment to R & D held steady in the past year despite the uncertain world market scenario. We will maintain our drive for solving customer’s issues as well as developing new cost effective solutions. Our focus areas will be on battery management, driver safety, vision systems, Lab-on Wheels, multicore, high performance computing, hybrid vehicles, and energy. We will continue to take other initiatives such as Nalanda, TechTalk, and University connect to greater heights to ensure breadth as well as depth in the R & D activities.

Technology Absorption — The Company is constantly upgrading its technological excellence through its Infrastructure, Technology and Services (ITS) function. The Company has started building partnerships with leading technology vendors like Microsoft, SAP, HP and Oracle. Through these partnerships the Company has the advantage to create and build technical solutions for its customers and for its own consumption. The Company focuses on using the technology for its own use as well as create showcase for customers.

Foreign Exchange Earnings and Outgo — The Company focuses on exports and undertakes all possible efforts to expand its presence in the export markets. Total foreign exchange earnings during the year have been Rs. 3,714.09 Million (previous year Rs. 5,949.02 Million) and foreign exchange outgo has been Rs. 705.84 Million (previous year Rs. 2,103.08 Million).

Awards/Recognition

- Mr. S. B. (Ravi) Pandit, Chairman & Group CEO, honored with the Top Management Consortiums (TMC) Award of Excellence 2008-2009 for his contribution to the field of Information Technology. (March 2010)
- “Vocational Excellence Award” conferred on Mr. Kishor Patil, CEO & Managing Director, by Rotary Club of Pune, Pashan, for his outstanding contribution to the field of Information Technology. (September 2009).
- Among the Best 5 Companies by Industry Focus: Automotive — International Association of Outsourcing Professionals. (April 2009).
- Among the Best 5 Companies by Geography Focus: Japan — International Association of Outsourcing Professionals. (April 2009).
- Among the top 25 companies to demonstrate excellence in Corporate Governance (fourth year in a row) — Institute of Company Secretaries of India — (December 2009).

Acknowledgements

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

Your Directors hereby place on record their appreciation for the co-operation and support received from all the customers, vendors, financial institutions including State Bank of India, International Finance Corporation, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Citibank N.A., Axis Bank Limited, The Royal Bank of Scotland (erstwhile ABN Amro Bank NV). BNP Paribas, Standard Chartered, the Registrars and Share Transfer Agent viz. Link Intime India Pvt. Ltd. and also thank all the employees of the Company for their valuable contribution in the growth of the Company.

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

By Order of the Board of Directors
For **KPIT Cummins Infosystems Limited**

S. B. (Ravi) Pandit
Pune, May 7, 2010 Chairman & Group CEO

Annexure I to the Directors' report

Employee Stock Options (ESOPs)

The status of employee stock option, as on March 31, 2010 is as under:

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

Sr. No.	Particulars	2009-10	2008-09
a)	No. of Options granted	**Nil**	Nil
b)	Exercise Price	**N.A.**	N.A.
c)	No. of Options vested	**570.00**	527.50
d)	Options exercised	**Nil**	62.50
e)	Total number of shares arising as a result of exercise of Options	**Nil**	62.50
f)	Options lapsed/cancelled	**430.00**	410.00
g)	Variation of terms of Options	**Nil**	Nil
h)	Money realized by exercise of Options (in Rs.)	**Nil**	31,250
i)	**Total No. of Options in force**	**2,590.00**	3,020.00

j) Employee wise details of Options granted:

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

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

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

2. Employee Stock Option Plan – 2004

Sr. No.	Particulars	2009-10	2008-09
a)	No. of Options granted	**Nil**	Nil
b)	Exercise Price	Closing market price of the Company's equity share on National Stock Exchange on the date of grant of Options	
c)	No. of Options vested	**398,653**	899,825
d)	Options exercised	**248,695**	160,020
e)	Total number of shares arising as a result of exercise of Options	**248,695**	160,020
f)	Options lapsed/cancelled	**412,322**	246,685
g)	Variation of terms of Options	**Nil**	Nil
h)	Money realized by exercise of Options (in Rs.)	**17,825,353**	9,629,649
i)	**Total No. of Options in force**	**2,698,193**	3,259,210

j) Employee wise details of Options granted:

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

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

3. Employee Stock Option Plan – 2006

Sr. No.	Particulars	2009-10	2008-09
a)	No. of Options granted	**1,439,192**	1,903,500
b)	Exercise Price	Closing market price of the Company's equity share on National Stock Exchange on the date of grant of Options	
c)	No. of Options vested	**292,014**	759,636
d)	Options exercised	**231,385**	Nil
e)	Total number of shares arising as a result of exercise of Options	**231,385**	Nil
f)	Options lapsed/cancelled	**916,301**	591,559
g)	Variation of terms of Options	**Nil**	Nil
h)	Money realized by exercise of Options (in Rs.)	**8,145,400**	Nil
i)	**Total No. of Options in force**	**3,454,371**	3,162,865

j) Employee wise details of Options granted:

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

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

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

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

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

Sr. No		Employee Stock Option Scheme – 1998 (through Employee Welfare Trust)	Employee Stock Option Plan – 2004	Employee Stock Option Plan – 2006
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	Rs. 9.88	Rs. 9.88	Rs. 9.88
l)	The difference between employee compensation cost using intrinsic value and the fair value of the options and impact of this difference on profits and on EPS	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2009-10 is Rs.16,684,594. 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 2009-10 would be Rs. 34,287,596. The effect of adopting the fair value method on the net income and earnings per share is presented below: Profit as adjusted: Rs. 766,895,429 Adjusted Earnings per share Basic: Rs.9.81 Diluted: Rs.9.66	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2009-10 is Rs.16,684,594. 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 2009-10 would be Rs. 34,287,596. The effect of adopting the fair value method on the net income and earnings per share is presented below: Profit as adjusted: Rs. 766,895,429 Adjusted Earnings per share Basic: Rs.9.81 Diluted: Rs.9.66	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2009-10 is Rs.16,684,594. 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 2009-10 would be Rs. 34,287,596. The effect of adopting the fair value method on the net income and earnings per share is presented below: Profit as adjusted: Rs. 766,895,429 Adjusted Earnings per share Basic: Rs.9.81 Diluted: Rs.9.66
m)	Weighted average exercise prices of Options granted during the year where exercise price is less than or equals the market price	No options were granted during the year	No options were granted during the year	**Grant Date** / **October 15, 2009** / **October 30, 2009** Exercise Price (Rs.) / 75.05 / 77.65 Fair Value (Rs.) / 36.21 / 34.07
n)	Method and significant assumptions used to estimate the fair value of options during the year: (a) Method (b) Significant assumptions: 1. Risk Free Interest Rate 2. Expected Life 3. Expected Volatility 4. Dividend Yield 5. Price of the underlying share in market at the time of the option grant.			Black Scholes Method 6.92% 3.61 62.59% 1.07% 75.12

Annexure II to the Directors' report

List of Option Grantees

A. Employee Stock Option Plan – 2006

Sr. No.	Name	Total	Sr. No.	Name	Total
1	Abhijeet A. Tembe	11,935	55	Rahul R. Uplap	11,935
2	Amit A. Adhikari	11,891	56	Rajeev R. Kulkarni	19,500
3	Amit Chitale	750	57	Rajendra S. Sathe	375
4	Anantanarayan Seivur	18,495	58	Rajesh Janwadkar	21,995
5	Anil M Nashikkar	18,000	59	Rajesh M. Nayar	750
6	Anil Patwardhan	23,675	60	Rajneesh S. Kalawant	11,935
7	Anis Shaikh	11,500	61	Rajnish N. Kasat	375
8	Anup Sable	35,675	62	Ramaraju Indukuri	21,995
9	Arun M. Karandikar	261	63	Ranjit H. Bhatia	11,935
10	Ashish Ahuja	21,500	64	Renuka Krishna	18,000
11	Ashish Goyal	12,152	65	Rob Stewart	11,562
12	Ashwini Kuber	18,495	66	Rohan R. Sohoni	22,242
13	Avinash Bhokare	19,995	67	Rohan S. Shet	375
14	Bhaskar Dani	225	68	Rohit S. Natekar	7,000
15	Brun Carole	11,500	69	Sagar N. Patankar	11,935
16	Deepak A. Deokule	12,370	70	Samir A. Kulkarni	562
17	Deepak Kapoor	19,995	71	Satish Kumar	20,242
18	Deepak Manjarekar	11,935	72	Satish Patnaik	375
19	Dilip Bhonde	23,000	73	Shailendra S. Chepe	12,152
20	Divyesh B. Desai	11,935	74	Sharadchandra Lohokare	11,935
21	Dr R. Ramabrahmam	19,995	75	Shashidarshan V. Pai	750
22	Dr Vinay Vaidya	23,000	76	Shaunak V. Ashtaputre	12,000
23	Ganesan Karuppanaicker	11,935	77	Shekhar Sonsale	19,995
24	Haris Farooq	21,500	78	Shirley J. Alexander	375
25	Indu Nangia	12,152	79	Shridhar Balappa Rao	375
26	Jayant Manerkar	15,000	80	Shrikant W. Kulkarni	20,825
27	Joanna Orkusz	10,000	81	Shubhangi Bhagwat	11,500
28	Kiran Patel	11,375	82	Siddharth J. Shende	10,000
29	Makarand N Damle	12,370	83	Somashekar R. H.	19,500
30	Mandar D. Marulkar	15,435	84	Sriram G.	375
31	Manoj P. Gajkeshwar	11,562	85	Steve P. Fisher	23,000
32	Mohit Kochar	10,000	86	Suhas Atre	21,995
33	Muthu Alagappan S.	375	87	Suhas S. Pansare	11,337
34	Myles O. Connor	21,500	88	Sukhad S. Kulkarni	11,750
35	Narayan J. Aher	19,995	89	Sukhi Mehta	18,000
36	Neerad Trivedi	11,935	90	Sumedha A. Nashikkar	22,490
37	Nilay V. Mardikar	375	91	Suneel Pandita	19,500
38	Nishant N. Tholiya	12,250	92	Sunil Pandkar	19,995
39	Niyaz Mulla	375	93	Sunil S. Phansalkar	11,000
40	Omkar S. Panse	12,250	94	Suresh A. U.	11,935
41	Pankaj Sathe	36,237	95	Takashi Y Yamaguchi	11,891
42	Pawan Sharma	36,650	96	Tamil Selvi R.	11,935
43	Philippe Trinh	11,500	97	Taranath C.	375
44	Prashant K. S.	22,370	98	Tejas K. Kshatriya	18,375
45	Prashant V. Deshpande	18,000	99	Tushar Pitre	11,000
46	Prashant Y. Ghanekar	19,500	100	Umesh Deshpande	870
47	Praveen Acharya	22,175	101	Vairavan Alagapan	337
48	Praveen Kumar	11,500	102	Vaishali Vaid	19,995
49	Praveen Siddanvar	19,995	103	Veerinder S. Wadan	10,000
50	Priya Hardikar	21,500	104	Vinay M. Athaide	11,500
51	Priya P. Bal	11,337	105	Vinay Salania	10,000
52	Probodh Chiplunkar	15,000	106	Vinayak S. Abhyankar	375
53	Pushpahas D. Joshi	21,995	107	Vinita Phansalkar	750
54	P. R. Murthy	11,500	108	Vivekanandan B.	19,995
Total Options Granted					**1,439,192**

By Order of the Board of Directors
For **KPIT Cummins Infosystems Limited**

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

Pune, May 7, 2010

Report on Corporate Governance

We are immensely happy to report that in recognition of Company's high corporate governance standards, the Institute of Company Secretaries of India (ICSI) has once again named the Company amongst the Top 25 companies in India which have adopted good corporate governance for its 'ICSI National Award for Excellence in Corporate Governance' for the fourth year in a row.

KPIT's Corporate Governance Philosophy:

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structure encourage companies to create value (through enterpreneurism, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved. (ASX Principles of Good Corporate Governance and Best Practices Recommendations, 2003)

We at KPIT Cummins believe that the corporate governance framework is to encourage the optimum use of resources with a focus on transparency, responsibility, trust and accountability. It helps corporations in realizing their corporate objectives, protecting their stakeholders' rights, meeting legal requirements and demonstrating transparency in conducting business to a wider section of society and people at large. Good corporate governance therefore contributes to a sustainable economic development of corporations by enhancing their performance and increasing their access to outside world.

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

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

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

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

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

I. BOARD OF DIRECTORS

A. Size and composition of the Board

In order to maintain independence of the Board, the Company has a judicious mix of Executive, Non-Executive and Independent Directors on its Board which is essential to separate the two main Board functions viz., governance and management. Out of the total strength of twelve Directors as on March 31, 2010, ten Directors (approx. 83.33%) are Independent/Non-Executive Directors and two Directors (approx. 16.67%) are Executive Directors. The Chairman of the Company is a Non-Executive Director and he renders professional services in the areas of strategic planning, external interface and Board matters. The Board periodically evaluates the need for increasing or decreasing its size. The composition of our Board and the number of Directorships held by each Director outside the Company is detailed in Table 1.

1. Definition of an Independent Director

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

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

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

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

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

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

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

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

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

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

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

Sr. No.	Name of the Director	Category of Directorship at KPIT Cummins	Relationship with the Directors	No. of Directorships held in Indian Public Companies as on March 31, 2010*	No. of Committee Membership in companies@	No. of Committee Chairmanship in Committees@
1	Mr. S.B. (Ravi) Pandit, Chairman & Group CEO	Non-Executive	None	4	2	NIL
2	Mr. Kishor Patil, CEO & Managing Director	Executive	None	2	1	NIL
3	Mr. Girish Wardadkar, President & Executive Director	Executive	None	2	NIL	NIL
4	Mr. Amit Kalyani	Independent	None	12	4	NIL
5	Mr. Anant Talaulicar	Non-Executive	None	7	4	NIL
6	Mr. Deepak Malik	Independent	None	2	1	1
7	Mr. Sudheer Tilloo	Independent	None	1	2	2
8	Dr. Srikant Datar	Independent	None	1	NIL	NIL
9	Ms. Lila Poonawalla	Independent	None	4	3	1
10	Dr. R.A. Mashelkar	Independent	None	7	3	NIL
11	Mr. Bruce Carver	Non-Executive	None	1	1	NIL
12	Ms. Elizabeth Carey	Non-Executive	None	1	NIL	NIL
13	Mr. Dwayne Allen, Alternate Director (appointed w.e.f. October 15, 2009)	Non-Executive	None	1	NIL	NIL
14	Mr. Floyd Rutan, Alternate Director	Non-Executive	None	1	NIL	NIL
15	Mr. Mark Gerstle, Alternate Director	Non-Executive	None	1	1	1

* Including Directorship in KPIT Cummins Infosystems Limited.
@ Includes only Audit & Investor Grievance Committee in all companies.
# Mr. K.V. Krishnamurthy resigned w.e.f. January 18, 2010.

2. Responsibilities of the Non-Executive Chairman and other Executive Directors

Chairman & Group CEO - Mr. S.B. (Ravi) Pandit, CEO and Managing Director - Mr. Kishor Patil, President and Executive Director - Mr. Girish Wardadkar. The authorities and responsibilities of each of the above Directors are clearly demarcated as under:

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

The CEO and Managing Director is responsible for the overall management of the Company. He is specifically responsible for all day-to-day operational 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. He is also responsible for providing the strategic direction, building strategic partnerships and integration of acquired entities.

The President and Executive Director is responsible for service delivery and operations management and formulating the operational policy. He is also responsible for process excellence, and to attract and enhance the quality of talent in the Company.

3. Membership Term

As per the current laws in India, one-third of the Board members (who are liable to retire by rotation) are liable to retire every year and if qualified, may be re-appointed. As such Mr. Anant Talaulicar, Mr. Amit Kalyani and Dr. Srikant Datar, Directors constituting one-third of the Board of the Company, are retiring at the ensuing Annual General Meeting of the Company. The Executive Directors are appointed by the shareholders of the Company for a maximum period of 5 years at a time, but are eligible for re-appointment upon completion of their respective term. The Non-Executive Directors have no specified period but they retire by rotation, as per the law. The Company also endeavors to specify a maximum term of 9 years for any Non-Executive Director.

4. Board & Committee Meeting Agenda and Minutes

The Company Secretary receives details on the matters which require the approval of the Board/Committees of the Board, from various departments of the Company; well in advance, so that they can be included in the board meeting agenda, if required. The information as required under Clause 49 of the Listing Agreement and the code of conduct has been 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 of the statutory requirements, the following information is included in the Agenda papers provided to the Board for every quarterly board meeting:

- Minutes of meetings of the previous board and committee meetings;
- Minutes of meetings of all subsidiaries of the Company;

- Quarterly results of the Company;
- Annual operating plans and quarterly variance analysis;
- Presentation on the financial results which generally includes the following:
  - ➢ Action tracker on implementation of decisions taken in last board meeting
  - ➢ Financials for the quarter and its analysis
  - ➢ Cash profit generated during the quarter
  - ➢ Yearly financial plan vs. actual
  - ➢ LoB (Line of Business) wise performance
  - ➢ Profitability drivers
  - ➢ Utilization of resources
  - ➢ Peer group analysis and analyst coverage
  - ➢ Enterprise Risk Management
  - ➢ Investments in the Company
  - ➢ Subsidiaries operations
  - ➢ Related party transactions
  - ➢ Corporate governance compliances
  - ➢ Statement on foreign exchange exposure and related mitigating activities
- Presentations of Auditors' Report/Limited Review Report;
- Approvals for material transactions with subsidiaries;
- Legal compliance certificate by the Finance Head;
- Other statutory agenda;
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary, if any;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods/services sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and its compliance;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Sale of material nature, of investments, subsidiaries, assets, which is 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 shareholders service such as non-payment of dividend, delay in share transfer, etc.

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

B. Non-Executive Directors' compensation and disclosures

During the year, the Company has paid an amount of Rs. 7.08 Million (previous year Rs. 9.94 Million) to Mr. S. B. (Ravi) Pandit, Non-Executive Chairman, towards professional services rendered by him to the Company. It may be noted that the Company has received specific approval from Department of Company Affairs regarding his eligibility to render professional services.

The number of Equity Shares of Rs.2/- each held by Non-Executive Directors in the Company as on March 31, 2010 are as follows:

Sr. No.	Name	Shareholding	
		No. of Shares	% of Total Paid-up Capital
1	Mr. S. B. (Ravi) Pandit	112,500	0.14
2	Ms. Lila Poonawalla	31,000	0.04
3	Mr. Amit Kalyani	6,000	0.01
4	Mr. Sudheer Tilloo	6,000	0.01
5	Dr. R.A.Mashelkar	6,000	0.01
6	Dr. Srikant Datar	6,000	0.01
	TOTAL	**167,500**	**0.22**

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

C. Other provisions as to Board and Committees

(i) Board meetings schedule:

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

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

i) April 27, 2009
ii) June 01, 2009
iii) July 10, 2009
iv) July 20, 2009
v) October 15, 2009
vi) October 30, 2009
vii) January 20, 2010
viii) February 18, 2010

Table 2: Number of Board meetings and the attendance of Directors during FY 2009-10

Sr. No.	Name of the Director	No. of Board meetings held during the tenure of each Director	No. of Board meetings attended*	Attendance at the last AGM
1	Mr. S.B.(Ravi) Pandit, Chairman & Group CEO	8	8	Yes
2	Mr. Kishor Patil, CEO & Managing Director	8	8	Yes
3	Mr. Girish Wardadkar, President & Executive Director	8	8	Yes
4	Mr. Amit Kalyani	8	3	Yes
5	Mr. Anant Talaulicar	8	4	-
6	Mr. Deepak Malik	8	3	-
7	Mr. Sudheer Tilloo	8	7	Yes
8	Dr. Srikant Datar	8	4	-
9	Mr. K.V. Krishnamurthy (resigned w.e.f. January 18, 2010)	8	3	Yes
10	Ms. Lila Poonawalla	8	7	Yes
11	Dr. R. A. Mashelkar	8	4	Yes
12	Mr. Bruce Carver	8	2	-
13	Mr. Elizabeth Carey (appointed w.e.f April 27, 2009)	7	3	-

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

(ii) Membership of Board committees

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

(iii) Review of compliance reports

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

D. Code of conduct

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

II. COMMITTEES OF THE BOARD

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

A. Audit Committee

Composition

The Company has set-up an Audit Committee consisting of three Non-Executive Directors. The committee was reconstituted on January 20, 2010. The newly constituted committee consists of Mr. Sudheer Tilloo, who is the chairman of this Committee; Ms. Lila Poonawalla & Mr. S.B. (Ravi) Pandit are its other members. All members of the Audit Committee are financially literate. A brief profile of all the members is provided in *'Additional shareholders information'* section of this annual report. The Vice President - Finance 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 presentation at each committee meeting.

Powers, role and review of information by Audit Committee

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

Role and objectives

- Integrity of financial reports;
- Enterprise Risk Management;
- Compliance with laws;

- Reviewing the function of Whistle-Blower Policy;
- Related party transactions;
- Creditor obligation defaults;
- Senior management compensation, expense reimbursements and assets use;
- Internal accounting controls;
- Other controls for efficiency and economy;
- Financial reporting process:
  - Accounting policies
  - Judgments and estimates
  - Unusual transactions and adjustments
  - Disclosures and presentation
  - Companies view point on Auditors' remarks
  - Risk of financial reporting
  - All financial reports and their vehicles
- Recommending to the board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with Internal Auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors, before the audit commences the nature and scope of the audit as well as to have post-audit discussion to ascertain any area of concern.

Meetings of Audit Committee

During FY 2009-10 the Audit Committee met five times - April 27, 2009, July 20, 2009, October 14, 2009, December 7, 2009 & January 20, 2010. The details of attendance at the meetings are given in Table 3.

Table 3: Audit Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended#
1	Mr. Sudheer Tilloo - Chairman	5	4
2	Mr. K.V. Krishnamurthy*	5	3
3	Ms. Lila Poonawalla	5	5
4	Mr. S. B.(Ravi) Pandit**	1	1
5	Mr. Anant Talaulicar	1	1

* Resigned w.e.f. January 18, 2010.

** Appointed w.e.f. January 20, 2010.

Including the attendance by teleconference.

Note: Mr. Anant Talaulicar was co-opted as a member of the Audit Committee for its meeting held on July 20, 2009. The same was ratified by the Board in its meeting held on July 20, 2009.

B. Investors'/Shareholders' Grievance Committee

Composition

The Company has formed an Investors'/Shareholders' Grievance Committee. The committee consists of Mr. Sudheer Tilloo, an independent, Non-Executive Director as the Chairman of the committee and Mr. S. B. (Ravi) Pandit and Mr. Kishor Patil as 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 committee met once during the year, as there were no cases pending for action. 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 Share Transfer Agent is undertaken regularly by Vice President - Finance and the Company Secretary.

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

Role and objectives

The role and objectives of the committee are as under:

- Overview of share transfers, shareholder related issues like non-receipt of declared dividends, annual reports etc.
- Resolve Investors' grievances in other areas.
- Allotment of shares to option grantees of the Company who have exercised options under the ESOP schemes of the Company.

Meetings of the committee

During the year one meeting of the Investors'/Shareholders' Grievance Committee was held on March 23, 2010. The details of attendance at the meetings are given in Table 4.

Table 4: Investor Grievance Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Mr. Sudheer Tilloo - Chairman	1	1
2	Mr. S. B. (Ravi) Pandit	1	1
3	Mr. Kishor Patil	1	0

C. HR & Compensation (Remuneration) Committee

Composition

The Company has set-up a HR & Compensation (Remuneration) Committee consisting of three Independent Directors. The committee consists of Mr. Amit Kalyani, an Independent Director who chairs this Committee and Dr. R.A. Mashelkar and Dr. Srikant Datar, Independent Directors, as its other members.

Role and objectives

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

All people-related matters including:

- Compensation policies;
- Compensation of Executive and Non-Executive Directors and senior management;

- Attraction and retention of talent;
- Stock options;
- Succession planning;
- Overseeing of performance appraisal systems;
- Evaluation of Executive Director performance; and
- Such other matters as may be decided by the committee from time to time.

Meetings of the HR & Compensation Committee (Remuneration Committee)

The Committee met four times during the year - April 27, 2009, July 20, 2009, October 15, 2009 & January 20, 2010.

The detail of meetings and attendance is given in Table 5.

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

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended#
1	Mr. Amit Kalyani – Chairman	4	2
2	Dr. R.A. Mashelkar	4	3
3	Dr. Srikant Datar	4	3
4	Mr. Sudheer Tilloo*	4	2

* Was co-opted as a member of the Committee meeting held on April 27, 2009 & October 15, 2009 and the same was duly ratified by the Board at their respective meetings.

Including the attendance by teleconference.

D. Quality Council Committee

Composition

The Quality Council Committee enables the Board to focus on quality aspect and resolve customer issues proactively. The committee is chaired by Non–Executive Director, Mr. Anant Talaulicar, the other members are Mr. Bruce Carver, Non-Executive Director, Mr. Sudheer Tilloo and Ms. Lila Poonawalla, both Independent Directors.

Role and objectives

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

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

Meetings of the Quality Council Committee

The Committee has met three times during the year- April 23, 2009, July 20, 2009 & October 15, 2009. The detail of meetings and attendance is given in Table 6.

Table 6: Quality Council Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended*
1	Mr. Anant Talaulicar - Chairman	3	3
2	Mr. Bruce Carver	3	1
3	Ms. Lila Poonawalla	3	3
4	Mr. Sudheer Tilloo	3	2

*Including the attendance by teleconference.

E. Share Transfer Committee

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

Meetings of the committee

The Committee has met seven times during the year- April 13, 2009, June 30, 2009, September 21, 2009, September 30, 2009, December 21, 2009, January 22, 2010 & March 15, 2010. The detail of meetings and attendance is given in Table 7.

Table 7: Share Transfer Committee - meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Mr. S. B. (Ravi) Pandit - Chairman	7	7
2	Mr. Kishor Patil	7	7

III. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian Subsidiary companies, whose turnover or net worth (paid up capital and free reserves) exceeds 20% of the Consolidated turnover or net worth respectively, of the Company. Brief details of Company's nine subsidiaries are given in the Directors' Report attached with this annual report. The updates of major decisions of the unlisted Subsidiary Companies are regularly presented before the Audit Committee and the Board.

Following are the key points of subsidiaries which are regularly taken up in the audit committee/board meeting:

- Nomination of Directors on the board of each subsidiary;
- Minutes of all the meetings of subsidiaries held between two board meetings;
- Major dealings of subsidiaries' investment, fixed assets, loans etc.;
- Compliances by subsidiaries with all applicable laws of that country;
- Business plan of each subsidiary and its periodic update to the Company's board.

IV. DISCLOSURES

A. Basis of related party transactions

The related party transactions are placed before every quarterly audit committee and board meeting. There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, subsidiary or relatives except for those disclosed in the financial statements for the year ended March 31, 2010.

B. Disclosure of accounting treatment

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

C. Board disclosures - Risk management

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

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

During the year the Company has not issued any shares on preferential basis or rights basis.

E. Remuneration of Executive and Non-Executive Directors

The HR & Compensation (Remuneration) Committee determines and recommends to the Company's Board the remuneration payable to Executive and Non-Executive Directors and thereafter the board approves the payment, if it is within the permissible limit, as approved by the shareholders of the Company. The details of remuneration paid to the Executive Directors of the Company are given in Table 8.

Table 8: Remuneration paid to Executive Directors in FY 09-10

(Amount in Rs.)

Name of Director/ Remuneration Details	Kishor Patil # CEO & Managing Director	Girish Wardadkar President & Executive Director
Salary	2,970,000	5,019,656
PF	709,752	590,707
Gratuity *	271,728	75,384
Leave Encashment	–	143,293
Variable Performance Incentive	1,088,968	1,102,963
Bonus	–	470,400
Notice Period	6 months	6 months
Total	**50,40,448**	**74,02,403**

Does not include GBP 14,601.96 (GBP 1,216.83 per month) paid to Mr. Kishor Patil from KPIT UK during FY 2009-10.

* Gratuity is calculated on Accrual basis.

Under Section 309(4) of the Companies Act, 1956, a Director who is neither in the whole time employment of the company nor a Managing Director (the 'Non-Executive Directors'), may be paid remuneration by way of commission if the members of the company, by virtue of a special resolution, authorize such payment. However, the remuneration paid to all such Non-Executive Directors taken together should not exceed 1% of the net profit of the company in any relevant financial year, if the company has a Managing or a Whole-time Director, unless approved by the Central Government. Shareholders of the Company approved payment of upto 1% of net profit for 5 years w.e.f. April 1, 2009. In accordance with this approval, the Board of Directors of the Company has approved payment of Rs. 7.00 Million (previous year Rs. 5.85 Million) as commission payable to the Non-Executive Directors of the Company for the FY10. There is no other pecuniary relationship with Non-Executive Directors, except sitting fees for the meetings, attended by them in person. The details of remuneration paid/payable to the Non-Executive Directors during FY09 are given in Table 9.

Table 9: Remuneration paid/payable to Non-Executive Directors

(Amount in Rs.)

Name of Director	Commission (Payable)	Sitting Fees (Paid)
Mr. Sudheer Tilloo [Chairman – Audit Committee & Investor Grievance Committee]	1,221,111	255,000
Mr. Amit Kalyani [Chairman - Remuneration Committee]	871,111	85,000
Mr. Anant Talaulicar [Chairman - Quality Council Committee]	-*	-*
Mr. Deepak Malik	-	30,000
Dr. Srikant Datar	847,778	97,500
Ms. Lila Poonawalla	847,778	207,500
Dr. R.A. Mashelkar	847,778	97,500
Mr. K. V. Krishnamurthy (resigned w.e.f. January 18, 2010)	497,778	82,500
Mr. Bruce Carver	-*	-*
Ms. Elizabeth Carey	-	-*
Mr. Dwayne Allen (appointed w.e.f. October 15, 2010)	-*	-*
TOTAL	**5,133,334**	**855,000**

Basis for remuneration paid to Non-Executive Directors

Remuneration	Board member	Committee Chairman	Committee member
Sitting Fees	Rs.15,000/- per member	Rs.20,000/- per meeting	Rs.12,500/- per meeting
Commission	Total kitty for FY10 – Rs.7.00 Million to be distributed as under:		
	a) 16% of the total kitty i.e. Rs.1.12 Million to be divided equally among 3 Committee Chairmen.		
	b) Balance 84% of total kitty i.e. Rs.5.88 Million* to be distributed among the Non-Executive Directors (excluding alternate Directors).		
	*Mr. Anant Talaulicar, Mr. Bruce Carver, Ms. Elizabeth Carey and Mr. Dwayne Allen have waived their right to receive the sitting fees and commission at source amounting to Rs. 2.08 Million and based on their recommendation, the same has been/would be contributed towards the Cummins Foundation.		

F. Management Discussion & Analysis

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

G. Legal Compliance Reporting

The Company has a practice of obtaining a Statutory Compliance Report on a monthly basis from various functional heads for compliance with laws applicable to the respective function. A consolidated report on compliance with applicable laws is presented to the Board every quarter. The Company is in the process of developing a comprehensive e-based legal / statutory compliance reporting system. This will enable the process owners to plan and monitor the compliance activities.

H. Secretarial Audit

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified practising Company Secretary carries out secretarial audit 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 audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors. The audit, *inter-alia,* confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

I. Shareholders

i) Disclosure regarding appointment or re-appointment of Directors

According to the provisions of the Companies Act, 1956 and Articles of Association of the Company, one-third of the Directors retire by rotation and, if eligible offer themselves for re-appointment at the Annual General Meeting of shareholders. Accordingly, Mr. Anant Talaulicar, Mr. Amit Kalyani and Dr. Srikant Datar, Directors shall retire at the ensuing Annual General Meeting of the Company. The Board has recommended the re-appointment of all the retiring Directors upon receipt of recommendation from certain shareholders of the Company. Detailed resumes of all these Directors are provided elsewhere in this Annual Report.

ii) Communication to shareholders

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

iii) General body meetings

Table 10: 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 6, 2007 (2006-07)	KPIT Cummins Infosystems Ltd., Auditorium SDB II, Plot No. 35 &36,Rajiv Gandhi Infotech Park, Phase- I, MIDC, Hinjawadi, Pune - 411 057	10.00 A.M.	Nil
August 29, 2008 (2007-08)	KPIT Cummins Infosystems Ltd., Auditorium SDB II, Plot No. 35 & 36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjawadi,Pune - 411 057	10.30 A.M.	Nil
July 10, 2009 (2008-09)	KPIT Cummins Infosystems Ltd. Auditorium SDB II, Plot No. 35 &36, Rajiv Gandhi Infotech Park, Phase- 1, MIDC, Hinjawadi, Pune - 411 057	10.30 A.M.	1) Re-appointment of Mr. Kishor Patil as the CEO & Managing Director of the Company. 2) Payment of Commission to Non-Executive Directors of the Company as a percent of profit. 3) Alteration of Articles of Association of the Company.

iv) Special Resolution through Postal Ballot

Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the Company passed an Ordinary Resolution through Postal Ballot u/s 239(1) (a) for Creation of charge on the immovable/movable assets of the Company upto a limit of Rs. 500 crores. Mr. S. V. Deulkar, practising Company Secratary was appointed as the Scrutinizer for conducting the Postal Ballot. The results of the same were declared on October 7, 2009.

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

vi) The details of Share transfer system is given elsewhere in this report.

V) CEO/CFO CERTIFICATION

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

VI. COMPLIANCE

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

COMPLIANCE AGAINST NON-MANDATORY REQUIREMENTS

1. The Board

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

2. Remuneration Committee

The Board had set-up a HR & Compensation (Remuneration) Committee, the details of which are given elsewhere in this report. All the members of the committee are Independent Directors and this committee is chaired by Mr. Amit Kalyani.

3. Training of Board members

Every year the Company conducts a board meeting at a place other than its Registered Office ('Board Offsite') in the last quarter of the financial year. The Board Offsite in the FY 2009-10 was held at Aamby Valley, Lonavala, during February 18, 2010 to February 20, 2010. At this Board Offsite, other than the statutory board and committee meetings, it is ensured that the Board members are provided a deep and thorough insight to the business model of the Company through detailed presentations of various Line of Business (LoB) heads. It is also endeavored that Board members get an open forum for discussion and share their experiences in both formal and informal manner. Efforts are also made to acquaint and train the Board members about the emerging trends in the industry through presentations by renowned external speakers.

4. Board performance benchmarks

The Company's Board comprises of Non-Executive and Independent Directors from diversified fields and reputed industries. With them, they bring the high benchmarks of Indian and globally accredited companies within and outside the industry in which our Company is operating. Our Company has its own philosophies and expectations from its Board and hence the Company has put in place an effective mechanism for evaluating performance on a continuing basis which includes an assessment of the effectiveness of the full Board, the operations of Board Committees and the contributions of individual Directors. The mechanism has been built after studying various top industrial houses both within and outside our industry.

a) Group performance

The HR & Compensation (Remuneration) Committee is responsible for sponsoring and overseeing an annual performance evaluation of the board to determine whether it is functioning effectively. This evaluation focuses on the performance of the board as a whole, concentrating on areas where performance might be improved. The board is also made to administer an annual self-evaluation of the performance of the board as a whole and the committees of the board. The conclusion and recommendations are then shared at the board level in most confidential manner.

b) **Individual performance**

The HR & Compensation (Remuneration) Committee also administers an annual performance evaluation of each Director, with consideration being given to skills and expertise, group dynamics, core competencies, personal characteristics, accomplishment of specific responsibilities, attendance and participation. Such an evaluation process also includes self/peer evaluation of each Director. Based on the outcome, adequate reward, in manner of stock options, is given to the board members who excel in their performance.

5. **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 about unethical behavior, fraud, violation of the code of conduct or ethics in a fearless manner. 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 intranet of the Company for effective circulation and implementation. The purpose of this policy is to establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding financial statement disclosure issues, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics; and (b) the submission by employees (all KPIT managers and employees, including managers and employees of its divisions, subsidiaries and other affiliates worldwide, as well as agents and contractors working on behalf of the Company, its subsidiaries and affiliates) and Directors of the Company, on a confidential and anonymous basis, of concerns regarding questionable financial statement disclosure, accounting, auditing matters or violations of the Company's Code of Business Conduct and Ethics.

The purpose of this policy is also to state clearly and unequivocally that the Company prohibits discrimination, harassment and/or retaliation against any employee or Director who (i) reports complaints regarding financial statement disclosure issues, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics; or (ii) provides information or otherwise assists in an investigation or proceeding regarding any conduct which he or she reasonably believes to be a violation of employment or labour laws, securities laws, laws regarding fraud or the commission or possible commission of a criminal offence. Everyone in the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. No employee or Director of the Company has the authority to engage in any conduct prohibited by this policy.

6. **Corporate Sustainability Report**

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

7. **Secretarial Standards issued by the Institute of Company Secretaries of India**

The Institute of Company Secretaries of India ('ICSI'), one of the premier professional bodies in India, has issued 10 Secretarial Standards as on 31st March 2010. These Secretarial Standards are recommendatory in nature. The Company observes Secretarial Standards to a large extent voluntarily as good corporate governance practice and for protection of interest of all stakeholders.

8. **Adherence to the CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009 by the Ministry of Corporate Affairs**

These guidelines published in December 2009 are of a recommendatory nature. However the Company is in compliance with majority of the recommendations suggested in these guidelines, even before they were published.

Auditors' certificate on corporate governance

To the Members of KPIT Cummins Infosystems Limited

We have examined the compliance of the conditions of Corporate Governance by KPIT Cummins Infosystems Limited (the Company) for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

For **Deloitte Haskins & Sells**
Chartered Accountants

Hemant M. Joshi
Partner
Membership No. 38019

Place: Pune
Date: May 05, 2010

Declaration of the Chief Executive Officer & Managing Director

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

Further, certified that the members of the board of directors and senior management personnel have affirmed the compliance with the code applicable to them during the year ended 31 March 2010.

Place: Pune
Date: May 07, 2010

Kishor Patil
CEO & Managing Director

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

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

1. We have reviewed the balance sheet and profit and loss accounts (consolidated and standalone), and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' report for the year ended March 31, 2010;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Kishor Patil
CEO & Managing Director

Anil Patwardhan
Vice President - Finance

Pune, May 7, 2010

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.kpitcummins.com
2.	**Date of Incorporation**	December 28, 1990
3.	**Registration No./CIN No.**	L72200PN1990PLC059594
4.	**Date, Time and Venue of 19th AGM**	July 16, 2010, 10.30 a.m. at Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase - I, Hinjawadi, Pune - 411 057. The Notice of the Annual General Meeting is being sent to the members along with this annual report.
5.	**Book Closure Dates**	July 10, 2010 to July 16, 2010 (Both Days Inclusive)
6.	**Dividend Payment Date**	On or after July 16, 2010, but within the statutory time limit of 30 days, subject to shareholders' approval.
7.	**Financial Year**	April 01, 2009 - March 31, 2010

8. **Financial Calendar for 2010-2011**
(tentative and subject to change)

Financial reporting for the first quarter ending June 30, 2010	July 21, 2010
Financial reporting for the second quarter ending September 30, 2010	October 20, 2010
Financial reporting for the third quarter ending December 31, 2010	January 20, 2011
Financial reporting for the last quarter and year ending March 31, 2011	April 27, 2011
Annual General Meeting for the year ending March 31, 2011	July, 2011

9. **The shares of the Company are listed on following Stock Exchanges:**

National Stock Exchange of India Ltd.	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 **NSE Code: KPIT**
Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **BSE Code: 532400**
ISIN Number of the Company	INE836A01035

* The Company has paid the Annual Listing Fee for the Financial Year 2010-11 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 Share Transfer Agent at:**

Link Intime India Pvt. Ltd. Contact Person: Mr. Bhagwant Sawant, Block No. 202, Akshay Complex, Off.: Dhole Patil Road, Near Ganesh Temple, Pune 411 001 Telefax: +91-020-26053503 E-mail: bhagavant.sawant@linkintime.co.in. You can also contact **Mr. Anil Khatri, Company Secretary,** at the Registered Office of the Company, Tel. No.: +91 20-6652 5000 Extn.: – 5010, Fax No.: +91 20-6652 5001, E-mail: anil.khatri@kpitcummins.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@kpitcummins.com.

11. **Share transfer system:**

The share transfer work is carried out by our 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 transfer is carried out within an average period of three weeks from the date of lodging, provided all the papers received, are in order. For improving the response time for completing the share transfers, Share Transfer Committee meetings of the Company are held as often as required.

12. **Dematerializations of shares and liquidity:**

As on March 31, 2010, **98.82%** the total issued share capital was held in electronic form.

Since SEBI has included the shares of the Company in the list of companies for compulsory settlement of trades in de-materialized form effective from June 26, 2000, shareholders are kindly requested to get their shares de-materialized at the earliest, if not already de-materialized.

13. **Shares allotted during the year:**

Date	Description of Allottee	No. of Shares	Face Value (Rs.)
20-July-09	Allotment to Employees against ESOP	5,000	2
15-Oct-09	Allotment to Employees against ESOP	5,000	2
20-Jan-10	Allotment to Employees against ESOP	470,080	2
	Total	480,080	2

14. Shareholding Pattern as on March 31, 2010:

Category	No. of Shares Held	% of Total Shares Capital
Promoters	24,010,182	30.58
Mutual Funds	6,269,812	7.98
FIIs	6,208,245	7.91
Bodies Corporate	8,379,510	10.67
Foreign Corporate Bodies	10,968,459	13.97
NRI	1,220,346	1.55
Insurance Companies	5,917,400	7.54
Public & Others	15,549,087	19.80
Total	**78,523,041**	**100.00**

As on March 31, 2010, the top ten shareholders of the Company were as under:

Sr. No.	Folio Number	Name of the Shareholder	Number of Shares held	% of total paid-up share capital	Category
1	IN30027110086914	Proficient Trading & Investment Pvt. Ltd.	12,757,350	16.25	Promoter
2	IN30005410017536	Cummins Inc.	6,402,547	8.15	JV Partner
3	IN30016710007299	ICICI Prudential Life Insurance Company Ltd.	5,917,400	7.54	Financial Institution
4	IN30005410005444	Cummins India Limited	5,091,330	6.48	JV Partner
5	IN30027110086949	Kishor Patil	3,745,900	4.77	Promoter
6	IN30027110086923	KPIT Systems Ltd.-Employees Welfare Trust	3,714,772	4.73	Person Acting in Concert
7	IN30014210596164	LB India Holdings Mauritius II Limited	3,094,414	3.94	Strategic Investor
8	IN30081210000471	SBI Mutual Fund-Magnum Tax Gain 1993	2,336,907	2.98	Financial Institution
9	IN30016710006358	The India Fund, Inc.	2,030,873	2.59	Foreign Institutional Investor
10	IN30014210409389	International Finance Corporation	1,555,830	1.98	Strategic Investor
		Total	**46,647,323**	**59.41**	

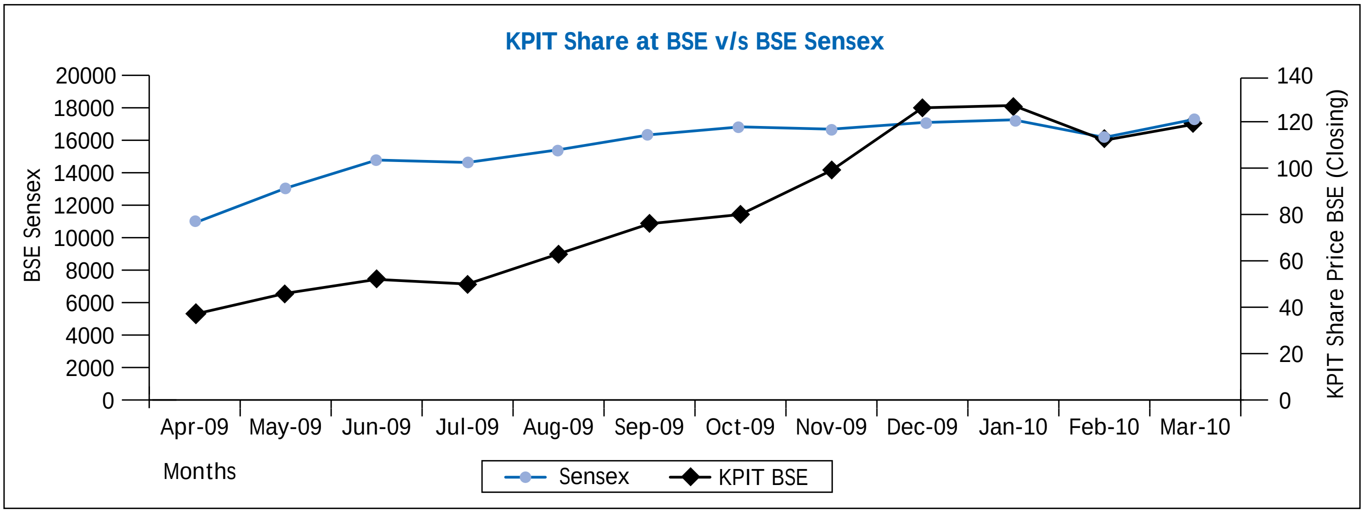
15. Distribution Schedule as on March 31, 2010:

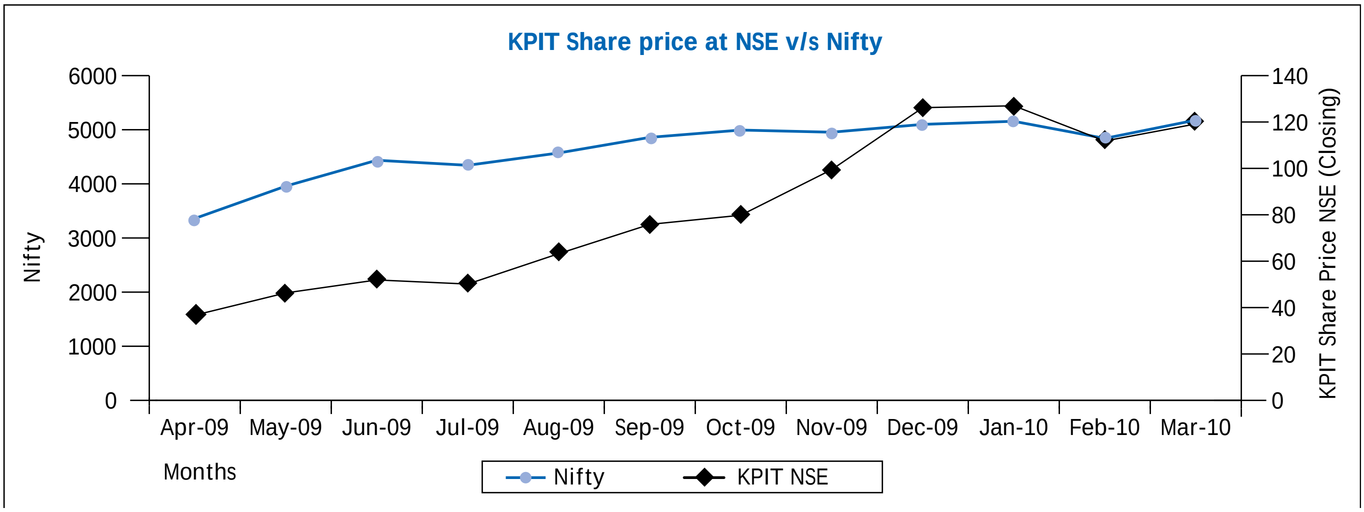
Quantity of Shares	Shareholders		Face Value of Shares held (Rs.)	%
From - To	Number	%		
1 - 100	24,262	60.20	1,742	1.74
101 - 1000	14,075	34.92	10,588,008	6.74
1001 - 5000	1,499	3.72	7,004,872	4.46
5001 - 10000	234	0.58	3,607,822	2.30
10001 - 50000	160	0.40	6,744,520	4.29
50001 - 100000	20	0.05	2,746,668	1.75
100001 & Above	52	0.13	123,618,272	78.71
Total	**40,302**	**100.00**	**154,311,904**	**100.00**

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

	NSE				BSE				Total Volume
	High	Low	Average	Volume	High	Low	Average	Volume	NSE + BSE
Apr-09	48.60	25.70	36.72	5,246,114	48.65	25.30	36.72	3,068,151	8,314,265
May-09	54.00	38.95	46.32	5,445,683	54.00	39.00	46.44	2,618,531	8,064,214
Jun-09	61.90	44.80	51.91	3,703,387	61.95	44.70	51.84	1,930,317	5,633,704
Jul-09	60.05	39.75	50.14	3,295,238	60.10	38.95	50.03	1,775,745	5,070,983
Aug-09	92.00	49.70	63.25	9,137,893	90.00	49.35	63.25	5,960,935	15,098,828
Sep-09	87.70	70.70	75.86	5,771,324	87.00	70.70	75.82	2,486,578	8,257,902
Oct-09	93.50	73.10	79.81	8,630,809	93.40	73.70	79.81	3,923,847	12,554,656
Nov-09	120.90	73.05	99.49	22,668,686	121.00	73.05	99.47	12,496,276	35,164,962
Dec-09	138.40	115.15	126.18	15,306,616	138.40	113.10	125.98	11,061,106	26,367,722
Jan-10	142.30	105.55	126.99	7,576,000	142.15	105.10	126.96	3,467,303	11,043,303
Feb-10	125.00	105.35	111.81	3,667,450	125.00	105.80	111.98	1,373,868	5,041,318
Mar-10	131.40	107.30	119.16	6,175,817	131.30	107.50	119.02	2,516,420	8,692,237

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





18. Details of dividend in the Unpaid/Unclaimed Dividend Accounts as on March 31, 2010:

(Rupees)

Year	Balance	Tentative date of transfer
For the financial year 2002-2003	91,841	September 25, 2010
For the financial year 2003-2004	110,352	September 8, 2011
For the financial year 2004-2005	156,187	September 6, 2012
For the financial year 2005-2006	83,080	August 30, 2013
For the financial year 2006-2007	262,409	August 24, 2014
For the financial year 2007-2008	342,878	October 18, 2015
For the financial year 2008-2009	331,144	August 28, 2016

During the year the Company transferred an amount of Rs. 37,867/-, being the unpaid dividend pertaining to the financial year 2001-02 to the Investors Education and Protection Fund (IEPF), in accordance with the provisions of Section 205A (5) of the Companies Act, 1956.

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

19. Details of correspondence received from the Shareholders/Investors during the period from April 01, 2009 to March 31, 2010:

No.	Nature of Request/Complaints	Opening as on April 01, 2009	No. of Requests/ Complaints Received	No. of Requests/ Complaints Processed	No. of Pending Requests/ Complaints
1	Non-Receipt of Share Certificate	Nil	1	1	Nil
2	Non-Receipt of Dividend Warrant	Nil	5	5	Nil
3	Non-Receipt of De-mat Credit/Re-mat Certificate	Nil	Nil	Nil	Nil
4	Non-Receipt of rejected De-mat Request Form	Nil	Nil	Nil	Nil
5	Non-Receipt of Annual Report	Nil	Nil	Nil	Nil
6	Non-Receipt of Exchange Certificate	Nil	Nil	Nil	Nil
7	Change of Address	Nil	22	22	Nil
8	Bank Details/Mandate	Nil	20	20	Nil
9	Exchange of Certificate	Nil	2	2	Nil
10	Stop Transfer/Procedure for duplicate Share Certificate	Nil	4	4	Nil
11	Indemnity/Affidavit - duplicate	Nil	Nil	Nil	Nil
12	Re-mat Request	Nil	Nil	Nil	Nil
13	Stock Split of Equity Shares	Nil	Nil	Nil	Nil
14	Indemnity with DRF	Nil	Nil	Nil	Nil
15	Revalidation/Replacement of Dividend Warrant	Nil	142	142	Nil
16	Procedure for Transfer/Transmission/Name Deletion	Nil	Nil	Nil	Nil
17	Correction in Name	Nil	Nil	Nil	Nil
18	Registration of Signature	Nil	Nil	Nil	Nil
19	Data Mismatch	Nil	Nil	Nil	Nil
20	Issue of Duplicate Share Certificate	Nil	2	2	Nil
21	Nominations	Nil	Nil	Nil	Nil
22	Confirmation of Details	Nil	Nil	Nil	Nil
23	SEBI Complaints	Nil	Nil	Nil	Nil
24	NSDL Complaints	Nil	1	1	Nil
25	Others	Nil	20	20	Nil
	Total	Nil	219	219	Nil

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

There are no outstanding GDRs/ADRs/ Warrants or any convertible instruments as on March 31, 2010.

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

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

Date of Publication	Particulars	Newspaper
May 8, 2010	Audited financial results for quarter and Year ended March 31, 2010	Economic Times & Maharashtra Times
January 22, 2010	Unaudited financial results for quarter ended December 31, 2009	Business Standard, Economic Times & Maharashtra Times
October 17, 2009	Unaudited financial results for quarter ended September 30, 2009	Business Standard, Economic Times & Maharashtra Times
July 22, 2009	Unaudited financial results for quarter ended June 30, 2009	Economic Times & Maharashtra Times
April 27 , 2009	Audited financial results for quarter and Year ended March 31, 2009	Business Standard, Economic Times & Maharashtra Times

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

22. Human Resource Accounting:

In the software/IT industry, human resource is a significant asset utilized in generating revenues. Conventional accounting practice does not take any cognizance of this important asset in the organization.

There are various models to evaluate the value of human resources. We have used the widely accepted *Lev & Schwartz Model* to compute the value of human capital as at March 31, 2010. The value of human capital is based on the present value of the future earnings of the human resources on the following assumptions:-

- The future earnings have been discounted @ 13.39% (12.58% previous year), being the Weighted Average Cost of Capital for the Company.
- Only the Rupee earnings have been factored into the valuation.
- All those employees who do not have salary in Indian Rupees have been excluded from the valuation computation and hence the number of employees and the value is less to that extent.

VALUE OF HUMAN CAPITAL

	March - 2010				March - 2009			
	Employees		Value		Employees		Value	
	No.	%	Rs. Million	%	No.	%	Rs. Million	%
Development	3,941	92%	30,279	92%	4,031	93%	31,473	91%
Support	333	8%	2,717	8%	317	7%	3,032	9%
Total	**4,274**	**100%**	**32,996**	**100%**	**4,348**	**100%**	**34,505**	**100%**

23. Board members' profiles:

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

Chairman & Group CEO (Non-Executive)

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

CEO & Managing Director

Mr. Kishor Patil, is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost and Works Accountants of India. He has 22 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, Kishor has provided strategic direction and spearheaded KPIT Cummins' foray into international markets, especially Europe & USA. He has been instrumental in building strategic partnerships and a strong and prestigious customer base for the Company in a short span of time. Kishor is the member of the Shareholders'/Investors' Grievance Committee and the Share Transfer Committee.

President & Executive Director

Mr. Girish Wardadkar — Please refer the Explanatory Statement of the Annual General Meeting notice.

Non-Executive and Independent Directors

Mr. Sudheer Tilloo, is an Electrical Engineering Graduate from the Birla Institute of Technology, Pilani and holder of a Masters Degree in Electrical Engineering from the University of Wisconsin, Madison, USA. Sudheer advises the Company in defining business strategy, building close client relationship and managing people's performance which are critical areas for the Company's success. He is the Chairman of the Audit Committee and the Investor Grievance Committee and a member of the Quality Council Committee of the Company.

Mr. Deepak Malik, is the Managing Director of Black River Advisors India (Pvt.) Ltd, a subsidiary of Black River Asset Management, a global asset management company with more than USD 6 Billion of assets under its management. Following six years in Silicon Valley, he relocated to Delhi, India to provide regional oversight of several cross border investments, and to capitalise on growth equity investment opportunities driven by macroeconomic changes. Deepak has broad global operational and strategy experience. He has indepth knowledge of the information services and software industry, with discipline around operational performance, margin and cost structures underlying those businesses. From 2000-2007, Deepak was co-founder and Managing Director of Cargill Ventures, a venture capital firm associated with Cargill Inc. Deepak led the investment strategy around software business process services and serves on the Boards of Outsourced Partners Int'l (OPI), OB10, Microland, iCentra and Teranode. In addition he led the investments in Compellent (a NASDAQ listed company), Demandtec (a NASDAQ listed company), Intalio, China Data Group, Informance (acq. by Solarsoft), Guardian Edge (acq. by Symantec), IndX Software (acq. by Siemens),FIMI (acq. by DTN) and Grand Central (acq. by Google). Prior to starting Cargill Ventures, he worked in Cargill's Strategy and Business Development Group, where he managed corporate strategy and mergers and acquisitions within the petroleum, natural gas, electricity, coffee, grain and oil seeds and meat industries. Deepak started his career with Cargill's fertilizer division, where he was Manager-International Sales. Earlier in his career, he was an investment associate with Merill Lynch. Deepak holds a B.A. in Economics from University of Delhi and an M.A. in Economics from Delhi School of Economics and an M.B.A. from Cornell University.

Dr. R. A. Mashelkar, deeply committed to the world of science and engineering, Dr. Mashelkar has been hugely instrumental in propagating a culture of innovation and balanced intellectual property rights regime for over a decade. Dr. Mashelkar is the President of Global Research Alliance, Chairman of National Innovation Foundation, Chairman of Marico Innovation Foundation, Chairman, Reliance Innovation Council and Chairman of Thermax Innovation Council. He was the third Indian engineer to have been elected as a Fellow of Royal Society (FRS), London and he was the first Indian President of the Institute of Chemical Engineers, UK and the first Indian Foreign Fellow of Australian Technological Science and Engineering Academy (2008). Twenty-eight universities have honoured him with honorary doctorates, which include Universities of London, Salford, Pretoria, Wisconsin and Delhi. Dr. Mashelkar served as the Director General of Council of Scientific and Industrial Research (CSIR).He was also the President of Indian National Science Academy (2005-2007). Dr. Mashelkar is a member of the HR & Compensation (Remuneration) Committee of the Company.

Ms. Lila Poonawalla, was awarded the Padmashree in 1989 – recognized for her exemplary contribution to the world of engineering and Industry. Lila is currently a Director on the Board of IDBI Bank, IDBI Intech, Techni Graphics, Blossom Brewery and Pragati Leadership. 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) and the Chairperson for Agro Food Processing. She was a member of the Scientific Advisory board of the Central Cabinet (SAC-C) and Chairperson of the Herbal and Floriculture Taskforce of SAC-C. Actively involved in social initiatives, Lila is on the board of trustees of two Pune-based NGOs. In 1994, she started the 'Lila Poonawalla Foundation' to promote education among women. She is the member of the Audit Committee and the Quality Council Committee of the Company.

Mr. Bruce Carver, is currently the Vice President and Chief Information Officer at Cummins Inc. Prior to joining Cummins, he was the Vice President and Global Chief Information Officer at Dana Corporation and served on the Executive and Operating committees. Carver began his career as a Management Analyst with the Office of the Secretary of the U.S. Army in Washington, D.C., where he served from 1985 to 1990. From 1990 to 1996, he served in a variety of positions – culminating in his role as Assistant Vice President, Business Applications with Household International, a Chicago-based Fortune 500 consumer finance company. Bruce earned a Bachelor of Science degree in Finance from Virginia Tech and a Master's degree in Human Resources and Organizational Development from DePaul University in Chicago. In 2000, Carver was listed among the top 100 Information Technology Executives by Computerworld magazine. Carver is a member of the Information Technology Senior Management Forum, the Society of Information Technology, the Black MBA Association and the Project Management Institute. Bruce is the member of the Quality Council Committee of the Company.

Ms. Elizabeth Carey, has been the Chief Technical Officer of Cummins Power Generation since January 2003. She has been responsible for leading a global and diverse engineering business group to deliver product meeting or exceeding cost, quality, and delivery requirements. Directly responsible for the advanced research and development work, ten-year technical plan, product development, and engineering functional excellence. Elizabeth is presently the Sponsor of the Power Generation Corporate Social Responsibility (CSR) where she draws on her long personal history of volunteerism to guide Power Generation's CSR focus. Elizabeth is also the Sponsor of the Women's Affinity Group at Power Generation. Elizabeth started her engineering career with the Aerospace Corporation in California for eight years, followed by five years with TRW Space and Defense. She joined Cummins Inc. in 1993 as the Director of Electronic Controls. In 1998, Elizabeth became the Executive Director for High Horse Power Engineering where she led the development of the natural gas engines and functional responsibility for HHP diesel and natural gas engine design and analysis. In addition to Engineering, Elizabeth has enjoyed a wide range of experiences including market studies, finance, purchasing and Human Resources throughout her career. Elizabeth has a B.S. in Mathematics and B.S. in Statistics from the California Polytechnic State University, San Luis Obispo and completed MS requirements in 1990 for Electrical Engineering – emphasis on controls from the California State University, Long Beach.

Mr. Anant Talaulicar	–	Please refer the Explanatory Statement of the Annual General Meeting notice.
Mr. Amit Kalyani	–	Please refer the Explanatory Statement of the Annual General Meeting notice.
Dr. Srikant Datar	–	Please refer the Explanatory Statement of the Annual General Meeting notice.

Auditors' Report

TO THE MEMBERS OF
KPIT CUMMINS INFOSYSTEMS LIMITED

We have audited the attached Balance Sheet of **KPIT CUMMINS INFOSYSTEMS LIMITED** ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (CARO), issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

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

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

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

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

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

3. On the basis of the written representations received from the directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: Pune
Date: May 7, 2010

Annexure to the auditors' report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business, Clauses (ii), (viii), (x),(xiii), (xiv) of CARO are not applicable.

(ii) In respect of its fixed assets:

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

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

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

(iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

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

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

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

(b) Since the value of the said transaction does not exceed Rupees five lakhs, the information required under Clause (v)(b) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of income tax which have not been deposited as on March 31, 2010 on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount involved (Rs. lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	34.41	A.Y. 2007-08	Commissioner of Income Tax (Appeals)-I, Bangalore
Indian Customs Act, 1962	Customs Duty	8.05	Various	Commissioner of Customs (Appeals)

Further, the Company has received a show cause notice from Directorate General of Central Excise Intelligence, Bangalore during the year 2006-07, for non-payment of service tax on account of payments made to its subsidiaries based outside India for rendering services outside India. The revenue authorities have classified these services as that of a 'Commission Agent' falling under the category of 'Business Auxiliary Services' and quantified the liability at Rs. 499 lakhs which is being contested by the Company. During the year 2008-09 the Company has filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal South Zonal Bench (CESTAT), Bangalore. On January 30, 2009, CESTAT has passed the stay order granting the Company waiver from depositing further amounts till the disposal of the above appeal

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

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

(xi) According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than amounts temporarily invested pending utilization of the funds for the intended use.

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

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

(xv) According to the information and explanations given to us, during the period covered by our audit report, the Company had not issued any secured debentures.

(xvi) According to the information and explanations given to us, the Company has not raised any money by public issue.

(xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: Pune
Date: May 7, 2010

Balance Sheet as at

	Schedule	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees	Rupees
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	I	157,046,082		156,085,922	
Application Money		615,578		-	
Outstanding Employees' Stock Options		16,684,594		-	
Reserves and Surplus	II	3,709,867,128		1,559,889,070	
			3,884,213,382		1,715,974,992
Loan Funds					
Secured Loans	III		1,107,742,238		1,184,756,603
Deferred Tax Liability (Net)			51,672,174		60,498,150
[Refer Note 3.8 of Schedule XV]					
Total			**5,043,627,794**		**2,961,229,745**
APPLICATION OF FUNDS					
Fixed Assets	IV				
Gross Block		2,083,790,995		1,897,591,975	
Less: Accumulated Depreciation / Amortization		959,386,344		766,013,179	
Net Block		1,124,404,649		1,131,578,796	
Capital Work in Progress		277,625,061	1,402,029,710	347,544,337	1,479,123,133
Investments	V		2,265,539,523		833,636,170
Current Assets, Loans and Advances					
Sundry Debtors	VI	999,123,343		1,287,306,312	
Cash & Bank Balances	VII	578,734,953		1,229,076,355	
Loans & Advances	VIII	647,207,254		483,228,540	
		2,225,065,550		2,999,611,207	
Less: Current Liabilities and Provisions					
Current Liabilities	IX	672,366,797		2,177,289,687	
Provisions	IX	176,640,192		173,851,078	
		849,006,989		2,351,140,765	
Net Current Assets			1,376,058,561		648,470,442
Total			**5,043,627,794**		**2,961,229,745**
Significant Accounting Policies and Notes to Accounts	XV				

The Schedules and Notes to Accounts form an Integral Part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Pune
May 07, 2010

Profit and Loss Account for the year ended

	Schedule	March 31, 2010 Rupees	March 31, 2009 Rupees
INCOME			
Software Services and Products			
- Overseas Sales		3,700,961,736	5,948,958,945
- Domestic Sales		569,484,971	492,851,939
		4,270,446,707	**6,441,810,884**
Software Development Expenses	X	2,324,495,770	3,883,523,978
Gross Profit		**1,945,950,937**	**2,558,286,906**
Selling and Marketing Expenses	XI	65,035,625	59,820,527
General and Administration Expenses	XII	560,333,341	851,703,207
Profit before interest, depreciation and exchange Gain/(Loss)		**1,320,581,971**	**1,646,763,172**
Interest	XIII	21,250,210	42,016,602
Depreciation / Amortization	IV	281,742,236	232,553,524
Profit After Interest, Depreciation and Before Tax and Exchange Gain/(Loss)		**1,017,589,525**	**1,372,193,046**
Other Income	XIV	(115,864,064)	(668,094,207)
Profit Before Tax		**901,725,461**	**704,098,839**
Provision for Taxation - Current Year		158,800,430	78,377,968
Provision for Fringe Benefit Tax-Current Year		-	11,837,892
MAT Credit Entitlement		(42,347,329)	(23,836,361)
Provision for Taxation - Prior Years		9,599,906	-
Provision for Taxation - Deferred Tax		(8,825,976)	10,031,026
Profit After Tax		**784,498,430**	**627,688,314**
Profit Available for Appropriation		**784,498,430**	**627,688,314**
Dividend			
Final (proposed)		54,966,129	46,825,777
Dividend Tax		9,129,187	7,958,041
Amount transferred to KPIT Cummins Infosystems Limited Community Foundation Reserve (Refer note No. 4.1 of Schedule XV)		10,000,000	10,000,000
Amount transferred to General Reserve		79,000,000	63,000,000
Amount transferred to Profit and Loss Account		631,403,114	499,904,496
		784,498,430	**627,688,314**
EARNINGS PER SHARE [(Equity shares, par value Rs.2/- each (Previous Year Rs. 2/- each)]			
Basic		10.04	8.05
Diluted		9.88	8.02
Number of shares used in computing earnings per share			
Basic (weighted average)		78,166,731	78,015,708
Diluted (weighted average)		79,379,629	78,279,512
Significant Accounting Policies and Notes to Accounts	XV		

The Schedules and Notes to Accounts form an Integral Part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

Hemant M. Joshi
Partner

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Pune
May 07, 2010

Cash Flow Statement for the year ended

Particulars		March 31, 2010 Rupees	March 31,2009 Rupees
A]	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Net profit/(loss) before tax	901,725,461	704,098,841
	Adjustments for		
	(Profit)/loss on sale of fixed assets (net)	15,632,948	5,567,867
	Depreciation/Amortization	281,742,236	232,553,524
	Employee Stock Option cost	16,684,594	-
	Interest and financial charges	61,677,340	74,899,769
	Interest income	(41,979,525)	(33,995,610)
	Provision for doubtful debts/(Write back of excess provision for bad and doubtful debts)	(727,210)	42,897,764
	Bad debts written off	2,617,488	-
	Provision for doubtful advances	11,800,000	-
	Dividend income	(10,462,448)	-
	Exchange differences on translation of foreign currency cash and cash equivalents	27,742,044	(15,934,123)
	Unrealised foreign exchange (Gain)/Loss	(131,647,054)	274,316,474
	Operating Profit before working capital changes	**1,134,805,874**	**1,284,404,505**
	Adjustments for		
	(Increase)/Decrease in Sundry Debtors	325,977,340	(68,023,181)
	(Increase)/Decrease in Loans and Advances	(80,811,082)	3,004,328
	Increase/(Decrease) in Current Liabilities and Provisions	(120,953,649)	101,822,732
	Cash generated from operations	**1,259,018,482**	**1,321,208,383**
	Taxes Paid	(160,517,578)	(101,953,244)
	Net cash from operating activities	**1,098,500,905**	**1,219,255,139**
B]	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets and Intangible assets (including CWIP)	(220,747,117)	(432,602,040)
	Proceeds from the sale of fixed assets	465,354	3,681,597
	Increase in investments in subsidiaries	(811,686,461)	(112,302,404)
	Purchase of Mutual Fund Investments	(620,216,892)	-
	Interest received	48,161,951	33,995,610
	Dividend received from Mutual Fund Investments	10,462,448	-
	Fixed Deposit with banks (net) having maturity over three months	159,105,614	(197,760,877)
	Net Cash from/(used in) investing activities	**(1,434,455,103)**	**(704,988,115)**

Cash Flow Statement for the year ended

Particulars		March 31, 2010 Rupees	March 31,2009 Rupees
C]	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of term loan (Net)	(237,075,648)	(55,550,427)
	Proceeds from issue of Share Capital	25,970,759	479,648
	Application Money Received	615,578	-
	Proceeds from working capital loan (net)	202,817,602	106,313,642
	Increase/(decrease) in finance lease obligation	(2,255,367)	(2,458,078)
	Dividend paid including dividend tax	(54,783,817)	(63,783,403)
	Interest and finance charges	(62,451,399)	(74,899,769)
	Net cash from/(used in) financing activities	**(127,162,292)**	**(89,898,386)**
D]	**Exchange differences on translation of foreign currency cash and cash equivalents**	(27,742,044)	15,934,123
	Net Increase/(decrease) in cash and cash equivalents (A+B+C+D)	**(490,858,534)**	**440,302,760**
	Cash & cash equivalents at close of the year (refer Note 1 below)	527,300,504	1,018,159,038
	Cash & cash equivalents at beginning of the year (refer Note 1 below)	1,018,159,038	577,856,278
	Cash surplus/(deficit) for the year	**(490,858,534)**	**440,302,760**
	Note 1:		
	Cash and cash equivalents include:		
	Cash on hand	75,392	10,621
	Cheques in Hand	5,025,935	10,924,463
	Balance with scheduled banks		
	- On current accounts	305,658,326	702,835,042
	- On deposit account	216,540,851	304,388,912
	Total	527,300,504	1,018,159,038
	Add: Deposits with original maturity over three months	38,655,263	197,760,877
	Add: Deposits under lien	12,779,186	13,156,439
	Cash and cash equivalents at the end of the year as per Schedule VII	**578,734,953**	**1,229,076,355**

Note 2:
The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements.

Note 3:
Previous year's figures have been rearranged/regroupped wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

Hemant M. Joshi
Partner

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Pune
May 07, 2010

Schedules annexed to and forming part of the Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - I SHARE CAPITAL				
Authorized				
150,000,000 equity shares (previous year 150,000,000) of Rs. 2 each)		300,000,000		300,000,000
Issued, Subscribed and Paid Up		157,046,082		156,085,922
[78,523,041 equity shares (previous year 78,042,961) of Rs.2 each fully paid up [of the above shares 44,181,453 equity shares of Rs. 2 each post-split (Previous Year 44,181,453) are allotted as fully paid-up pursuant to contracts without payments being received in cash]				
Total		**157,046,082**		**156,085,922**
Note:				
Equity Shares 480,080 of Rs. 2 each (previous Year 160,020) have been issued during the year under the Employee Stock Option Plan of the Company.				
SCHEDULE - II RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet	19,404,500		509,000	
Additions during the year	-	19,404,500	18,895,500	19,404,500
Amalgamation Reserve				
(pursuant to the scheme of amalgamation)				
As per last Balance Sheet	51,398,256		51,398,256	
Additions during the year	-	51,398,256	-	51,398,256
General Reserve				
As per last Balance Sheet	274,878,750		211,878,750	
Add: Transferred from Profit and Loss Account	79,000,000	353,878,750	63,000,000	274,878,750
Hedging Reserve		(226,688,046)		(1,631,303,249)
[Refer Note No. 3.1 (ii) (C) of Schedule XV]				
Securities Premium				
As per last Balance Sheet	726,071,908		716,762,300	
Add: Additions during the year	25,010,599		9,309,608	
		751,082,507		726,071,908
Profit & Loss Account				
As per last balance sheet	2,098,682,515		1,598,778,019	
Add: Surplus for the year	631,403,114		499,904,496	
	2,730,085,629		2,098,682,515	
		2,730,085,629		2,098,682,515
KPIT Cummins Infosystems Limited Community Foundation Reserve Account				
As per last balance sheet	20,756,390		10,000,000	
Add: Contribution received from Employee	2,215,512		756,390	
Less: Utilisation	2,266,370		-	
Add: Transferred from Profit and Loss Account	10,000,000		10,000,000	
(Refer Note No. 4.1 of Schedule XV)		30,705,532		20,756,390
Total		**3,709,867,128**		**1,559,889,070**

Schedules annexed to and forming part of the Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - III SECURED LOANS				
Term Loan				
From banks		157,004,946		249,834,345
[The amount repayable within one year Rs.93,086,670 (Previous year Rs 165,116,518) Secured by first charge by way of mortgage of certain movable and immovable current and future fixed assets]		331,026,697		498,177,790
From others				
[The amount repayable within one year Rs.110,342,202 (Previous year Rs. 124,544,422) Secured by first charge by way of mortgage of certain movable and immovable current and future fixed assets]				
Working Capital Loan (from Banks)				
Cash credit		616,161,000		431,183,390
[Secured by hypothecation of current assets]				
Interest Accrued and Due		1,185,532		941,648
Finance Lease Obligation				
[Finance Lease obligations are secured against fixed assets obtained under finance lease arrangements]		2,364,063		4,619,430
(Refer Note No. 3.6 of Schedule XV)				
Total		**1,107,742,238**		**1,184,756,603**

Schedules annexed to and forming part of the Balance Sheet as at

SCHEDULE - IV FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at April 1, 2009	Additions for the Year 2009-10	Deletions for the Year 2009-10	As at March 31, 2010	Up to April 1, 2009	For the Year 2009-10	On Deletions/ Discarded for the year 2009-10	Up to March 31, 2010	As on March 31, 2010	As on March 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Intangible Assets										
Goodwill	56,888,437	-	-	56,888,437	8,541,058	11,377,687	-	19,918,745	36,969,692	48,347,379
[Refer Note 1.5 of Schedule XV]										
Software Package	359,113,269	162,732,744	-	521,846,013	143,140,996	86,205,282	-	229,346,278	292,499,735	215,972,273
Tangible Assets										
Land (Leasehold)	43,052,484	-	-	43,052,484	2,092,390	456,918	-	2,549,308	40,503,176	40,960,094
Building	458,785,627	794,939	-	459,580,566	94,530,544	34,893,273	-	129,423,817	330,156,749	364,255,082
Plant and Machinery	361,613,001	37,991,009	(35,869,470)	363,734,540	121,409,828	36,814,117	(25,918,207)	132,305,738	231,428,802	240,203,174
Computers	399,432,470	73,329,448	(36,900,297)	435,861,621	282,300,403	85,306,232	(36,826,226)	330,780,409	105,081,212	117,132,067
Furniture and fittings	204,381,744	15,491,780	(27,078,921)	192,794,603	105,615,533	24,068,155	(21,180,745)	108,502,943	84,291,660	98,766,211
Vehicles - Lease/Hire Purchase	11,293,685	-	(4,230,310)	7,063,375	7,072,778	2,196,695	(4,230,307)	5,039,166	2,024,209	4,220,907
Vehicles - Owned	3,031,258	326,473	(388,375)	2,969,356	1,309,649	423,877	(213,586)	1,519,940	1,449,416	1,721,609
TOTAL	**1,897,591,975**	**290,666,393**	**(104,467,373)**	**2,083,790,995**	**766,013,179**	**281,742,236**	**(88,369,071)**	**959,386,344**	**1,124,404,651**	**1,131,578,796**
Capital Work in Progress										
[Including Capital Advances of Rs. 836,488 (Previous Year Rs. 236,581,160)]									277,625,061	347,544,337
GRAND TOTAL	**1,897,591,975**	**290,666,393**	**(104,467,373)**	**2,083,790,995**	**766,013,179**	**281,742,236**	**(88,369,071)**	**959,386,344**	**1,402,029,712**	**1,479,123,133**
Previous Year	1,630,470,059	292,031,496	(24,909,579)	1,897,591,975	549,119,793	232,553,524	(15,660,139)	766,013,179	1,479,123,133	1,288,324,059

Schedules annexed to and forming part of the Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - V INVESTMENTS				
LONG TERM INVESTMENTS (At Cost)				
Non trade (unquoted)				
Investment in Subsidiaries				
KPIT Infosystems Limited		285,851,629		68,089,879
A wholly-owned subsidiary company incorporated in UK 3,701,000 Equity Shares of £1/- each (Previous Year: 1,001,000 Equity Shares of £1/- each)				
KPIT Infosystems Inc.		841,018,985		244,237,735
A wholly-owned subsidiary company incorporated in USA				
10,592 Equity Stock at par (Previous Year 10,392 at par)				
KPIT Cummins GBS Limited				
A wholly owned subsidiary company incorporated in India		239,999,400		239,999,400
4,399,940 Equity Shares of Rs.10 each (Previous Year: 4,399,940 Equity Shares of Rs.10 each)				
KPIT Infosystems France SAS		215,968,508		215,968,508
A subsidiary company in France				
100,000 (Previous Year: 100,000) Equity Stock of Euro 1 each				
KPIT Cummins Infosystems (BA) Inc.				
2,350,000 (Previous Year: 2,350,000) common shares of $0.001 each fully paid up	-		106,633,500	
Less : Provision for decline in the value of investments	-	-	103,676,961	2,956,539
[added on amalgamation of KPIT Cummins Infosystems (Bangalore) Private Limited, (Refer Note No. 4.3 of Schedule XV)				
KPIT Infosystems Central Europe Sp.z.o.o.		62,384,109		62,384,109
A wholly-owned subsidiary company incorporated in Poland				
4,315 (Previous Year: 4,315) Equity Stock @ PLN 1,000 each				
SPARTA Infotech India Private Limited		100,000		-
10,000 shares of Rs. 10/- each (Previous Year: NIL) (Refer Note No. 3.5 (9) of Schedule XV)				
Sub-total		**1,645,322,631**		**833,636,170**
Current Investments				
Investment in Mutual funds (Refer Note No. 2.15 of Schedule XV)		620,216,892		-
Total		**2,265,539,523**		**833,636,170**
SCHEDULE - VI SUNDRY DEBTORS				
Unsecured (Refer Note No. 2.13 of Schedule XV)				
Outstanding for a period exceeding six months				
Considered good	41,975,153		63,359,111	
Considered doubtful	45,532,611		21,932,373	
	87,507,764		85,291,484	
Other Debts				
Considered good	957,148,191		1,223,947,201	
Considered doubtful	1,981,999		26,309,448	
	959,130,190		1,250,256,649	
Less: Provision for doubtful debts	47,514,611	999,123,343	48,241,821	1,287,306,312
Total		**999,123,343**		**1,287,306,312**

Schedules annexed to and forming part of the Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - VII CASH AND BANK BALANCES				
Cash on Hand		75,392		10,621
Cheques in Hand		5,025,935		10,924,463
Balance with scheduled banks				
On current accounts	305,658,326		702,835,043	
On deposit account	267,975,300	573,633,626	515,306,228	1,218,141,271
Total		**578,734,953**		**1,229,076,355**
SCHEDULE - VIII LOANS AND ADVANCES				
[Unsecured, considered good unless otherwise stated]				
Advances recoverable in cash or in kind or for value to be received	254,456,196		68,382,125	
Add: Travel Provisions regrouped	29,119,135		20,282,807	
Advances recoverable in cash or in kind or for value to be received				
- Considered Good	271,775,331		88,664,932	
- Considered Doubtful	11,800,000		-	
Less: Provision for doubtful advances	11,800,000		-	
Advances recoverable in cash or in kind or for value to be received (Refer Note No. 2.12 of Schedule XV)	271,775,331		88,664,932	
Due from Subsidiary Companies	37,371,487		8,394,650	
Advance Tax and Tax Deducted At Source (net of provision)	68,322,204		53,965,300	
MAT credit entitlement	127,135,108		84,787,779	
Advance Fringe Benefit Tax (net of provision)	2,986,060		2,986,060	
Prepaid expenses	26,083,283	533,673,473	32,715,058	271,513,779
Loans to Subsidiaries		56,803,550		131,106,539
Deposits		53,961,579		71,657,144
Interest accrued on fixed deposits		2,768,652		8,951,078
Total		**647,207,254**		**483,228,540**
SCHEDULE - IX CURRENT LIABILITIES AND PROVISIONS				
Current liabilities				
Sundry Creditors [Refer Note 2.10 of Schedule XV]				
For Goods and Services	126,844,206		153,209,993	
For Accrued Salaries and Benefits	185,371,412		165,941,064	
	312,215,618		319,151,057	
Other Liabilities	63,358,337		82,470,168	
Unearned Revenue	3,475,780		-	
Due to Subsidiary Companies	65,251,349		142,213,959	
Interest Accrued But Not Due	-		1,017,943	
Unclaimed Dividend	1,377,667		1,133,311	
	133,463,133		226,835,381	
Mark to Market loss on cash flow hedges (Refer Note 3.1 (ii)(C) of Schedule XV)	226,688,046		1,631,303,249	
		672,366,797		**2,177,289,687**
Provisions				
for Taxation (net of advance tax)	28,783,888		6,593,417	
for Fringe Benefit Tax (net of advance tax)	2,899,379		2,850,188	
for Proposed Dividend	54,966,129		46,825,777	
for Dividend Tax	9,129,187		7,958,041	
for Staff Benefit Schemes	80,861,609	**176,640,192**	109,623,655	**173,851,078**
Total		**849,006,989**		**2,351,140,765**

Schedules annexed to and forming part of Profit and Loss Account for the year ended

Particulars		March 31, 2010 Rupees	March 31, 2009 Rupees
SCHEDULE - X SOFTWARE DEVELOPMENT EXPENSES			
Salaries and Bonus		1,563,008,723	1,858,596,838
Contribution to Provident and other funds		57,728,478	58,261,886
Consultancy Charges		452,385,965	1,613,604,109
Travel and Overseas Expenses		136,831,138	230,357,669
Employee Stock Option cost		6,200,000	-
Cost of Service Delivery		108,341,466	122,703,476
	Total	**2,324,495,770**	**3,883,523,978**
SCHEDULE - XI SELLING AND MARKETING EXPENSES			
Marketing services expenses		43,902,021	37,816,676
Marketing travel expenses		21,133,604	22,003,851
	Total	**65,035,625**	**59,820,527**
SCHEDULE - XII GENERAL AND ADMINISTRATION EXPENSES			
Salaries and Bonus		219,528,733	336,416,259
Contribution to Provident and other funds		9,833,482	8,632,176
Staff Welfare		5,731,875	13,033,875
Employee Stock Option cost		10,484,594	-
Foreign Travel Expenses		3,820,164	4,244,334
Travelling and Conveyance		30,738,125	37,218,625
Recruitment and Training Expenses		22,403,615	41,322,648
Rent		45,366,483	75,538,101
Rates and Taxes		1,741,395	3,139,804
Communication Expenses		24,545,592	55,028,845
Professional and Legal Expenses		29,195,543	31,342,025
Printing and Stationery		4,404,103	6,901,134
Repairs to Building		1,757,673	180,713
Repairs to Plant and Machinery		31,120,037	19,538,576
Repairs to Others		8,140,223	47,712,941
Power and Fuel		34,772,889	44,105,588
Insurance Charges		14,643,009	21,823,295
Auditors Remuneration			
Audit Fees		3,000,000	2,757,500
Certification Charges		94,120	207,100
Out-of-Pocket Expenses		106,543	227,793
Bad debts Written off		2,617,488	1,692,228
(Write-back of excess provision)/Provision for bad and doubtful debts		(727,210)	41,205,536
Loss (net) on Sale of Assets		15,632,948	5,567,867
Other Miscellaneous Expenses		41,381,917	53,866,247
	Total	**560,333,341**	**851,703,207**
SCHEDULE - XIII INTEREST, NET			
Finance Charges		61,677,340	74,899,769
Lease Charges		1,552,395	1,112,443
	Sub Total	**63,229,735**	**76,012,212**
Less:			
Interest Income		41,979,525	33,995,610
	Total	**21,250,210**	**42,016,602**
SCHEDULE - XIV OTHER INCOME			
Dividend on Non-Trade Investments		10,462,448	-
Foreign exchange gain/(loss)		(147,706,117)	(687,366,431)
Miscellaneous Income		3,154,486	(1,174,237)
Rent Received from Subsidiary		18,225,119	20,446,461
	Total	**(115,864,064)**	**(668,094,207)**

Schedules XV - Notes to accounts

(All amounts in Rupees except otherwise stated)

Company Overview

The Company, along with its wholly-owned subsidiaries in the USA, UK, Poland, Germany, France, India and branches at Japan, Singapore and South Africa provides software services and IT enabled services to its clients. The Company predominantly provides services in Manufacturing and Financial services sectors. Most of the revenue is generated from the exports of services.

1. Significant Accounting Policies

Basis for preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis. All items of income and expenditure having a material bearing on the financial statements are recognized on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year.

1.1 Revenue recognition

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

Interest income is recognized on time proportion basis.

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

1.2 Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

a) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which takes a substantial time in getting ready for its intended use are capitalized as part of cost of that asset till the date it is put to use. All other borrowing costs are charged to Profit & Loss Account During the current year, the Company has capitalized borrowing cost of Rs. 2,355,223/- (PY Nil).

b) Provision for Doubtful Debts

The Company carries out the periodic exercise to evaluate its receivables. While making such provision, various other factors like probable recovery of the dues, business risks, economic factors, legal status of the Customer/Partners are taken into account.

1.3 Fixed Assets, Intangible Assets and Capital Work in Progress

a) Fixed Assets are stated at the cost of acquisition, less accumulated depreciation and impairment loss, if any. Direct costs are capitalized till the assets are put to use. Vehicles taken on Lease have been capitalized in accordance with the Accounting Standard –19 'Accounting for Leases' issued by the Institute of Chartered Accountants of India.

Capital Work in Progress includes capital advances amounting to Rs 836,488/- towards purchase of assets (PY Rs. 236,581,160/-).

b) Intangible Assets

If Company incurs expenditure which meets criteria of intangible asset as mentioned in Accounting Standard 26, such expenditure is capitalized and is amortized over its useful life as estimated by the Management.

1.4 Depreciation/Amortization

Depreciation on fixed assets is provided using straight-line method based on useful life of assets as estimated by the Management. Depreciation is charged on all assets purchased and sold during the year on a proportionate basis. The rates of depreciation are as per or above minimum rates prescribed under Schedule XIV of the Companies Act, 1956. The Rates of Depreciation are as follows:

Individual assets costing less than Rs. 5,000/- and mobile phones issued to employees are charged off to Profit and Loss Account in the year of purchase.

- Leasehold land — Amortized over the lease period.
- Buildings — 1.63%
- Buildings (Hinjawadi) — 7.50%
- Plant and machinery
  - Office equipments — 4.75%
  - Office equipments (Hinjawadi) — 10.00%
  - Electrical systems — 33.33%
  - Electrical systems (Hinjawadi) — 10.00%
- Computers (including software and peripherals) — 25.00%
- Furniture and fittings — 6.33%
- Furniture and fittings (Hinjawadi) — 12.50%
- Vehicles — 9.50%
- Vehicles on lease — Amortized over the lease period

Perpetual Software licenses procured during the year are capitalized and being amortized over its useful life as stated above. However, time based software licenses are being amortized over its duration and charged to Profit & Loss Account.

1.5 Goodwill

During the previous year, the Company had taken over substantial part of the Mechanical Design Engineering Service Business of Harita TVS Technologies (known as TVS Technologies Ltd., in India) vide its agreement dated July 9, 2008. Goodwill of Rs. 56,888,437/- represents amount paid towards acquisition of Customers based out of US/Germany/India. Goodwill on acquisition is being amortized over a period of five years.

1.6 Impairment of Fixed Assets

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognised 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, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

During the year under consideration, there was no indication, either internal or external as to the impairment of any of the assets.

1.7 Investments

Investments are either classified as current or long term, based on Management's intention at the time of purchase. Current investments are carried at lower of cost and fair value. Cost for overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term Investments are stated at cost, less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Such costs are inclusive of acquisition costs directly attributable to the Investments such as legal expenses, professional fees, etc., incurred during the course of such acquisition.

1.8 Leases

Assets leased by the Company in the capacity of the Lessee, where the Company has substantially all the risks and rewards of ownership are classified as Finance Lease. Such leases are capitalized at the inception of Lease at lower of the Fair Value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost so as to obtain a constant period rate of interest on the outstanding liability for each year.

Lease arrangement where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognised as Operating Lease. Lease Rentals under operating lease are recognised in the Profit & Loss Account on straight-line basis.

1.9 Foreign currency transactions

a) Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such transactions are included in the Profit & Loss Account. Income & expenses denominated in foreign currencies are translated using exchange rate in effect on the date of transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining the net profit for the period in which transaction is settled.

Premium or discount on forward exchange contracts are amortized and recognized in Profit & Loss Account over the period of the contract. Forward exchange contracts and currency option 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 Profit and Loss account.

b) Derivative instruments and hedge accounting

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

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 flow are recognized directly in shareholder's fund and the ineffective portion, if any is recognized immediately in Profit and Loss Account.

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At the time for forecasted transaction any cumulative gain or loss on the hedging instrument recognized in shareholder's fund is retained there until, the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to profit and loss account.

1.10 Retirement benefits to employees

Gratuity

In accordance with the payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The amount of gratuity has been computed based on respective employee's salary and the tenure of employment with the Company. Gratuity has been accrued based on actuarial valuation as at the Balance Sheet date, carried out by an independent actuary using projected unit credit method. The amount is funded from internal accruals.

For Employees of erstwhile KPIT Cummins Infosystems (Bangalore) Pvt. Ltd. who were on roll as at March 31, 2007 (before the date of the merger) the amount is funded through an employee's group gratuity trust, managed by Kotak Mahindra Old Mutual Life Insurance Limited.

Actuarial gains and losses in respect of defined benefit plans are recognized in the Profit & Loss Account for the year in which they occur.

Provident Fund

Eligible employees receive benefits from provident fund, which is a defined contribution plan. Provident Fund Contribution of 12% of covered employee's basic salary is deducted and paid along with Company's Contribution of an equal amount on a monthly basis to the appropriate authority.

Leave Accrual

As per Accounting Standard 15, the carry forward leaves have been accounted for as short term benefit on actual basis.

1.11 Accounting for Taxes on Income

a) Income Tax Provision

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Provisions are also recorded when it is estimated that a liability due to disallowances or other matters is probable.

The Company has provided for Minimum Alternate Tax (MAT) in accordance with the provisions of Section 115JB of the Income Tax Act, 1961.

In accordance with the Guidance Note on Accounting for Credit Available in Respect of Minimum Alternative Tax under the Income-tax Act, 1961 the Company has recognized MAT credit of Rs. 42,347,329/- (PY Rs. 23,836,361/-) during the year, there being convincing evidence that the Company will pay normal tax after the tax holiday period.

The Company offsets, on year-on-year basis, the current tax assets and liabilities, where it has legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Tax on distributed profits payable in accordance with the provisions of the Income Tax Act, 1961 is disclosed in accordance with the guidance note on Accounting for Corporate Dividend Tax issued by the ICAI.

b) Deferred Tax Provision

- Pursuant to the Accounting Standard (AS-22) on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India which is mandatory, the Company has considered the effect of timing differences in the tax expenses in the Profit and Loss Account as deferred tax asset/liability in the Balance Sheet.

  Deferred tax assets & liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.

  In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

- As the Company is currently under the tax holiday period, no deferred tax asset / liability is recognized for the timing differences arising during the tax holiday period and reversing within the tax holiday period.
- However, deferred tax asset/liability is recognized on the timing differences which arise during the tax holiday period and reverse after the tax holiday period is over.

1.12 Provisions, Contingent Liabilities and Contingent Assets

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

No Provisions is recognized for –

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

b) Any present obligation that arises from past events but is 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 periodically 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.

2. Disclosures as required by Schedule VI of the Companies Act, 1956

2.1 Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the financial year is as under:

Particulars	FY 2009-10	FY 2008-09
Remuneration to Managing and Whole time Director *		
Salary (including variable performance incentive)	11,041,945	14,518,349
Perquisites	-	-
Contribution to provident fund	1,300,459	1,382,208
Total	**12,342,404**	**15,900,557**
Sitting fees to non-whole time Directors	1,067,500	751,963
Commission to non-whole time Directors	7,500,000	6,500,000

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

2.2 Computation of net profit in accordance with Section 349 of the Companies Act, 1956, and calculation of commission payable to non-whole time directors:

Particulars	FY 2009-10	FY 2008-09
Profit before tax as per Profit and Loss Account	901,725,461	704,098,839
Add:		
Managing director's and whole time Director's Remuneration	12,342,404	15,900,557
Directors sitting fees	1,067,500	751,963
Commission to non-whole time directors	7,500,000	6,500,000
Depreciation as per books of accounts	281,742,236	232,553,524
Loss/(Capital Profit) on sale of assets (Net)	15,632,948	5,567,867
Provision/(Write-back of excess provision) for bad and doubtful debts	(727,210)	41,205,536
Provision for doubtful loans and advances	11,800,000	-
Less:		
Depreciation as envisaged under Section 350 of the Companies Act, 1956	281,742,236	232,553,524
Net profit on which commission is payable	949,341,103	774,024,762
Maximum commission payable to non-whole time Directors @1% per annum of net profit	9,493,411	7,740,247
Commission restricted to	7,500,000	6,500,000

2.3 CIF Value of Imports:

Particulars	FY 2009-10	FY 2008-09
Capital Goods	43,324,646	80,692,998

2.4 Expenditure in foreign currency (on accrual basis):

Particulars	FY 2009-10	FY 2008-09
Salaries & Bonus	358,870,288	1,582,632,397
Cost of service delivery	54,172,535	57,726,267
Support Salary	70,922,756	31,874,947
Travelling Expenses	58,305,081	126,569,582
Marketing Expenses	66,711,461	46,985,801
Professional Expenses	15,725,711	10,137,388
Rent	13,800,535	7,841,919
Financial charges	23,304,964	31,519,318
Other Expenses	23,074,317	216,933,002
Total	**684,887,648**	**2,112,220,621**

2.5 Earnings in foreign currency (on accrual basis):

Particulars	FY 2009-10	FY 2008-09
Software services and products-exports	3,700,961,736	5,948,958,945
Interest on Fixed Deposits	33,273	62,933
Interest from Inter Company loans	3,535,594	4,782,650
Professional Fees-Inter Company	9,557,520	9,137,520
Total	**3,714,088,123**	**5,962,942,048**

2.6 Dividend remitted in Foreign Currency

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

Particulars	Number of shares to which dividend relate	FY 2009-10	FY 2008-09
Final Dividend for the financial year 2008-09	6,944,822	Rs. 4,166,893	-
Final Dividend for the financial year 2007-08	7,026,697*	-	Rs. 4,918,690

* Adjusted for the sub-division in the face value from Rs. 5/- to Rs. 2/- each and issue of bonus shares in the ratio of 1:1 allotted on January 12, 2007.

2.7 Capital Commitments:

a. Tangible Assets

Estimated amounts of contracts remaining to be executed on Capital Account and not provided for (net of advances) is Rs. 1,802,992/- as at March 31, 2010 (previous year Rs. 46,251,277/-).

b. Intangible Assets

Estimated amounts of contracts remaining to be executed on Capital Account and not provided for (net of advances) is Rs. 3,184,906/- as at March 31, 2010 (previous year Rs. 40,608,649/-).

2.8 Contingent Liabilities

a) The Company has outstanding bank guarantees in the routine course of business worth Rs. 8,839,799/- (PY Rs. 7,275,500/-)

b) The Company had received a show cause notice from DGCEI Bangalore during the year 2006-07 for non-payment of service tax on account of payments made to its subsidiaries based outside India for rendering services outside India up to the year ended March 31, 2006. The revenue authorities have classified the services as that of a 'Commission Agent' falling under the category of 'Business Auxiliary Services' and quantified the liability at Rs. 49,927,768/- (Previous Year Rs. 49,927,768/-).The Company has received a stay order dated January 30, 2009 on this case; wherein Customs, Excise & Service Tax Appellate Tribunal ("CESTAT") Bangalore has granted full waiver of the balance amount payable till the disposal of appeal.

Management including its tax advisors believe that the services can not be classified as those of a 'Commission Agent' and more over since the services were rendered outside India there will not be any service tax implications. No tax expense have been accrued in the financial statements as management believes that the ultimate outcome of this proceeding will not have any material adverse effect on the Company's financial position and results of operations.

c) The Company has received a show cause notice from Jt. Commissioner of Customs, Bangalore for removal of bonded goods without payment of Customs duty of Rs. 804,934/-.

The Company and its advisers believe that the matter would be decided in its favor by higher appellate authorities.

d) Income Tax Cases

These relate to the cases of erstwhile KPIT Cummins Infosystems (Bangalore) Private Limited (KPIT Bangalore) which has been merged with the Company effective April 1, 2007.

AY 2006-07

The Company has filed an appeal with the Commissioner of Income Tax (Appeals) - I, Bangalore against an Order dated December 26, 2008 passed by the Asst. Commissioner of Income Tax Circle 11(5), Bangalore. The total demand raised is Rs. 5,903,204/- vide this order, which is adjusted against refund for subsequent year, i.e. AY 2007-08.

AY 2007-08

The Company has filed an appeal with Commissioner of Income Tax (Appeals) -I, Bangalore pursuant to an Order dated December 21, 2009 passed by the Asst. Commissioner of Income Tax Circle 11 (5), Bangalore. The demand raised on KPIT Bangalore vide this order is Rs. 57,95,234/-. KPIT Bangalore has made a payment of Rs. 2,354,124/- towards this demand during the year ended March 31, 2010.

The Company and its advisers believe that the matter would be decided in favor by higher appellate authorities.

2.9 Sundry debtors include amounts due from Companies under the same management.

Name of the Company	Balance due as on March 31, 2010	Balance due as on March 31, 2009
Kirtane Pandit Consulting Pvt. Ltd.	Nil	485,028
Kirtane & Pandit, Chartered Accountants	Nil	50,463
KP Corporate Solutions Ltd.	268,029	498,769
TOTAL	**268,029**	**1,034,260**

2.10 As per requirement of Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006, following information is disclosed:

The information as required to be disclosed under Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	FY 2009-10	FY 2008-09
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in Sundry Creditors.	241,726	Nil
(ii) The interest due on above	Nil	Nil
The Total of (i) & (ii)	241,726	Nil
b) The amount of interest paid by the buyer in terms of Section 16 of the Act	Nil	Nil
c) The amount of the payment made to supplier beyond appointed day during the accounting year	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of financial year.	Nil	Nil
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this act.	Nil	Nil

2.11 Stock Option Plans

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

The ESOP was approved by the Board of Directors of the Company on November 23, 1998 and thereafter by the shareholders on November 30, 1998 and is for issue of 18,000 Options representing 1,800,000 equity shares of the Company. A compensation committee comprising of Independent Directors of the Company administers the ESOS Plan. All options have been granted at a pre-determined rate of Rs. 5 per share.

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

Particulars	2009-10	2008-09
Options granted, beginning of the year	3,020	3,492.50
Granted during the year	Nil	Nil
Exercised during the year	Nil	62.50
Cancelled/lapsed during the year	430	410
Options granted, end of year	2,590	3,020

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

2. **Employee Stock Option Plan - 2004**

The Board of Directors and the shareholders of the Company approved the Employees Stock Option Plan for grant of 5,163,800 options convertible into 5,163,800 equity shares, 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. 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.

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

Particulars	2009-10	2008-09
Options granted, beginning of the year	3,359,210	3,765,915
Granted during the year	Nil	Nil
Exercised during the year	248,695	160,020
Cancelled/lapsed during the year	412,322	246,685
Options granted, end of year	2,698,193	3,359,210

3. Employee Stock Option Plan - 2006

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan for grant of 5,000,000 options convertible into 5,000,000 equity shares, 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. 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.

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

Particulars	2009-10	2008-09
Options granted, beginning of the year	3,162,865	1,850,924
Granted during the year	1,439,192	1,903,500
Exercised during the year	231,385	Nil
Cancelled/lapsed during the year	916,301	591,559
Options granted, end of year	3,454,371	3,162,865

Personnel expenditure includes Rs.16,684,594/- being the amortization of intrinsic value for the period ending March 31, 2010.

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 Rs. 17,603,002/- and earnings per share as reported would be lower as indicated below:

Particulars	FY 2009-10	FY 2008-09
Net Profit after Tax but before exceptional items	784,498,430	627,688,314
Add: Total Stock based compensation expense determined under intrinsic value based method	16,684,594	-
Less: Total Stock based compensation expense determined under fair value based method	34,287,596	47,372,776
Adjusted net profit	766,895,428	580,315,539
Basic earnings per share (in Rs.)		
- As reported	10.04	8.05
- Adjusted	9.81	7.44
Diluted Earnings per share (in Rs.)		
- As reported	9.88	8.02
- Adjusted	9.66	7.41

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

Particulars	March 31, 2010	March 31, 2009
1. Risk Free Interest Rate	6.92%	7.6%
2. Expected Life	3.61 years	3.61 years
3. Expected Volatility	62.59%	55.43%
4. Dividend Yield	1.07%	1.66%

2.12 Advances recoverable in cash or in kind or for value to be received is net of provision for doubtful advances of Rs.11,800,000/- (Previous year Rs. Nil).

2.13 Debtors include on account of unbilled revenue aggregating to Rs. 35,849,669/- (Previous year Rs. 42,497,138/-).

2.14 Quantitative details: The Company is engaged in software development and Information Technology Application work for various clients based in different geographies. The production and sale of such software cannot be expressed in any generic unit. Therefore it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

2.15 Details of Current Investments required to be disclosed as per AS 13

Name of the Mutual Fund	Balance As at 01.04.2009		Purchases/Dividend Reinvested during the year		Sold during the year		Balance As at 31.3.2010	
	No. of units	Amt. in Rs.	No. of units	Amt. in Rs.	No. of units	Amt. in Rs.	No. of units	Amt. in Rs.
Birla Sun Life Savings Fund - IP - Dly Dividend [1015055287]	-	-	7,070,309	70,751,164	-	-	7,070,309	70,751,164
Birla sun life cash plus - Retail	-	-	458,286	7,501,864	458,286	7,501,864	-	-
Birla sun life cash plus - Instalment Premium - Daily Dividend - Reinvestment	-	-	6,914,755	70,007,179	6,914,755	70,007,179	-	-
Birla Sun Life Short Term Fund - IP	-	-	6,015,464	60,187,720	-	-	6,015,464	60,187,720
HDFC Cash Management Fund - Saving Plan	-	-	34,801,776	370,165,610	34,801,776	370,165,610	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	-	-	8,113,224	81,387,806	-	-	8,113,224	81,387,806
Reliance Liquidity Fund - Daily dividend reinvestment Plan	-	-	19,003,110	190,090,009	19,003,110	190,090,009	-	-
Reliance Money Manager Fund - IP - Dly Dividend [405105825256]	-	-	101,929	102,065,191	-	-	101,929	102,065,191
SBI - Magnum Insta Cash Fund - Daily Dividend Option	-	-	597,143	10,002,329	597,143	10,002,329	-	-
LIC MF Liquid Fund - Dividend Plan	-	-	27,324,773	300,028,743	7,324,773	300,028,743	-	-
LIC MF Savings Plus Fund - Dly Dividend [51111551993]	-	-	30,582,501	305,825,010	-	-	30,582,501	305,825,010
Total	**-**	**-**	**-**	**1,568,012,626**	**-**	**-**	**947,795,734**	**620,216,892**

2.16 Refer Annexure I for information as per Part IV of Schedule VI to the Companies Act, 1956.

3. Disclosures as required by Accounting Standards and other announcements issued by The Institute of Chartered Accountants of India

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

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
Sundry Creditors/Dues to Subsidiaries	57,179	GBP	3,889,868
	(5,395)		(364,118)
	789,527	EURO	47,813,727
	(1,118,391)		(75,563,026)
	366,137	USD	16,527,430
	(171,237)		(8,727,925)
	Nil	JPY	Nil
	(2,395,216)		(1,245,512)
	1,026	ZAR	6,255
	(Nil)		(Nil)
	1,170	CHF	49,898
	(Nil)		(Nil)
	13,000	DKK	105,847
	(Nil)		(Nil)
	Nil	SGD	Nil
	(37,374)		(1,246,416)
Sundry Debtors/Dues from Subsidiaries	3,828	AUD	157,415
	(1,652)		(57,853)
	16,841,622	JPY	8,158,082
	(23,605,314)		(12,244,076)
	7,219	SGD	231,008
	(186,168)		(6,208,723)
	Nil	CAD	Nil
	(69,189)		(2,890,029)

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
	3,726,661	EUR	225,686,599
	(6,686,819)		(451,226,509)
	1,216,210	GBP	82,738,779
	(2,279,186)		(166,061,490)
	7,552,086	ZAR	46,067,725
	(7,872,387)		(42,432,168)
	374,458	PLN	5,848,729
	(Nil)		(Nil)
Loans - Availed			
Term Loan	10,811,512	USD	488,031,641
	(14,695,997)		(748,761,047)
PCFC Loans	13,650,000	USD	616,161,000
	(6,752,467)		(344,038,194)
EEFC Accounts	1,868,121	USD	84,326,987
	(2,021,595)		(103,000,257)
	593,429	GBP	40,370,195
	(1,272,581)		(92,720,276)
	754,598	EURO	45,698,433
	(2,054,337)		(138,626,692)
	16,437,438	JPY	7,962,595
	(39,826,163)		(20,657,831)
	9,705,955	ZAR	59,206,326
	(10,109,188)		(53,275,421)
	103,050	SGD	3,297,600
	(25,161)		(881,124)
Bank Deposits	76,072	GBP	5,175,178
	(75,636)		(5,510,839)
Loans - Given to Subsidiaries			
KPIT Infosystems Central Europe Sp Z. o. o., Poland	2,547,893	PLN	39,796,050
	(2,649,687)		(38,619,189)
KPIT Infosystems France SAS, France (formerly known as Pivolis)	Nil	EURO	Nil
	(185,500)		(12,341,350)
KPIT Infosystems Limited, UK	250,000	GBP	17,007,500
	(1,100,000)		(80,146,000)

3.1 (ii) Cash Flow hedges (Disclosure as required by AS-30 “Financial Instruments: Recognition and Measurements”.

A) In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into Derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company’s foreign currency contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments and highly probable forecasted transactions. The Management has assessed the effectiveness of its hedging contracts outstanding as on March 31, 2010 as required by AS-30 and accordingly the MTM loss of Rs. 226,688,046/-(Previous year Rs. 1,631,303,249) is recognized in the Hedging Reserve. Further the assessment of effectiveness as performed by the management of the Company is also confirmed by an independent expert.

B) The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Company which have been designated as Cash Flow Hedges as on March 31, 2010:

Type of cover	Amount outstanding at year end in Foreign currency	Fair Value Gain/(Loss)	Amount outstanding at year end	Exposure to Buy/Sell
Forward	EUR 2,700,000 (700,000)	2,626,943 (10,895,360)	163,512,000 (47,236,000)	Sell
Forward	USD 104,950,000 (204,600,000)	(244,878,814) (1,773,419,497)	4,737,443,000 (10,424,370,000)	Sell
Forward	GBP 550,000 (Nil)	464,964 (Nil)	37,416,500 (Nil)	Sell

C) The movement in hedging reserve during year ended March 31, 2010 for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Balance at the beginning of the year	(1,631,303,249)	(19,980,053)
Gain/(Losses) transferred to income statement on occurrence of forecasted hedge transaction	703,872,120	63,865,983
Changes in the fair value of effective portion of outstanding cash flow derivative	700,743,083	(1,675,189,179)
Net derivative gain/(losses) related to discounted cash flow hedge	-	-
Balance at the end of the year	(226,688,046)	(1,631,303,249)

3.2 Disclosure required by Clause 32 of the listing agreement

Amounts of loans and advances in nature of loans outstanding from subsidiaries for the year ended March 31, 2010.

Subsidiary Company	Outstanding as at March 31, 2010	Outstanding as at March 31, 2009
a) KPIT Infosystems Central Europe Sp.z.o.o., Poland	39,796,050	38,619,189
b) KPIT Infosystems Ltd., UK	17,007,500	80,146,000
c) KPIT Infosystems France SAS, France	Nil	12,341,350
(Formerly known as Pivolis)		
Total	**56,803,550**	131,106,539

3.3 Retirement Benefits

The disclosures as per the revised Accounting Standard 15 on “Employee Benefits”, (AS 15) issued by the Institute of Chartered Accountants of India are as follows::

Gratuity

Change in defined benefit obligation

Particulars	Amount
Projected benefit obligation at the beginning of the year	30,771,969 [27,972,069]
Service cost	14,836,771 [15,988,148]
Interest cost	2,154,038 [2,097,905]
Actuarial loss/(Gain)	(6,279,342) [(12,766,918)]
Benefits paid	(2,310,258) [(1,617,282)]
Projected benefit obligation, end of the period	39,173,178 [31,673,922]

Change in fair value of plan assets

Particulars	Amount
Fair value at the beginning of the year	- [-]
Expected return on plan assets	- [-]
Contributions	2,310,258 [1,617,282]
Benefits paid	(2,310,258) [(1,617,282)]
Actuarial gain/(loss) on plan assets	- [-]
Fair value at the end of the year	- [-]

The Company's gratuity plan is a defined benefit plan and the liability is provided for the shortfall of fair value of plan assets as compared to the projected benefit obligation. Defined benefit asset is recognized only to the extent of projected benefit obligation as no economic benefit available in the form of refunds from the plan or reductions in the future contributions to the plan. The Company's plan assets of Rs. 9,602,558 are not considered for recognizing liability for Gratuity.

Amount Recognised in the Balance Sheet	Amount
Liability at the end of the year	39,173,178 [31,673,922]
Fair Value of Plan Assets at the end of the year	- [-]
Difference	39,173,178 [31,673,922]
Amount Recognised in the Balance Sheet	39,173,178 [34,976,440]

Net period gratuity cost	Amount
Service cost	14,836,771 [15,988,148]
Interest cost	2,154,038 [2,097,905]
Net actuarial loss/(Gain)	(6,279,342) [(12,766,918)]
Expected return on plan assets	- [-]
Net period gratuity cost	10,711,467 [5,319,135]

Assumptions:

Discount rate	8% (7%)
Rate of increase in compensation levels of covered employees	5% (4%)
Expected rate of return on plan assets	8% (7%)

Leave Encashment:

As per Accounting Standard 15 the carry forward leaves have been accounted for as short term benefit on actual basis hence no actuarial valuation has been done.

The actual movement in the said provision is as under:

Particulars	2009-10	2008-09
Carrying Amount as at the beginning of the year	84,249,773	3,795,404
Additional provision made during the year	84,015,113	138,767,452
Amount Paid/Utilized during the year	25,642,292	6,927,063
Unused amount Reversed during the year	91,331,604	51,386,020
Carrying amount at the end of the year	51,290,990	84,249,773

3.4 Segment Information:

Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India prescribes that where a financial report contains both consolidated financial statements and separate financial statements of the parent, segment information need to be presented only in case of consolidated financial statement. Accordingly, segment information has been provided only in consolidated financial statement.

3.5 Disclosure of transactions with Related Parties (AS 18) during the Financial Year 2009-10

Sr. No.	Name of Related Party	Description of relationship	Nature of transaction	Amount of transactions during the year	Balance as on March 31, 2010 Debit (Credit)
1	KPIT Infosystems Ltd. UK	Subsidiary Company	- Investment in equity	217,761,750 [Nil]	285,851,629 [68,089,879]
			- Sales (Net of Service Tax)	748,922,830 [997,588,933]	
			- Outstanding amount		183,044,313 [253,866,236]

Sr. No.	Name of Related Party	Description of relationship	Nature of transaction	Amount of transactions during the year	Balance as on March 31, 2010 Debit (Credit)
			- Reimbursement of Expenses	35,496,944	(3,618,925)
				[67,425,644]	[(3,328,098)]
			- Loan to Subsidiary and Interest on Loan	703,033	17,007,500
				[1,602,920]	[80,146,000]
2	KPIT Infosystems France SAS, France (Formerly known as Pivolis)	Subsidiary Company	- Investment in Equity	Nil	215,968,508
				[112,302,404]	[215,968,508]
			- Sales	209,379,366	
				[217,670,666]	
			- Outstanding amount		154,647,426
					[165,910,878]
			- Reimbursement of Expenses	21,426,770	(40,715,634)
				[Nil]	[Nil]
			- Loan to Subsidiary	529,594	Nil
				[708,540]	[12,341,350]
3	KPIT Infosystems GmbH, Germany	Subsidiary Company	- Sales	434,108,073	
				[546,401,125]	
			- Outstanding amount		175,957,877
					[182,568,615]
			- Reimbursement of Expenses	80,778,602	(4,416,738)
				[149,533,478]	[(8,502,132)]
4	KPIT Infosystems Inc., USA	Subsidiary Company	- Investment in Equity	596,781,250	841,018,985
				[Nil]	[244,237,735]
			- Sales	1,541,490,898	
				[3,198,475,205]	
			- Outstanding amount		230,410,822
					[482,957,397]
			- Reimbursement of Expenses	203,153,516	32,220,760
				[1,121,436,250]	[(8,037,809)]
5	KPIT SolvCentral.Com	Subsidiary Company	- Reimbursement of Expenses	7,982,310	1,065,451
				[4,554,334]	[(566,577)]
6	KPIT Infosystems Central Europe Sp. z.o.o. Poland	Subsidiary Company	- Investment in Equity	Nil	62,384,109
				[Nil]	[62,384,109]
			- Reimbursement of Expenses	1,770,867	3,725,976
				[740,960]	[4,419,734]
			- Loan to Subsidiary and Interest on loan	2,472,729	39,796,050
				[18,313,561]	[38,619,189]
7	KPIT Cummins Global Business Solutions Ltd., Pune	Subsidiary Company	- Investment in Equity	Nil	239,999,400
				[Nil]	[239,999,400]
			- Rent	18,225,119	Nil
				[20,446,461]	Nil
			- Reimbursement of Expenses	35,970,424	(546,883)
				[38,612,502]	[(3,977,205)]
8	KPIT Infosystems (BA) Inc., USA (Formerly known as CG Smith Inc.)	Subsidiary Company	- Investment in Equity	Nil	Nil
				[106,633,500]	[106,633,500]
			- Outstanding Amount	Nil	Nil
				[Nil]	[Nil]

Sr. No.	Name of Related Party	Description of relationship	Nature of transaction	Amount of transactions during the year	Balance as on March 31, 2010 Debit (Credit)
			- Reimbursement of Expenses	Nil [112,793]	Nil [(5,650,237)]
9	Sparta Infotech India Pvt. Ltd.	Subsidiary Company	- Investment in Equity	100,000 [Nil]	100,000 [Nil]
10	KP Corporate Solutions Ltd.	Common key management personnel	- Sales	871,250 [1,744,000]	
			- Outstanding Amount		268,029 [498,769]
			- Professional Expenses	3,082,292 [281,954]	Nil [Nil]
11	Kirtane & Pandit Chartered Accountants (KPCA)	Common key management personnel	- Professional Services and reimbursement of expenses	Nil [Nil]	Nil [Nil]
			- Sales	Nil [86,473]	Nil [Nil]
			- Outstanding Amount		Nil [50,463]
			- Rent from KPCA	Nil [117,000]	Nil [Nil]
			- Professional Fees	206,212 [3,538,776]	Nil [Nil]
12	K & P Capital Services Ltd.	Common key management personnel	- Professional Fees	14,606 [128,910]	Nil [(128,910)]
13	Mr. S. B. (Ravi) Pandit	Key management personnel	- Management Services Fees	7,078,677 [9,935,946]	Nil [Nil]
14	KPIT Systems Ltd. Employee Welfare Trust	Common key management personnel	- Loan for rendering services to the employees for assistance in medical, housing & purchase of KPIT shares for ESOS 1998.	179,500,000 [40,000,000]	222,589,301 [43,089,300]
			- Interest on Loan	8,820,001 [Nil]	4,329,863 [Nil]
15	KP Consulting	Common key management personnel	- Sales	Nil [442,324]	
			- Outstanding amount		Nil [485,028]
16	Mr. Kishor Patil	Key management personnel	- Reimbursement of Expenses	2,789,326 [2,471,506]	(34,892) [Nil]
* Refer Clause 2.1 for details of remuneration					
17	Mr. Girish Wardadkar	Key management personnel	- Reimbursement of Expenses	485,046 [1,250,675]	(10,370) [Nil]
* Refer Clause 2.1 for details of remuneration					
18	Mr. Chinmay Pandit	Relative of key management personnel	- Reimbursement of Expenses	8,500 [23,908]	Nil [Nil]
19	Mrs. Jayada Pandit	Relative of key management personnel	- Reimbursement of Expenses	7,462 [7,481]	Nil [Nil]
20	Mr. Shirish Patwardhan	Key management personnel	- Reimbursement of Expenses	Nil [40,217]	Nil [Nil]

* Previous Year figures have been shown in the [ ]

3.6 Lease Transactions:

Finance lease:

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

Reconciliation between future minimum lease payments and their present values under finance lease as at March 31, 2010 is as follows:

Particulars	FY 2009-10	FY 2008-09
Minimum lease Payments		
- Not later than one year	1,947,322	2,778,638
- Later than one year and not later than five years	707,986	2,709,072
- Later than five years	Nil	Nil
Total minimum lease Payments	**2,655,308**	**5,487,710**
Amount representing future Interest	**291,245**	**868,280**
Present value of minimum lease Payments	**2,364,063**	**4,619,430**
- Not later than one year	1,649,807	2,196,329
- Later than one year and not later than five years	714,256	2,423,101
- Later than five years	Nil	Nil

Operating lease -

Obligations towards non-cancellable operating Leases:

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

Particulars	FY 2009-10	FY 2008-09
Operating Lease obligations		
- Not Later than one year	49,071,753	34,579,950
- Later than one year and not later than five years	138,389,721	65,617,719
- Later than 5 years	Nil	Nil
Total	**187,461,474**	**100,197,669**

Rental expenses of Rs.42,661,414/- (Previous year Rs. 48,303,471/-) in respect of obligation under operating leases have been recognised in the Profit & Loss Account.

3.7 Earnings per share:

Basic earnings per share is computed by dividing the net profit after tax by the weighted number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted number of equity shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued upon conversion of dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares.

Particulars		FY 2009-10	FY 2008-09
Basic Earnings Per Share			
Profit attributable to equity shareholders	Rs.	784,498,431	627,688,315
Weighted average number of Equity Shares of Rs. 2/- each	No. of Shares	78,166,731	78,015,708
Earnings Per Share – basic	Rs.	10.04	8.05
Diluted Earnings Per Share			
Weighted average number of diluted equity shares	No. of Shares	79,379,629	78,279,512
Earnings Per Share – diluted	Rs.	9.88	8.02
Nominal value per Equity Share	Rs.	2/-	2/-
Basic Earnings Per Share	Rs.	10.04	8.05
Diluted Earnings Per Share	Rs.	9.88	8.02

3.8 Deferred Tax

The deferred tax liability is arising on account of timing differences of depreciation on fixed assets originating in the tax holiday period, however reversing after the tax holiday period as under:

Particulars	FY 2009-10	FY 2008-09
Timing difference originating during the year on account of depreciation	239,133,318	243,667,057
Timing Differences Reversing during the tax holiday period on account of depreciation	84,301,017	75,518,937
Timing Differences Reversing after the tax holiday period on account of depreciation	154,832,301	168,148,120
Timing Differences arising during the year for units which have exhausted 10A benefit	724,782	9,839,963
Total Timing Differences	155,557,083	177,988,083
Deferred Tax Liability on account of timing differences reversing after the tax holiday period	51,672,174	60,498,150
Deferred Tax Asset	-	-
Net Deferred Tax Liability	**51,672,174**	**60,498,150**

3.9 Provisions

The details of provision and movement in each class of provision required by Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are as follows:

1) Provision for Variable Pay

The annual salary of eligible employees comprise of a performance based payment, for which provision is made in the books.

While providing for such amount, the Company relies on the past experience as regards to the actual payments.

Such amount is paid to employees on the basis of employee's performance and additional criteria as decided by the management.

The actual movement for such provision is as under:

(Amount in Rs.)

Particulars	2009-10	2008-09
Carrying Amount as at the beginning of the year	68,469,985	87,162,698
Additional Provision made during the year	297,905,760	296,527,100
Amount Paid/Utilized during the year	102,912,935	186,383,990
Unused amount reversed during the year	149,566,640	128,835,823
Carrying amount as at the end of the year	113,896,170	68,469,985

2) Provision for warranty obligations

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 1 suppliers. The actual movement in the said provision is as under:

Particulars	2009-10	2008-09
Carrying Amount as at the beginning of the year	6,383,000	3,506,200
Additional Provision made during the year	Nil	6,383,000
Amount Paid/Utilized during the year	Nil	Nil
Unused amount reversed during the year	2,953,000	3,506,200
Carrying amount as at the end of the year	3,430,000	6,383,000

4. Other Disclosures and Explanatory Notes

4.1 The Board has approved a transfer of Rs. 10,000,000/- towards KPIT Cummins Infosystems Limited Community Foundation Reserve. This Reserve would be utilized for various community benefit schemes as may be approved by the Management.

4.2 The Board has approved the grant for loan to Employee Welfare Trust upto Rs. 250,000,000/- to enable the Trust to carry out welfare activities as laid down in the Trust deed for Employees. During the current year, Rs. 179,500,000/- was paid to the Trust in various tranches towards this loan.

4.3 Subsidiaries

The Company, through its wholly-owned subsidiary, KPIT Infosystems Ltd., UK, acquired the remaining 40% share in KPIT Infosystems GmbH, Germany. Consequently the Company's interest in KPIT Infosystems GmbH, Germany has increased to 100%.

The Company, through its wholly-owned subsidiary, KPIT Infosystems Inc., USA, acquired the remaining 10% shares in KPIT Infosystems Inc. (SolvCentral.Com), USA. Consequently the Company's interest in KPIT Infosystems Inc. (SolvCentral.Com), USA has increased to 100%.

On November 13, 2009, the Company, through its wholly-owned subsidiary, KPIT Infosystems Inc., USA, has acquired 100% shares of Sparta Consulting Inc., USA.

On September 18, 2009, KPIT Cummins Infosystems (BA) Inc., USA, a 100% subsidiary of the Company, added on amalgamation of KPIT Cummins Infosystems (Bangalore) Pvt. Ltd., has been voluntarily liquidated.

4.4 The previous year's figures have been regrouped/rearranged, wherever necessary, to conform to the current year's classification.

Signatories to Schedule I to XV

For and on behalf of Board of Directors

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Annexure to Notes to Accounts
Balance Sheet Abstract and Company's General Business Profile

Statement pursuant to Part IV of the Companies Act, 1956

I. REGISTRATION DETAILS

Registration No.	L72200MH1990PLC059594	State Code	1 1
Balance Sheet Date	3 1 0 3 2 0 1 0		
	Date Month Year		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES THOUSANDS)

Pubilc Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	960

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES THOUSANDS)

Total Liabilities	5043628	Total Assets	5043628

SOURCES OF FUNDS

Paid-up Capital	157046	Reserves and Surplus	3709867
Share Application Money	615	Outstanding Employee Stock Option	16684
Secured Loans	1107742	Unsecured Loans	NIL

APPLICATION OF FUNDS

Net Fixed Assets	1402030	Investments	2265539
Net Current Assets	1376059	Miscellaneous Expenditure	NIL

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RUPEES THOUSANDS)

	Turnover	4270447		Total Expenditure	3368722
+ -			+ -		
+	Profit/(Loss) Before Tax	901725	+	Profit/(Loss) After Tax	784498
	Earnings Per Share	10.04		Dividend Rate(%)	35

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS & SERVICES OF THE COMPANY

Item Code	NA
Product Description	COMPUTER
	SOFTWARE

Auditors' Report on consolidated accounts

THE BOARD OF DIRECTORS OF
KPIT CUMMINS INFOSYSTEMS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **KPIT CUMMINS INFOSYSTEMS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. 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 statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3.1 We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.289.10 Millions , as at March 31, 2010, total revenues of Rs.919.97 Millions and net cash inflows amounting to Rs.39.13 Millions for the year ended on that date as considered in the Consolidated Financial Statements. As the audited financial statements of these subsidiaries are not available, we have relied upon the un-audited financial statements provided by the Management of the component for the purpose of our examination of the Consolidated Financial Statements.

3.2 Goodwill reflected in the Consolidated Financial Statements includes Goodwill on acquisition of certain subsidiaries amounting to Rs.769.31 Million which is arrived at based on the un-audited financial statements as of the respective dates of acquisition.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to our observations in para 3.1 & 3.2 above*, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

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

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

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: Pune
Date: May 7, 2010

Consolidated Balance Sheet as at

	Schedule	March 31, 2010 Rupees	March 31, 2010 Rupees	March31, 2009 Rupees	March31, 2009 Rupees
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	I	157,046,082		156,085,922	
Application Money		615,578		-	
Outstanding Employees' Stock Options		16,684,594		-	
Reserves and Surplus	II	3,696,663,484		1,474,505,009	
			3,871,009,738		1,630,590,931
Loan Funds					
Secured Loans	III		1,107,742,238		1,184,756,603
Minority Interest			-		3,159,061
Deferred Tax Liability (Net)			51,149,416		59,608,461
[Refer Note 3.7 of Schedule XV]					
Total			5,029,901,392		2,878,115,056
APPLICATION OF FUNDS					
Fixed Assets	IV				
Gross Block		2,513,805,095		2,204,644,554	
Less: Accumulated Depreciation/Amortization		1,278,138,392		1,041,861,928	
Net Block		1,235,666,703		1,162,782,626	
Capital Work in Progress		285,903,756	1,521,570,459	347,544,337	1,510,326,963
Goodwill on consolidation			949,973,994		284,688,181
Investments	V		746,982,160		308,671
Current assets, Loans and Advances					
Sundry Debtors	VI	1,387,677,934		1,775,604,147	
Cash & Bank Balances	VII	1,052,293,072		1,671,174,313	
Loans & Advances	VIII	677,027,544		449,303,417	
		3,116,998,550		3,896,081,877	
Less: Current Liabilities and Provisions					
Current Liabilities	IX	1,076,023,297		2,716,143,494	
Provisions	IX	229,600,474		97,147,142	
		1,305,623,771		2,813,290,636	
Net Current Assets			1,811,374,779		1,082,791,241
Total			5,029,901,392		2,878,115,056
Significant Accounting Policies and Notes to Consolidated Accounts	XV				

The Schedules and Notes to Accounts form an Integral Part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Pune
May 07, 2010

Consolidated Profit and Loss Account for the year ended

	Schedule	March 31, 2010 Rupees	March 31, 2009 Rupees
INCOME			
- Overseas Sales		6,715,945,859	7,410,411,033
- Domestic Sales		600,461,156	521,137,412
		7,316,407,015	**7,931,548,445**
Software Development Expenses	X	4,090,495,986	4,467,203,715
Gross Profit		**3,225,911,029**	**3,464,344,730**
Selling and Marketing Expenses	XI	663,730,762	687,540,039
General and Administration Expenses	XII	947,747,974	943,253,599
Profit Before Interest, Depreciation, Exchange Gain/(Loss), Tax and Minority Interest		**1,614,432,293**	**1,833,551,092**
Interest	XIII	27,414,946	45,474,160
Depreciation/Amortization		308,037,443	436,457,235
Profit After Interest, Depreciation and Before Exchange Gain/(Loss), Tax and Minority Interest		**1,278,979,904**	**1,351,619,697**
Other Income	XIV	(252,528,813)	(573,789,503)
Profit Before Tax and Minority Interest		**1,026,451,091**	**777,830,194**
Provision for Taxation - Current Year		232,771,425	112,646,276
Provision for Fringe Benefit Tax - Current Year		-	13,137,892
Provision for Taxation - Prior Years		9,599,906	-
MAT Credit Entitlement		(65,104,848)	(23,836,360)
Provision for Taxation - Deferred Tax		(8,123,994)	17,719,810
Sub Total		169,142,489	119,667,618
Profit After Tax and Before Minority Interest		**857,308,602**	**658,162,576**
Add/Less: (Profits)/Losses to the extent of minority interest (net)		**-**	**353,783**
Profit for the year		**857,308,602**	**658,516,359**
Profit Available for Appropriation		**857,308,602**	**658,516,359**
Dividend			
Final (proposed)		54,966,129	46,825,777
Dividend Tax		9,129,187	7,958,041
Amount transferred to KPIT Cummins Infosystems Limited Community Foundation Reserve		10,000,000	10,000,000
Amount transferred to General Reserve		79,000,000	63,000,000
Amount transferred to Profit and Loss Account		704,213,286	530,732,541
		857,308,602	658,516,359
EARNINGS PER SHARE			
[(Equity Shares, par value Rs. 2/- each) (Previous Year Rs. 2/- each)]			
Basic		10.97	8.44
Diluted		10.80	8.41
Number of shares used in computing earnings per share			
Basic (Weighted Average)		78,166,731	78,015,708
Diluted (Weighted Average)		79,379,629	78,279,512
Significant Accounting Policies and Notes to Consolidated Accounts	XV		

The Schedules and Notes to Accounts form an Integral Part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Pune
May 07, 2010

Consolidated Cash Flow Statement for the year ended

PARTICULARS	March 31, 2010 Rupees	March 31, 2009 Rupees
A] CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	1,026,451,091	777,830,193
Adjustments for		
(Profit)/loss on sale of fixed assets (net)	18,115,045	10,181,453
Depreciation/Amortization	308,037,443	436,457,235
Interest and financial charges	66,993,799	74,259,938
Interest income	(39,578,853)	(24,267,042)
Provision for doubtful debts/(Write-back of excess provision for bad and doubtful debts)	(257,951)	42,984,469
Bad debts written-off	3,595,554	-
Provision for doubtful advances	11,800,000	-
Employee Stock Option cost	16,684,594	-
Dividend income	(11,950,698)	-
Effect of exchange differences on translation of subsidiaries	(629,755)	(1,368,618)
Preliminary Expenses (to the extent not written-off or adjusted)	-	43,248
Exchange differences on translation of foreign currency cash and cash equivalents	36,736,233	(15,934,123)
Unrealised foreign exchange (gain)/loss	22,676,152	(80,903,554)
Operating Profit before working capital changes	**1,458,672,654**	**1,219,283,200**
Adjustments for		
(Increase)/Decrease in Sundry Debtors	487,615,841	(335,092,969)
(Increase)/Decrease in Loans and Advances	(168,628,807)	(52,698,619)
Increase/(Decrease) in Current Liabilities and Provisions	(488,371,711)	500,899,080
Cash generated from operations	**1,289,287,976**	**1,332,390,692**
Taxes Paid	(213,383,141)	(141,135,521)
Net cash from operating activities	**1,075,904,835**	**1,191,255,171**
B] CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and Intangible assets (including CWIP)	(237,881,716)	(493,211,410)
Proceeds from the sale of fixed assets	943,358	(3,121,651)
Purchase of Mutual Fund Investments	(746,673,489)	776,700
Interest received	45,859,381	24,267,042
Acquisition of Sparta Consulting Inc.	(363,867,529)	-
Acquisition of Minority shareholding of KPIT Infosystems GmbH	(182,353,258)	-
Acquisition of Minority shareholding of KPIT Infosystems Inc. (SolvCentral)	(121,878,000)	-
Dividend received from Mutual Fund Investments	11,950,698	-
Fixed Deposit with banks (net) having maturity over three months	159,105,614	(197,760,877)
Net Cash from/(used in) investing activities	**(1,434,794,941)**	**(669,050,196)**

Consolidated Cash Flow Statement for the year ended

PARTICULARS		March 31, 2010 Rupees	March 31, 2009 Rupees
C]	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of term loan (Net)	(237,075,649)	161,015,911
	Proceeds from issue of Share Capital	25,970,759	479,649
	Application Money Received	615,578	-
	Proceeds from working capital loan (net)	202,817,602	161,334,668
	Increase/(Decrease) in finance lease obligation	(2,255,367)	(2,458,078)
	Dividend paid including corporate dividend tax	(54,783,817)	(63,783,403)
	Interest and finance charges	(67,767,858)	(74,259,938)
	Net cash from/(used in) financing activities	**(132,478,752)**	**182,328,809**
D]	**EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS**	(36,736,233)	15,934,123
	Net Increase/(Decrease) in Cash and cash equivalents (A+B+C+D)	**(528,105,091)**	**720,467,909**
	Cash & cash equivalents at close of the year (Refer Note No.1 below)	1,000,857,923	1,460,256,998
	Cash & cash equivalents at beginning of the year (Refer Note No.1 below)	1,460,256,998	739,789,088
	Cash & cash equivalents of Sparta Consulting Inc as of date of acquisition	68,706,016	-
	Cash Surplus/(deficit) for the year	**(528,105,091)**	**720,467,910**
	Note 1:		
	Cash and cash equivalents include:		
	Cash on hand	124,364	152,281
	Cheques on hand	7,325,604	13,612,821
	Balance with scheduled banks		
	- On current accounts	722,626,390	1,119,927,089
	- On deposit account	216,856,088	319,024,002
	Balance with non-scheduled banks		
	- On current accounts	53,925,477	7,540,804
	Total	**1,000,857,923**	**1,460,256,998**
	Add: Deposits with original maturity over three months	38,655,263	197,760,877
	Add: Deposits under lien	12,779,886	13,156,439
	Cash and cash equivalents at the end of the year as per Schedule VII	1,052,293,072	1,671,174,314

Note 2:
The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements.

Note 3:
Previous year's figures have been rearranged/regrouped wherever necessary

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Hemant M. Joshi
Partner

Pune
May 07, 2010

For and on behalf of Board of Directors

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Schedules annexed to and forming part of the Consolidated Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - I SHARE CAPITAL				
AUTHORISED				
150,000,000 equity shares (Previous year 150,000,000 of Rs. 2 each) of Rs. 2 each		300,000,000		300,000,000
ISSUED, SUBSCRIBED AND PAID UP		157,046,082		156,085,922
[78,523,041 equity shares (Previous year 78,042,961) of Rs. 2 each fully paid up [of the above shares 44,181,453 equity shares of Rs. 2 each post-split (Previous Year 44,181,453) are allotted as fully paid-up pursuant to contracts without payments being received in cash]		157,046,082		156,085,922
Note:				
Equity Shares 480,080 of Rs. 2 each (Previous year 160,020) have been issued during the year under the Employee Stock Option Plan of the Company.				
SCHEDULE - II RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet	21,023,691		1,779,247	
Additions during the year	-	21,023,691	19,244,444	21,023,691
Amalgamation Reserve				
(pursuant to the scheme of amalgamation)				
As per last Balance Sheet	51,398,256		51,398,256	
Additions during the year	-	51,398,256	-	51,398,256
General Reserve				
As per last Balance Sheet	274,878,750		211,878,750	
Add: Transferred from Profit & Loss Account	79,000,000	353,878,750	63,000,000	274,878,750
Hedging Reserve		(226,688,046)		(1,631,303,249)
[Refer Note No. 3.1 (ii) C of Schedule XV]				
Securities Premium				
As per last Balance Sheet	726,071,909		716,762,300	
Add: Additions during the year	25,010,599		9,309,609	
		751,082,508		726,071,909
Profit & Loss Account				
As per last Balance Sheet	2,002,894,899		1,472,162,358	
Add: Surplus/(deficit) for the year	704,213,286		530,732,541	
		2,707,108,185		2,002,894,899

Schedules annexed to and forming part of the Consolidated Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
KPIT Cummins Infosystems Limited Community Foundation Reserve Account				
As per last Balance Sheet	20,756,390		10,000,000	
Add: Contribution received from Employees	2,215,512		756,390	
Less: Utilisation	2,266,370		-	
Add: Transferred from Profit & Loss Account	10,000,000		10,000,000	
		30,705,532		20,756,390
Foreign Currency Translation Reserve		8,154,608		8,784,363
Total		**3,696,663,484**		**1,474,505,009**

SCHEDULE - III SECURED LOANS

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
Term Loan				
From bank		157,004,946		249,834,345
[The amount repayable within one year Rs.93,086,670 (Previous year Rs. 165,116,518) Secured by first charge by way of mortgage of certain movable and immovable current and future fixed assets]		331,026,697		498,177,790
From others				
[The amount repayable within one year Rs.110,342,202 (Previous year Rs. 124,544,422) Secured by first charge by way of mortgage of certain movable and immovable current and future fixed assets]				
Working capital loan				
Cash Credit		616,161,000		431,183,390
[Secured by hypothecation of current assets]				
Interest Accrued and Due		1,185,532		941,648
Finance Lease Obligation				
[Finance Lease obligations are secured against fixed assets obtained under finance lease arrangements]		2,364,063		4,619,430
(Refer Note No. 3.5 of Schedule XV)				
Total		**1,107,742,238**		**1,184,756,603**

Schedules annexed to and forming part of the Consolidated Balance Sheet as at

SCHEDULE - IV FIXED ASSETS

	GROSS BLOCK						DEPRECIATION / AMORTIZATION						NET BLOCK	
Particulars	As at April 1, 2009	Adjustment on account of acquisition of Sparta Consulting Inc.	Adjustment on account of FE translation for the year	Additions for the Year 2009-10	Deductions for the Year 2009-10	As at March 31, 2010	Up to April 1, 2009	Adjustment on account of acquisition of Sparta Consulting Inc.	Adjustment on account of FE translation for the year	For the Year 2009-10	On Deletions/ Discarded for the year 2009-10	Up to March 31, 2010	As on March 31, 2010	As on March 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Intangible Assets														
Goodwill	69,116,660	-	-	-	-	69,116,660	14,654,559	-	(785,105)	16,238,459	-	30,107,913	39,008,747	54,462,101
Project Development Expenses	21,603,981	-	-	-	-	21,603,981	21,603,981	-	-	-	-	21,603,981	-	-
Rights to render Business Process Outsourcing Services	206,731,603	-	-	-	-	206,731,603	206,731,603	-	-	-	-	206,731,603	-	-
Software Package	359,113,270	-	-	162,807,172	-	521,920,442	145,775,027	-	-	86,224,669	-	231,999,696	289,920,746	213,338,242
Tangible Assets														
Land (Leasehold)	43,354,029	575,112	(40,250)	53,829	-	43,942,720	2,163,119	188,673	(9,777)	498,490	-	2,840,505	41,102,215	41,190,910
Building	458,785,627	68,605,322	-	794,939	-	528,185,888	94,582,160	7,366,871	(427,778)	36,901,625	-	138,422,878	389,763,010	364,203,467
Plant and Machinery	377,639,379	5,624,550	(3,196,820)	39,439,049	(40,572,714)	378,933,444	131,938,528	1,359,825	(2,144,170)	40,484,430	(30,516,493)	141,122,120	237,811,323	245,700,851
Computers	439,057,233	12,029,558	(649,303)	77,367,822	(36,982,299)	490,823,011	306,266,086	5,173,349	(1,062,496)	94,921,045	(36,834,080)	368,463,904	122,359,107	132,791,147
Furniture and Fittings	214,917,829	44,106,535	(1,068,768)	16,008,253	(31,840,231)	242,123,617	109,764,438	14,601,793	(1,089,951)	30,118,333	(23,161,060)	130,233,554	111,890,063	105,153,391
Vehicles - Owned	3,031,258	391,000	-	326,473	(388,375)	3,360,356	1,309,650	27,209	(3,896)	453,697	(213,586)	1,573,074	1,787,282	1,721,608
Vehicles - Lease/HP	11,293,685	-	-	-	(4,230,310)	7,063,375	7,072,777	-	-	2,196,695	(4,230,307)	5,039,165	2,024,210	4,220,908
TOTAL	**2,204,644,554**	**131,332,077**	**(4,955,142)**	**296,797,536**	**(114,013,930)**	**2,513,805,095**	**1,041,861,928**	**28,717,721**	**(5,523,173)**	**308,037,443**	**(94,955,527)**	**1,278,138,392**	**1,235,666,703**	**1,162,782,626**
Capital Work in Progress [Including Capital Advances of Rs. 836,488 (Previous Year Rs. 236,581,160)]	-	-	-	-	-	-	-	-	-	-	-	-	285,903,756	347,544,337
GRAND TOTAL	**2,204,644,554**	**-**	**(4,955,142)**	**-**	**(114,013,930)**	**2,513,805,095**	**1,041,861,928**	**-**	**(5,523,173)**	**308,037,443**	**(94,955,527)**	**1,278,138,392**	**1,521,570,459**	**1,510,326,963**
Previous Year	2,102,287,755	-	127,770,999	298,068,653	(38,794,669)	2,489,332,735	629,086,625	-	3,834,095	436,457,235	(27,516,027)	1,041,861,928	1,795,015,144	1,680,453,313

Schedules annexed to and forming part of the Consolidated Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - V INVESTMENTS				
Investment in shares of Findant Inc.				
A company incorporated in USA	17,431,829		17,431,829	
16,51,179 Equity Stock at par (Previous Year 16,51,179 at par)				
Less: Provision for decline in the value of investments	(17,431,829)	-	(17,431,829)	-
Current Investments				
Investment in Mutual funds (Refer Note No. 2.6 of schedule XV)		746,982,160		308,671
Total		**746,982,160**		**308,671**
SCHEDULE - VI SUNDRY DEBTORS				
Unsecured [Refer Note 2.4 of Schedule XV]				
Outstanding for a period exceeding six months				
Considered Good	8,337,689		16,510,408	
Considered Doubtful	51,301,050		36,267,778	
	59,638,739		52,778,186	
Other Debts				
Considered Good	1,379,340,244		1,759,093,738	
Considered Doubtful	1,981,999		16,538,287	
	1,381,322,243		1,775,632,025	
Less: Provision for Doubtful Debts	53,283,048	1,387,677,934	52,806,064	1,775,604,147
Total		**1,387,677,934**		**1,775,604,147**
SCHEDULE - VII CASH AND BANK BALANCES				
Cash on Hand		124,364		152,281
Cheques in Hand		7,325,604		13,612,821
Balance with Scheduled banks				
On Current Accounts	722,626,390		1,119,927,089	
On Deposit Account	268, 291,237	990,917,627	529,941,318	1,649,868,407
Balance with Non-Scheduled banks				
On current account [Maximum balance during the year Rs. 133,958,791/- (Previous year Rs. 136,527,329/-)]		53,925,477		7,540,804
Total		**1,052,293,072**		**1,671,174,313**
SCHEDULE - VIII LOANS AND ADVANCES				
[Unsecured, considered good unless otherwise stated]				
Advances recoverable in cash or in kind or for value to be received (Refer Note No. 2.3 of Schedule XV)	310,982,501		131,993,332	
Advance Tax and Tax Deducted At Source (net of provision)	89,307,883		83,971,822	
MAT credit entitlement	149,892,626		84,787,778	
Advance Fringe Benefit Tax (net of provision)	3,313,060		3,313,060	
Prepaid Expenses	55,668,070	609,164,140	57,528,746	361,594,738
Deposits		65,056,464		78,621,210
Interest Accrued on Fixed Deposits		2,806,940		9,087,469
Total		**677,027,544**		**449,303,417**

Schedules annexed to and forming part of the Consolidated Balance Sheet as at

	March 31, 2010		March 31, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - IX CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors				
For Goods and Services	269,135,453		497,309,194	
For Accrued Salaries and Benefits	374,894,127		354,596,381	
	644,029,580		851,905,575	
Interest Accrued But Not Due	-		1,017,943	
Other Liabilities	153,310,485		222,502,540	
Unearned Revenue	50,617,519		8,280,876	
Unclaimed Dividend	1,377,667		1,133,311	
	205,305,671		232,934,670	
Mark to Market loss on cash flow hedges [Refer Note 3.1(ii) C of Schedule XV]	226,688,046		1,631,303,249	
		1,076,023,297		2,716,143,494
Provisions				
for Taxation (net of advance tax)	40,771,059		6,593,417	
for Fringe Benefit Tax (net of advance tax)	3,236,299		3,089,688	
For Dividend	54,966,129		46,825,777	
For Dividend Tax	9,129,187		7,958,041	
For Staff Benefits	121,497,800		32,680,219	
		229,600,474		97,147,142
Total		**1,305,623,771**		**2,813,290,636**

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended

		March 31, 2010 Rupees	March 31, 2009 Rupees
SCHEDULE - X SOFTWARE DEVELOPMENT EXPENSES			
Salaries and Bonus		2,193,008,353	2,216,630,575
Consultancy Charges		1,525,308,517	1,719,749,572
Travel and Overseas Expenses		227,378,212	323,410,543
Employee Stock Option cost		6,200,000	-
Cost of Service Delivery		138,600,904	207,413,025
	Total	**4,090,495,986**	**4,467,203,715**
SCHEDULE - XI SELLING AND MARKETING EXPENSES			
Marketing Services Expenses		469,048,964	447,620,671
Marketing Travel Expenses		63,085,586	64,532,345
Salaries and Bonus		51,802,326	60,325,266
Staff Welfare		421,605	835,363
Foreign Travel Expenses		139,476	-
Travelling and Conveyance		6,968,756	13,102,928
Recruitment and Training Expenses		3,505,200	14,657,864
Rent, Rates and Taxes		14,198,482	11,246,449
Communication Expenses		12,702,634	19,847,035
Professional and Legal Expenses		20,453,212	32,236,750
Printing and Stationery		628,595	1,288,401
Repairs to Building		-	255,385
Repairs to Plant and Machinery		324,946	265,171
Repairs to Others		1,451,422	1,393,392
Power and Fuel		448,956	1,440,901
Insurance Charges		5,270,185	5,857,776
Miscellaneous Expenses		13,280,417	12,634,342
	Total	**663,730,762**	**687,540,039**
SCHEDULE - XII GENERAL AND ADMINISTRATION EXPENSES			
Salaries and Bonus		401,392,147	365,821,869
Staff Welfare		11,652,099	13,741,050
Foreign Travel Expenses		6,908,272	4,244,334
Travelling and Conveyance		54,734,681	58,575,978
Employee Stock Option Cost		10,484,594	-
Recruitment and Training Expenses		33,960,903	45,461,291
Rent, Rates and Taxes		89,365,470	99,071,384
Communication Expenses		43,765,855	59,202,362
Professional and Legal Expenses		54,281,957	31,948,034
Printing and Stationery		6,453,979	7,458,856
Repairs to Building		2,646,911	180,713
Repairs to Plant and Machinery		43,390,931	20,264,485

Schedules annexed to and forming part of the Consolidated Profit and Loss Account for the year ended

		March 31, 2010 Rupees	March 31, 2009 Rupees
Repairs to Others		3,598,180	40,852,262
Power and Fuel		52,317,345	49,643,798
Insurance Charges		21,204,625	22,807,857
Auditors Remuneration			
Audit Fees		3,500,000	4,046,687
Certification Charges		94,120	484,630
Out-of-pocket Expenses		107,315	343,618
Bad debts Written Off		3,595,554	2,708,032
Provision for Bad and Doubtful Debts		(257,951)	40,276,437
Loss (net) on Sale of Assets		18,115,045	10,181,453
Preliminary Expenses		-	43,254
Foreign Exchange (Gain)/Loss		-	(225,638)
Miscellaneous Expenses		86,435,942	66,120,853
	Total	**947,747,974**	**943,253,599**

SCHEDULE - XIII INTEREST, NET

		March 31, 2010 Rupees	March 31, 2009 Rupees
Finance Charges		64,706,434	74,303,279
Lease Charges		2,287,365	1,268,260
		66,993,799	75,571,539
Less: Interest Income		39,578,853	30,097,379
	Total	**27,414,946**	**45,474,160**

SCHEDULE - XIV OTHER INCOME

		March 31, 2010 Rupees	March 31, 2009 Rupees
Dividend on Trade Investments		11,950,698	-
Foreign exchange gain/(loss)		(268,889,619)	(573,450,359)
Miscellaneous Income		4,410,108	(339,144)
	Total	**(252,528,813)**	**(573,789,503)**

Schedules-XV - Notes to Consolidated Accounts

All amounts in Rupees except otherwise stated.

1. Significant Accounting Policies

1.1 Basis of consolidation

The Consolidated Financial Statements relate to KPIT Cummins Infosystems Limited (the Company) and its subsidiaries, which constitutes the Group.

a. Basis of preparation of financial statements

i. The Consolidated Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006 and guidelines issued by the Securities and Exchange Board of India (SEBI).

The Consolidated Financial Statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standards (AS) 21- "Consolidated Financial Statements".

ii. The financial year of the subsidiaries have been aligned with the parent company and are drawn up to the same reporting date as of the Company, i.e., year ended March 31, 2010.

iii. Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenditure during the year.

b. Principles of Consolidation:

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

i. The financial statements of the Company and its subsidiaries 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.

c. Following subsidiaries are considered in the consolidated financial statements:

% voting power held

Sr. No.	Subsidiary	Country of Incorporation	As at March 31, 2010	As at March 31, 2009
1.	KPIT Infosystems Ltd.	United Kingdom	100.00	100.00
2.	KPIT Infosystems Inc.	United States of America	100.00	100.00
3.	KPIT Infosystems Inc. (SolvCentral.Com) (Subsidiary of KPIT Infosystems Inc.)	United States of America	100.00	90.00
4.	KPIT Infosystems GmbH (JV of KPIT Infosystems Ltd., UK)	Germany	100.00	60.00
5.	KPIT Cummins Global Business Solutions Limited	India	100.00	100.00
6.	KPIT Infosystems Central Europe Sp. z.o.o.,	Poland	100.00	100.00
7.	KPIT Infosystems France SAS, France France (Formerly known as Pivolis)	France	100.00	100.00
8.	Sparta Consulting Inc.	United States of America	100.00	N.A.
9.	Sparta Infotech India Private Limited (Subsidiary of Sparta Consulting Inc.)	Noida, India	100.00	N.A.

1.2 Revenue recognition

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

Interest income is recognized on time proportion basis.

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

1.3 Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

a) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which takes a substantial time in getting ready for its intended use are capitalized as part of cost of that asset till the date it is put to use. All other borrowing costs are charged to Profit & Loss Account. During the current year, the Company has capitalized borrowing cost of Rs. 2,355,223/- (PY Nil)

b) Provision for Doubtful Debts

The Company carries out the periodic exercise to evaluate its receivables. While making such provision, various other factors like probable recovery of the dues, business risks, economic factors, legal status of the Customer/Partners are taken into account.

1.4 a) Fixed Assets, Intangible Assets and Capital Work in Progress

Fixed Assets are stated at the cost of acquisition, less accumulated depreciation and impairment loss, if any. Direct costs are capitalized till the assets are put to use. Vehicles taken on Lease have been capitalized in accordance with the Accounting Standard –19 'Accounting for Leases' issued by the Institute of Chartered Accountants of India.

Capital Work in Progress includes capital advances amounting to Rs. 836,488/- towards purchase of assets. (PY Rs. 236,581,160/-).

b) Intangible Assets

If a Company incurres expenditure which meets criteria of intangible asset as mentioned in Accounting Standard 26, such expenditure is capitalized and is amortized over its useful life as estimated by the Management.

1.5 Depreciation/Amortization

Depreciation on fixed asset of the group is provided using the straight-line method except for Reducing Balance Method is followed by KPIT Infosystems Limited, UK, KPIT Infosystems Central Europe Sp. z.o.o., Poland and KPIT Infosystems GmbH, Germany for Furniture & Fittings, based on useful life of assets as estimated by the Management. Depreciation is charged on all assets purchased and sold during the year on a proportionate basis. The following table indicates the depreciation rates and method followed.

SLM - Straight line method, RBM - Reducing balance method

Class of Asset	KPIT Cummins Infosystems Limited/KPIT Cummins Global Business Solutions Limited	KPIT Infosystems Ltd., UK	KPIT Infosystems Central Europe Sp. z.o.o. Poland	KPIT Infosystems GmbH, Germany	KPIT Infosystems Inc., USA	KPIT Infosystems France SAS, France (formerly known as Pivolis)	KPIT Infosystems Inc., (Solvcentral.Com)	Sparta Consulting Inc.	Sparta Infotech India Private Ltd.
Goodwill	To be amortized over 5 years				Amortized over 3 years				
Leasehold land	Amortized over the period of Lease								
Building	1.63% SLM								Amortized over lease period of land
	7.50% SLM (Hinjawadi)								
Leasehold Improvement		Amortized over period of lease				Amortized over period of lease		Amortized over period of lease	Amortized over period of lease

Class of Asset	KPIT Cummins Infosystems Limited/KPIT Cummins Global Business Solutions Limited	KPIT Infosystems Ltd., UK	KPIT Infosystems Central Europe Sp. z.o.o. Poland	KPIT Infosystems GmbH, Germany	KPIT Infosystems Inc., USA	KPIT Infosystems France SAS, France (formerly known as Pivolis)	KPIT Infosystems Inc., (Solvcentral.Com)	Sparta Consulting Inc.	Sparta Infotech India Private Ltd.
Computers (including software & peripherals	25.00% SLM	33.33% SLM	33.33% SLM	20% SLM	20% SLM	33.33% SLM	33.33% SLM		33.33% SLM
Office Equipment	4.75% SLM	33.33% SLM			20% SLM		10% SLM	33.33% SLM	20% SLM
	10.00% SLM (Hinjawadi)								
Electrical Systems	33.33% SLM				10% SLM				
	10.00% SLM (Hinjawadi)								
Plant & Machinery		33.33% SLM	33.33% SLM	33.33% SLM			33.33 % SLM	20 % SLM	
Furniture & Fittings	6.33% SLM	15% RBM	15% RBM	15% RBM	20% SLM		10% SLM		20% SLM
	12.50% SLM (Hinjawadi)						14.29% SLM		
Vehicles on Lease	Amortized over the period of Lease								
Vehicles Owned	9.50% SLM								20% SLM

Perpetual Software licenses procured during the year are capitalized and being amortized over its useful life as stated above. However, time based software licenses are being amortized over its duration and charged to Profit & Loss Account.

The Company does not expect the difference on account of varying rates and methods of depreciation to be material.

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 recognised 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, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal.

During the year under consideration, there was no indication, either internal or external as to the impairment of any of the assets.

1.7 Investments

Investments are either classified as current or long term, based on Management's intention at the time of purchase. Current investments are carried at lower of cost and fair value. Long-term Investments are stated at cost, less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Such costs are inclusive of acquisition costs directly attributable to the Investments such as legal expenses, professional fees, etc., incurred during the course of such acquisition.

1.8 Leases

Assets leased by the Company in the capacity of the Lessee, where the Company has substantially all the risks and rewards of ownership are classified as Finance Lease. Such leases are classified at the inception of Lease at lower of the Fair Value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost so as to obtain a constant period rate of interest on the outstanding liability for each year.

Lease arrangement where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognised as Operating Lease. Lease Rentals under operating lease are recognised in the Profit & Loss Account on straight line basis.

1.9 Foreign currency transactions

a) Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such transactions are included in the Profit & Loss Account. Income & expenses denominated in foreign currencies are translated using exchange rate in effect on the date of transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining the net profit for the period in which transaction is settled.

Premium or discount on forward exchange contracts are amortized and recognized in Profit & Loss Account over the period of the contract. Forward exchange contracts and currency option 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 Profit & Loss Account.

b) Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts and currency options to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS 30).

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 flow are recognized directly in shareholders’ fund and the ineffective portion, if any is recognized immediately in Profit & Loss Account.

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At the time for forecasted transaction any cumulative gain or loss on the hedging instrument recognized in shareholders’ fund is retained there until, the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to Profit & Loss Account.

1.10 Foreign Operations:

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself. In translating the financial statements of a non-integral foreign operation, the assets and liabilities, both monetary and non-monetary are translated at the closing rate, income and expense items are translated at average exchange rates and all resulting exchange difference are accumulated in a foreign currency translation reserve until disposal of the net investment in the non-integral foreign operation.

1.11 Retirement benefits to employees

Gratuity

In accordance with the payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The amount of gratuity has been computed based on respective employee’s salary and the tenure of employment with the Company. Gratuity has been accrued based on actuarial valuation as at the Balance Sheet date, carried out by an independent actuary using projected unit credit method for the Company and its Indian Subsidiaries. The amount is funded from internal accruals.

For Employees of erstwhile KPIT Cummins Infosystems (Bangalore) Pvt. Ltd., who were on roll as at March 31, 2007 (before the date of the merger) the amount is funded through an employee’s group gratuity trust, managed by Kotak Mahindra Old Mutual Life Insurance Limited.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit & Loss Account for the year in which they occur.

Provident Fund

Eligible employees of the Company and its Indian subsidiaries receive benefits from provident fund scheme. Provident Fund Contribution of 12% of covered employee’s basic salary is deducted and paid along with Company’s Contribution of an equal amount on a monthly basis to the appropriate authority.

Leave Accrual

Under Accounting Standard 15, the carry forward leaves have been accounted for as short term benefits on actual basis for the Company. The provision for encashment of unavailed leave is made on actual basis for all its subsidiaries except for Sparta Infotech India Private Limited, whereby leave encashment is accrued on an actuarial valuation carried out by an independent actuary at each Balance Sheet date using projected unit credit method. The Company does not expect the difference on account of varying methods to be material.

1.12 Accounting for Taxes on Income

a) Income Tax Provision

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Provisions are also recorded when it is estimated that a liability due to disallowances or other matters is probable.

The Company has provided for Minimum Alternate Tax (MAT) in accordance with the provisions of the Section 115JB of the income Tax Act, 1961.

In accordance with the Guidance Note on Accounting for Credit Available in Respect of Minimum Alternative Tax under the Income-tax Act, 1961 the Company has recognized MAT credit of Rs. 65,104,848/- (PY Rs. 23,836,361/-) during the year, there being convincing evidence that the Company will pay normal tax after the tax holiday period.

The Company offsets, on year-on-year basis, the current tax assets and liabilities, where it has legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

b) Deferred Tax Provision

- Pursuant to the Accounting Standard (AS–22) on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India which is mandatory, the Company has considered the effect of timing differences in the tax expenses in the Profit & Loss Account as deferred tax asset / liability in the Balance Sheet.
- Deferred tax assets & liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.
- In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.
- As the Company and its Indian Subsidiaries are currently under the tax holiday period, no deferred tax asset / liability is recognized for the timing differences arising during the tax holiday period and reversing within the tax holiday period.
- However, deferred tax asset / liability is recognized on the timing differences which arise during the tax holiday period and reverse after the tax holiday period is over.

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

No Provisions is recognized for –

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

b. Any present obligation that arises from past events but is 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 periodically 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.

2. Disclosures as required by Schedule VI of the Companies Act, 1956

2.1 The aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI are as follows:

Particulars	FY 2009-10	FY 2008-09
Salaries and Bonus	453,194,473	426,147,135
Staff welfare	12,073,704	14,576,414
Foreign Travel Expenses	7,047,707	4,244,334
Traveling & Conveyance	61,703,438	71,678,906
Employee Stock Option Support	16,684,594	-
Recruitment and Training Expenses	37,466,103	60,119,155
Rent, Rates and Taxes	103,563,952	110,317,833
Communication Expenses	56,468,488	79,049,396
Professional and Legal Expenses	74,735,169	64,184,784
Printing and Stationery	7,082,573	8,747,258
Repairs to Building	2,646,911	436,098
Repairs to Plant and Machinery	43,715,777	20,529,655
Repairs to Others	5,049,602	42,245,654

Particulars	FY 2009-10	FY 2008-09
Power and Fuel	52,766,301	51,084,699
Insurance Charges	26,474,810	28,665,632
Miscellaneous Expenses	99,716,359	78,755,196

2.2. Contingent Liabilities

a) The Company has outstanding bank guarantees in the routine course of business worth Rs. 9,241,049/- (PY Rs. 7,275,500/-).

b) The Company had received a show cause notice from DGCEI Bangalore during the year 2006-07 for non-payment of service tax on account of payments made to its subsidiaries based outside India for rendering services outside India upto the year ended March 31, 2006. The revenue authorities have classified the services as that of a 'Commission Agent' falling under the category of 'Business Auxiliary Services' and quantified the liability at Rs. 49,927,768/- (PY Rs. 49,927,768/-). The Company has received a stay order dated January 30, 2009 on this case; wherein Customs, Excise & Service Tax Appellate Tribunal ("CESTAT") Bangalore has granted full waiver of the balance amount payable till the disposal of appeal.

Management including its tax advisors believe that the services can not be classified as those of a 'Commission Agent' and more over since the services were rendered outside India there will not be any service tax implications. No tax expense have been accrued in the financial statements as management believes that the ultimate outcome of this proceeding will not have any material adverse effect on the Company's financial position and results of operations.

c) The Company has received a show cause notice from Jt. Commissioner of Customs, Bangalore for removal of bonded goods without payment of Customs duty of Rs. 8,04,934/-.

The Company and its advisers believe that the matter would be decided in its favor by higher appellate authorities.

d) Income Tax Cases

These relate to the cases of erstwhile KPIT Cummins Infosystems (Bangalore) Private Limited (KPIT Bangalore) which has been merged with the Company effective April 1, 2007.

A.Y. 2006-07

The Company has filed an appeal with the Commissioner of Income Tax (Appeals) - I, Bangalore against an Order dated December 26, 2008 passed by the Asst. Commissioner of Income Tax Circle 11(5), Bangalore. The total demand raised is Rs. 5,903,204/- vide this order, which is adjusted against refund for subsequent year, i.e., A.Y. 2007-08.

A.Y. 2007-08

The Company has filed an appeal with Commissioner of Income Tax (Appeals) -I, Bangalore pursuant to an Order dated December 21, 2009 passed by the Asst Commissioner of Income Tax Circle 11(5), Bangalore. The demand raised on KPIT Bangalore vide this order is Rs. 57,95,234/-. KPIT Bangalore has made a payment of Rs. 2,354,124/- towards this demand during the year ended March 31, 2010.

The Company and its advisers believe that the matter would be decided in its favor by higher appellate authorities.

2.3 Advances recoverable in cash or in kind or for value to be received is net of provision for doubtful advances of Rs. 11,800,000/- (Previous year Rs. Nil).

2.4 Debtors include on account of unbilled revenue aggregating to Rs. 84,849,421/- (PY 61,147,532/-)

2.5 Stock Option Plans

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

The ESOP was approved by the Board of Directors of the Company on November 23, 1998 and thereafter by the shareholders on November 30, 1998 and is for issue of 18,000 Options representing 1,800,000 equity shares of the Company. A compensation committee comprising of Independent Directors of the Company administers the ESOP Plan. All options have been granted at a pre-determined rate of Rs.5 per share.

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

Particulars	2009-10	2008-09
Options granted, beginning of the year	3,020	3,492.50
Granted during the year	Nil	Nil
Exercised during the year	Nil	62.50
Cancelled / lapsed during the year	430	410
Options granted, end of year	2,590	3,020

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

2. Employee Stock Option Plan – 2004

The Board of Directors and the shareholders of the Company approved the Employees Stock Option Plan for grant of 5,163,800 options convertible into 5,163,800 equity shares, 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. 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.

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

Particulars	2009-10	2008-09
Options granted, beginning of the year	3,359,210	3,765,915
Granted during the year	Nil	Nil
Exercised during the year	248,695	160,020
Cancelled / lapsed during the year	412,322	246,685
Options granted, end of year	2,698,193	3,359,210

3. Employee Stock Option Plan – 2006

The Board of Directors and the shareholders of the Company approved another Employees Stock Option Plan for grant of 5,000,000 options convertible into 5,000,000 equity shares, 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. 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.

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

Particulars	2009-10	2008-09
Options granted, beginning of the year	3,162,865	1,850,924
Granted during the year	1,439,192	1,903,500
Exercised during the year	231,385	Nil
Cancelled/lapsed during the year	916,301	591,559
Options granted, end of year	3,454,371	3,162,865

Personnel expenditure includes Rs.16,684,594/- being the amortization of intrinsic value for the period ending March 31, 2010.

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 Rs. 17,603,002/- and earnings per share as reported would be lower as indicated below:

Particulars	FY 2009-10	FY 2008-09
Net Profit after Tax but before exceptional items	857,308,602	658,516,359
Add: Total Stock based compensation expense determined under intrinsic value based method	16,684,594	-
Less: Total Stock based compensation expense determined under fair value based method	34,287,596	47,372,776
Adjusted net profit	839,705,600	611,143,583
Basic earnings per share (in Rs.)		
- As reported	10.97	8.44
- Adjusted	10.74	7.83
Diluted Earnings per share (in Rs.)		
- As reported	10.80	8.41
- Adjusted	10.58	7.81

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

Particulars	March 31, 2010	March 31, 2009
1. Risk Free Interest Rate	6.92%	7.6%
2. Expected Life	3.61 years	3.61 years
3. Expected Volatility	62.59%	55.43%
4. Dividend Yield	1.07%	1.66%

2.6 Details of Current Investments

Name of the Mutual Fund	Balance As at 31.3.2010		Balance As at 31.3.2009	
	No. of units	Amt. in Rs	No. of units	Amt. in Rs
Birla Sun Life Savings Fund - IP - Dly Dividend [1015055287]	7,070,308.58	70,751,164	-	-
Birla Sun Life Short Term Fund - IP	6,015,463.54	60,187,721	-	-

Name of the Mutual Fund	Balance As at 31.3.2010		Balance As at 31.3.2009	
	No. of units	Amt. in Rs	No. of units	Amt. in Rs
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	15,702,640.65	157,521,040	-	-
Reliance Money Manager Fund - IP - Daily Dividend [405105825256]	101,928.72	102,065,191	-	-
LIC MF Savings Plus Fund - Daily Dividend [51111551993]	30,582,501.02	305,825,010	-	-
Axis Treasury Advantage Fund	10,067.66	10,067,655	-	-
IDFC - Money Manager Fund TP Ins Plan B (D) (D)	4,000,611.90	40,287,362	-	-
Mututal funds at KPIT Infosystems France SAS, France		277,017		308,671
Total		**746,982,160**	**-**	**308,671**

3. Disclosures as required by Accounting Standards and other announcements issued by The Institute of Chartered Accountants of India

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

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
Sundry Creditors	4,800	GBP	326,544
	(5,395)		(364,118)
	44,276	EURO	2,681,355
	(17,439)		(1,270,783)
	208,193	USD	9,397,882
	(171,237)		(8,727,925)
	1,026	ZAR	6,259
	(Nil)		(Nil)
	1,170	CHF	49,901
	(Nil)		(Nil)
	13,000	DKK	105,820
	(Nil)		(Nil)
Sundry Debtors	1,652	AUD	67,930
	(1,652)		(57,853)
	16,841,622	JPY	8,158,082
	(23,605,314)		(12,244,076)
	Nil	CAD	Nil
	(69,189)		(2,890,029)
	7,219	SGD	231,008
	(186,169)		(6,208,723)
	7,552,086	ZAR	46,067,725
	(7,872,387)		(42,432,168)
	Nil	GBP	Nil
	(2,027,941)		(147,755,772)
	Nil	EURO	Nil
	(8,028,437)		(539,796,290)
Loans – Availed			
Term Loan	10,811,512	USD	488,031,641
	(14,695,997)		(748,761,047)
PCFC Loans	13,650,000	USD	616,161,000
	(6,752,467)		(344,038,194)
EEFC Accounts	3,735,150	USD	168,604,671
	(3,399,554)		(173,207,254)
	593,429	GBP	40,370,195
	(1,272,581)		(92,720,276)
	1,111,867	EURO	67,334,693

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.
	(2,054,337)		(138,626,692)
	16,437,438	JPY	7,962,595
	(39,826,163)		(20,657,831)
	9,705,955	ZAR	59,206,326
	(10,109,188)		(53,275,421)
	103,050	SGD	3,297,600
	(25,161)		(881,124)
Bank Deposits	76,072	GBP	5,175,178
	(75,636)		(5,510,839)

* Previous Year figures have been shown in the brackets ()

3.1 ii) Cash Flow hedges (Disclosure as required by AS-30 "Financial Instruments: Recognition and Measurements".

A) In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into Derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments and highly probable forecasted transactions. The Management has assessed the effectiveness of its hedging contracts outstanding as on March 31, 2010 as required by AS-30 and accordingly the MTM loss of Rs. 226,688,046/- (Previous year Rs. 1,631,303,249) is recognized in the Hedging Reserve. Further the assessment of effectiveness as performed by the management of the Company is also confirmed by an independent expert.

B) The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Company which have been designated as Cash Flow Hedges as on 31st March, 2010:

Type of cover	Amount outstanding at year end in Foreign currency	Fair Value Gain/(Loss)	Amount outstanding at year end	Exposure to Buy/Sell
Forward	EUR 2,700,000 (700,000)	2,626,943 (10,895,360)	163,512,000 (47,236,000)	Sell
Forward	USD 104,950,000 (204,600,000)	(244,878,814) (1,773,419,497)	4,737,443,000 (10,424,370,000)	Sell
Forward	GBP 550,000 (Nil)	464,964 (Nil)	37,416,500 (Nil)	Sell

C) The movement in hedging reserve during year ended March 31, 2010 for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Balance at the beginning of the year	(1,631,303,249)	(19,980,053)
Gain/(Losses) transferred to income statement on occurrence of forecasted hedge transaction	703,872,120	63,865,983
Changes in the fair value of effective portion of outstanding cash flow derivative	700,743,083	(1,675,189,179)
Net derivative gain/(losses) related to discounted cash flow hedge	-	-
Balance at the end of the year	(226,688,046)	(1,631,303,249)

3.2 The disclosures as per the revised Accounting Standard 15 on "Employee Benefits", (AS 15) issued by the Institute of Chartered Accountants of India are as follows:

Gratuity:

Change in defined benefit obligation

Particulars	Amount
Projected benefit obligation at the beginning of the year	31,673,922 [27,972,069]
Add: Projected benefit obligation at the beginning of the year on account of Sparta Infotech India Pvt. Ltd., Subsidiary of Sparta Consulting Inc., acquired during the year (Refer Note No. 4.b)	336,480 [Nil]
Service cost	15,776,017 [15,988,148]
Interest cost	2,242,411 [2,097,905]
Actuarial loss/(Gain)	(5,993,451) [(12,766,918)]

Change in defined benefit obligation

Particulars	Amount
Benefits paid	(2,338,026) [(1,617,282)]
Projected benefit obligation, end of the period	41,697,354 [31,673,922]

Change in fair value of plan assets

Particulars	Amount
Fair value at the beginning of the year	- [-]
Expected return on plan assets	- [-]
Contributions	2,338,026 [1,617,282]
Benefits paid	(2,338,026) [(1,617,282)]
Actuarial gain/(loss) on plan assets	- [-]
Fair value at the end of the year	- [-]

The Company's gratuity plan is a defined benefit plan and the liability is provided for the shortfall of fair value of plan assets as compared to the projected benefit obligation. Defined benefit asset is recognized only to the extent of projected benefit obligation as no economic benefit available in the form of refunds from the plan or reductions in the future contributions to the plan. The Company's plan assets of Rs 9,602,558 are not considered for recognizing liability for Gratuity.

Amount Recognised in the Balance Sheet	Amount
Liability at the end of the year	41,697,354 [31,673,922]
Fair Value of Plan Assets at the end of the year	- [-]
Difference	41,697,354 [31,673,922]
Amount Recognised in the Balance Sheet	41,697,354 [34,976,440]

Net period gratuity cost	Amount
Service cost	15,776,017 [15,988,148]
Interest cost	2,242,411 [2,097,905]
Net actuarial loss/(Gain)	(5,993,451) [(12,766,918)]
Expected return on plan assets	- [-]
Net period gratuity cost	12,024,977 [5,319,135]

Assumptions (other than for Sparta Infotech India Pvt. Ltd.):

Discount rate	-	8% (7%)
Rate of increase in compensation levels of covered employees	-	5% (4%)
Expected rate of return on plan assets	-	8% (7%)

Assumptions (Sparta Infotech India Pvt. Ltd.):

Discount rate	-	7.5%
Rate of increase in compensation levels of covered employees	-	5%

Leave Encashment:

Under Accounting Standard 15, the carry forward leaves have been accounted for as short-term benefits on actual basis for the Company. The provision for encashment of unavailed leave is made on actual basis for all its subsidiaries except for Sparta Infotech India Private Limited, whereby leave encashment is accrued on an actuarial valuation carried out by an independent actuary at each Balance Sheet date using projected unit credit method. The Company does not expect the difference on account of varying methods to be material.

The actual movement in the said provision is as under :

(Amount in Rs.)

Particulars	2009-10	2008-09
Carrying Amount as at the beginning of the year	95,159,490	4,192,047
Add : On account of Sparta Consulting Inc., acquired during the year (Refer Note No. 4.b)	10,803,805	-
Additional provision made during the year	113,127,064	152,777,438
Amount Paid/Utilized during the year	31,547,216	7,827,213
Unused amount Reversed during the year	101,317,970	53,982,783
Carrying amount at the end of the year	86,252,172	95,159,490

Leave Encashment (Sparta Infotech India Pvt. Ltd.):

Change in present value of obligation

Particulars	Amount
Present value of obligation at the beginning of the year	255,954
Service cost	179,394
Interest cost	19,197
Actuarial loss/(Gain)	471,237
Benefits paid	(628,286)
Present value of obligation, end of the period	297,496

Change in fair value of plan assets

Particulars	Amount
Fair value at the beginning of the year	-
Expected return on plan assets	-
Contributions	-
Benefits paid	-
Actuarial gain	-
Fair value at the end of the year	-

Amount Recognised in the Balance Sheet	Amount
Liability at the end of the year	297,496
Fair Value of Plan Assets at the end of the year	- [-]
Difference	297,496
Amount Recognised in the Balance Sheet	297,496

Net period cost	Amount
Service cost	179,394
Interest cost	19,197
Net actuarial loss / (Gain)	471,237
Expected return on plan assets	-
Net period cost	669,828

Assumptions :

Discount rate - 7.5%
Rate of increase in compensation levels of covered employees - 5%

3.3 Segment Information:

The Company's operations predominantly relate to providing technology services globally. The revenues shown have been classified into regions to comprise the primary basis of the segment information. Segment wise revenue and net results for the year ended on March 31, 2010 are as follows

1]	**Segment revenue**	**FY 2009-10**	**FY 2008-09**
	- USA	4,392,436,090	4,376,651,023
	- UK & Europe	2,223,564,611	2,842,843,428
	- Rest of the World	700,406,315	712,053,992
	Total	**7,316,407,016**	**7,931,548,443**
	Less: Inter segment revenue	-	-
	Net Revenue	7,316,407,016	7,931,548,443
2]	Segment Results Profit/(Loss)		
	- USA	1,750,021,682	1,629,891,739
	- UK & Europe	656,570,364	992,622,435
	- Rest of the World	85,061,439	130,806,230
	Total	**2,491,653,485**	**2,753,320,404**
3]	**Less:**		
	- Interest	27,414,948	45,474,160
	- Other unallocable expenditure net of unallocable income *	1,437,787,446	1,930,016,050
	Total Profit before Tax and Minority Interest	**1,026,451,091**	**777,830,194**

* The expenses on common facilities in India inclusive of expenses of common staff used interchangeably for all geographies is shown as unallocable expenditure and the same has not been apportioned across the geographies.

Segmental Capital Employed

The fixed assets used in the Company's business or the liabilities contracted have not been identified to any of the reportable geographies as the fixed assets and support services are common for all reportable segments. Accordingly, no disclosure related to total segment assets and liabilities has been made.

3.4 Disclosure of transactions with Related Parties (AS 18) during the Financial Year 2009-10

Name of the Related Party	Description of Relationship	Nature of Transaction	Amount of Transaction during the year	Balance as on March 31, 2010 Debit/(Credit)
Mr. Kishor Patil	Key Management Personnel	Salary & Reimbursement of Expenses	4,437,763 [4,506,031]	(34,892) [Nil]
Mr. Pawan Sharma	Key Management Personnel	Salary & Reimbursement of Expenses	8,275,097 [7,808,755]	(49,320) Nil
Mr. Sachin Tikekar	Key Management Personnel	Salary & Reimbursement of Expenses	7,374,669 [9,725,354]	(24,882) [284,205]
Mr. Nitin Tarte	Key Management Personnel	Salary & Reimbursement of Expenses	888,417 [348,024]	Nil [Nil]
Mr. Probodh Chiplunkar	Key Management Personnel	Salary & Reimbursement of Expenses	12,032,905 [15,301,274]	Nil [Nil]
Mr. Sanjay Mandal	Key Management Personnel	Salary & Reimbursement of Expenses	15,162,345 [10,193,963]	Nil [Nil]
Mr. Pankaj Sathe	Key Management Personnel	Salary & Reimbursement of Expenses	24,196,652 [28,174,973]	1,957,486 [Nil]
		Advances	Nil [Ni]	Nil [2,315,044]
Mr. Chinmay Pandit	Relative of Key Management Personnel	Salary & Reimbursement of Expenses	8,825,843 [7,875,288]	Nil [Nil]
Ms. Jayada Pandit	Relative of Key Management Personnel	Salary & Reimbursement of Expenses	1,736,817 [2,735,953]	Nil [Nil]

Name of the Related Party	Description of Relationship	Nature of Transaction	Amount of Transaction during the year	Balance as on March 31, 2010 Debit/(Credit)
KP Corporate Solutions Ltd.	Common Key Management Personnel	Sales	4,531,250 [4,264,000]	268,029 [2,622,373]
		Professional Fees	3,082,292 [281,954]	Nil [Nil]

Note: Amount in bracket [ ] represents previous year figures.

3.5 Lease Transactions

Finance lease:

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

Reconciliation between future minimum lease payments and their present values under finance lease as at March 31, 2010 is as follows:

Particulars	FY 2009-10	FY 2008-09
Minimum lease payments		
- Not later than one year	1,947,322	2,778,638
- Later than one year and not later than five years	707,986	2,709,072
- Later than five years	Nil	Nil
Total minimum lease payments	2,655,308	5,487,710
Amount representing future Interest	291,245	868,280
Present value of minimum lease payments	2,364,063	4,619,430
- Not later than one year	1,649,807	2,196,329
- Later than one year and not later than five years	714,256	2,423,101
- Later than five years	Nil	Nil

Operating lease -

Obligations towards non-cancellable operating Leases:

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

Particulars	FY 2009-10	FY 2008-09
Operating Lease obligations		
- Not Later than one year	49,071,753	34,579,950
- Later than one year and not later than five years	138,389,721	65,617,719
- Later than 5 years	Nil	Nil
Total	**187,461,474**	**100,197,669**

Rental expenses of Rs. 42,661,414/- (PY Rs. 48,303,471/-) in respect of obligation under operating leases have been recognised in the Profit & Loss Account.

3.6 Earnings per share:

Basic earnings per share is computed by dividing the net profit after tax by the weighted number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted number of equity shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued upon conversion of dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares.

Particulars		FY 2009-10	FY 2008-09
Basic Earnings Per Share			
Profit attributable to equity shareholders	Rs.	857,308,602	658,516,359
Weighted average number of equity shares of Rs. 2/- each	No. of Shares	78,166,731	78,015,708

Particulars		FY 2009-10	FY 2008-09
Earnings Per Share – basic	Rs.	10.97	8.44
Diluted Earnings Per Share			
Weighted average number of diluted equity shares	No. of shares	79,379,629	78,279,512
Earnings per share – diluted	Rs.	10.80	8.41
Nominal value per Equity share	Rs.	2/-	2/-
Basic Earnings Per Share	Rs.	10.97	8.44
Diluted Earnings Per Share	Rs.	10.80	8.41

3.7 Deferred Tax Provision

Deferred tax liability includes liability arising on account of timing differences of depreciation on fixed assets originating in the tax holiday period, however reversing after the tax holiday period in case of entities under tax holiday, and on account of timing difference originating during the financial year for entities not covered under any tax holiday. The details of deferred tax liability computed accordingly are as under:

Particulars	FY 2009-10	FY 2008-09
Timing difference originating during the year on account of depreciation	265,641,183	108,229,755
Timing Differences Reversing during the tax holiday period on account of depreciation	109,612,912	105,197,688
Timing Differences Reversing after the tax holiday period on account of depreciation	156,028,270	3,032,067
Timing Differences arising/(reversing) during the year for units which do not have 10 A benefits/ have exhausted 10A benefit on account of depreciation / Provision for doubtful debts	(1,992,966)	7,223,376
Total Timing Differences	154,035,305	10,255,443
Deferred Tax Liability/(Asset) on account of timing differences reversing after the tax holiday period	51,149,416	59,608,461
Deferred Tax Asset	-	-
Net Deferred Tax Liability	51,149,416	59,608,461

3.8 Provisions

The details of provision and movement in each class of provision required by Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are as follows:

1) Provision for Variable Pay

The annual salary of certain eligible employees comprise of a performance based payment, for which provision is made in the books.

While providing for such amount, the Company relies on the past experience as regards to the actual payments.

Such amount is paid to employees on the basis of employee's performance and additional criteria as decided by the Management.

The actual movement for such provision is as under:

Particulars	2009-10	2008-09
Carrying Amount as at the beginning of the year	74,909,815	94,339,739
Additional Provision made during the year	325,392,690	324,318,344
Amount Paid / Utilized during the year	122,419,910	205,953,891
Unused amount Reversed during the year	157,559,924	137,794,377
Carrying amount as at the end of the year	120,322,671	74,909,815

2) Provision for warranty obligations

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 1 suppliers. The actual movement in the said provision is as under:

Particulars	2009-10	2008-09
Carrying Amount as at the beginning of the year	6,383,000	3,506,200
Additional Provision made during the year	Nil	6,383,000
Amount Paid/Utilized during the year	Nil	Nil

Particulars	2009-10	2008-09
Unused amount Reversed during the year	2,953,000	3,506,200
Carrying amount as at the end of the year	3,430,000	6,383,000

4. Other Disclosures and Explanatory Notes (Subsidiaries):

a) KPIT Infosystems Ltd. UK:

During the current year KPIT Infosystems Limited, UK, a wholly-owned subsidiary of KPIT Cummins Infosystems Ltd., has increased share capital by GBP 2,700,000. During the current year, KPIT Infosystems Ltd., UK has acquired balance 40% of the shares of KPIT Infosystems GmbH, Germany and now the same is a wholly-owned subsidiary of KPIT Infosystems Limited, UK.

During the year, KPIT Infosystems Ltd., UK has repaid loan of GBP 850,000.

b) KPIT Infosystems Inc., USA:

During the current year, KPIT Infosystems Inc., USA, has acquired 100% shares of Sparta Consulting Inc., USA (California based SAP solutions Firm) for initial merger consideration of USD 8,000,000 and now the same is a wholly-owned subsidiary of KPIT Infosystems Inc., USA. KPIT Infosystems Inc., USA, shall pay Additional Merger Consideration to the equityholders of Sparta Consulting Inc., aggregate amount not exceeding USD 24,000,000. The payment of additional merger consideration is based on the achievement of the performance targets set forth in the agreement over the performance period which commences on January 1, 2010 and ending on December 31, 2012. KPIT Infosystems Inc., USA, will also pay Deferred Merger Consideration on the second anniversary of the Closing Date, not exceeding an amount of USD 2,000,000.

During the current year KPIT Infosystems Inc., USA, a wholly-owned subsidiary of KPIT Cummins Infosystems Ltd., has increased share capital USD 12,750,000. During the current year, KPIT Infosystems Inc., USA has acquired balance 10% shares of KPIT Infosystems Inc. (SolvCentral.Com) and now the same is a wholly-owned subsidiary of KPIT Infosystems, USA.

During the current year KPIT Infosystems Inc., USA has granted loan of USD 3,000,000 to Sparta Consulting Inc.

c) KPIT Infosystems Central Europe Sp.z o.o. Poland:

KPIT Infosystems Central Europe Sp.z o.o., Poland has repaid loan of PLN 200,000 during the current year.

d) KPIT Infosystems GmBH, Germany:

During the year, KPIT GmbH has repaid loan of Euro 155,000 to KPIT Infosystems Ltd., UK.

e) KPIT Infosystems France SAS, France (Formerly known as Pivolis):

During the year, KPIT Infosystems France SAS, France (Formerly known as Pivolis) has repaid loan fully.

f) The previous year's figures have been regrouped/rearranged, wherever necessary to conform to the current year's classification.

Signatories to Schedule I to XV

For and on behalf of Board of Directors

Anil Patwardhan
Vice President - Finance

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

Kishor Patil
CEO & Managing Director

Anil Khatri
Company Secretary

Girish Wardadkar
President & Executive Director

Pune
May 07, 2010

Statement pursuant to Section 212 of the Companies Act, 1956, forming a part of the Directors' Report

Name of the Subsidiary Company	KPIT Infosystems Limited, UK	KPIT Infosystems Inc., USA	KPIT Cummins Global Business Solutions Limited	KPIT Infosystems Gmbh, Germany	KPIT Infosystems Central Europe Sp.z o.o., Poland	KPIT Infosystems Inc (a.k.a. SolvCentral.com), USA	KPIT Infosystems France SAS (Formerly Pivolis SAS)	Sparta Consulting Inc., USA	Sparta Infotech India Private Limited
Financial Year of the Subsidiary Company	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010	Ended on March 31, 2010
Holding Company's Interest	100%	100%	100%	100%(through KPIT Infosystems Ltd.,UK)	100%	100%(through KPIT Infosystems Inc.,USA)	100%	100% (through KPIT Infosystems Inc.,USA)	100% (through KPIT Infosystems Inc.,USA)
Number of Shares held by KPIT Cummins Infosystems Limited in the Subsidiary Company	3,701,000 Ordinary shares of GBP 1/- each	10,592 Ordinary Stock at par	4,399,940 Equity Shares of Nominal Value Rs.10 each	2 Shares of Nominal Value Euro 20,000 & Euro 30,000 respectively (held through KPIT Infosystems Ltd., UK)	4,315 Shares of Nominal Value PLN 1,000 each	2,550 Shares of Nominal Value USD 1each (held through KPIT Infosystems Inc., USA)	100,000 Shares of Nominal value Euro 1 each	5,180,200 Equity shares of Nominal Value USD 1 each (held through KPIT Infosystems Inc., USA)	10,000 Equity shares of Nominal Value Rs. 10 each
The net aggregate of Profit/(loss) for the current financial year of Subsidiary Company, so far it concerns to the members of the Company:									
Dealt with in accounts of Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Not dealt with in the accounts of Holding Company	Loss: (GBP 87,837) Profit: (PY GBP 121,499)	Profit: USD 266,167 Profit: (PY USD 882,367)	Profit: 145,657,103 Loss: (PY INR 74,414,032)	Loss: (EUR 270,095) Profit: (PY EUR 83,832)	Loss: (PLN 344,090) Loss: (PY PLN 1,277,896)	Loss: (USD 13,977) Loss: (PY USD 76,156)	Profit: EUR 91,790 Profit: (PY EUR 192,831)	Profit: USD 402,150 Nil	Profit: Rs. 3,459,625 Nil
The net aggregate of profit/(loss) for the previous financial years of the Subsidiary Company, so far it concerns to the members of the Holding Company:									
Dealt with in the accounts of Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Not dealt with in the accounts of Holding Company	Loss:(GBP 643,125) Loss: (PY GBP 555,288)	Profit:USD 1,205,934 Profit:(PY USD 939,767)	Profit: INR 107,988,146 Loss: (PY INR 37,668,956)	Loss: (EUR 643,282) Loss: (PY EUR 373,187)	Loss: (PLN 6,081,925) Loss: (PY PLN 5,737,835)	Loss:(USD 799,685) Loss: (PY USD 813,664)	Profit: EUR 244,724 Profit: (PY EUR 152,934)	Profit: USD 402,150 Nil	Profit: Rs. 3,459,625 Nil

For and on behalf of the Board of Directors

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

Pune, May 7, 2010

Consolidated financial statement of Subsidiaries - 2009-10

(Amount in Rs. Million)

Sr. No.	Name of the Subsidiary	% of Holding	Share Capital	Reserves & Surplus	Total Assets	Total liabilities [excl. (3) & (4)]	Investment (except in case of investment in subsidiaries)	Sales	Other Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend (incl. dividend tax)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	KPIT Infosystems Limited, UK	100%	285.85	(77.90)	454.38	246.43	-	872.60	-	(6.11)	0.54	(6.64)	-
2	KPIT Infosystems Inc., USA	100%	841.02	35.76	1,302.32	425.54	-	3,483.74	-	55.24	42.64	12.60	-
3	KPIT Infosystems France SAS, France (formerly Pivolis SAS.)	100%	5.43	15.45	232.07	211.20	-	341.97	-	11.41	5.27	6.13	-
4	SolvCentral.com, Inc., USA (a)	-	0.12	36.10	65.11	28.90	-	128.90	-	(0.64)	0.02	(0.66)	-
5	KPIT Cummins Global Business Solutions Limited, India	100%	44.00	303.99	387.67	39.68	-	516.64	-	148.33	2.68	145.66	-
6	KPIT Infosystems GmbH, Germany (b)	-	2.69	(38.62)	188.36	224.29	-	503.44	-	(18.04)	-	(18.04)	-
7	Sparta Consulting Inc., USA (c)	-	212.36	(215.45)	339.39	342.48	-	578.70	-	19.19	0.15	19.04	-
8	KPIT Infosystems Central Europe Sp.z o.o, Poland	100%	62.38	(89.52)	21.15	48.28	-	33.15	-	(5.52)	-	(5.52)	-
9	Sparta Infotech India Private Limited, India (c)	100%	54.88	29.99	110.78	25.92	-	50.29	1.48	4.08	0.62	3.46	-

a) 100% owned by KPIT Infosystems Inc., USA

b) 100% owned by KPIT Infosystems Limited, UK

c) 100% owned by KPIT Infosystems Inc., USA

Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of KPIT Cummins Infosystems Limited will be held on Friday, the 16th day of July 2010, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase – I, Hinjawadi, Pune – 411 057 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account ended as on that date together with the reports of the Directors' and the Auditors' thereon.

2. To declare dividend for the financial year ended March 31, 2010. The Board has recommended dividend @ 35% [Rupees 0.70 per equity share of Rupees 2/- each].

3. To appoint a Director in place of Mr. Anant Talaulicar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Amit Kalyani, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Dr. Srikant Datar, who retires by rotation and being eligible, offers himself for re-appointment.

6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following as a **SPECIAL RESOLUTION:-**

   "RESOLVED THAT -

   The Company approves –

   (a) subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII of the Companies Act, 1956, the re-appointment of Mr. Girish Wardadkar as the President & Executive Director of the Company for a period of five years with effect from January 19, 2010, on the terms and conditions specified in the Agreement entered into between the Company and Mr. Girish Wardadkar, on such remuneration as set out in the explanatory statement.

   (b) subject to the limits specified in Section 198 and 309 read with Section I of Part II of Schedule XIII, of the Companies Act 1956, an annual increment upto 15% of the gross remuneration including salary, performance bonus, variable performance incentive and other allowances, payable to Mr. Girish Wardadkar during his tenure as President & Executive Director of the Company.

   (c) payment of remuneration specified in Para (b) read with Para (a) above as the minimum remuneration, subject to the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time, subject to the approval of the members in General Meeting and Central Government, if necessary, if in any financial year, during the tenure of Mr. Girish Wardadkar as President & Executive Director, the Company incurs a loss or its profits are inadequate.

   The Company authorizes its Board to vary and revise, the terms of the Agreement entered between the Company and Mr. Girish Wardadkar (including remuneration and determining a break-up of various components of the remuneration) payable to the President & Executive Director during the tenure of his appointment within the limits laid down in Schedule XIII to the Companies Act, 1956 subject to necessary approvals.

8. To consider and if thought fit, to pass with or without modification(s), the following as a **SPECIAL RESOLUTION:-**

   "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 including statutory modifications and re-enactments thereof, and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to Mr. Chinmay Shashishekhar Pandit, a relative of Mr. S.B. (Ravi) Pandit, Chairman and Group CEO of the Company, to hold and continue to hold an office or place of profit as Senior Manager - Business Development, or such other post as he may be promoted hereafter, in the Company, at a salary upto Rs. 19.50 lacs per annum [inclusive of Variable (KRA and Company based) Performance Incentive per annum and other allowances, perquisites, benefits and amenities]with normal increment as per the policy of the Company as applicable to the other employees in his grade for period of 10 years and with effect from July 16, 2010.

   RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and take such steps as may be necessary and desirable to give effect to this resolution".

9. To consider and if thought fit, to pass with or without modification(s), the following as a **SPECIAL RESOLUTION**:-

   "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 including statutory modifications and re-enactments thereof, and subject to the approval of the Central Government, consent be and is hereby accorded to Ms. Jayada Chinmay Pandit, a relative of Mr. S.B. (Ravi) Pandit, Chairman and Group CEO of the Company, to hold and continue to hold an office or place of profit as Senior Executive-CAT, or such other post as she may be promoted hereafter, in the Company, at a salary upto Rs. 11 lacs per annum [inclusive of Variable (KRA and Company based) Performance Incentive per annum and other allowances, perquisites, benefits and amenities] with normal increment as per the policy of the Company as applicable to the other employees in her grade for period of 10 years and with effect from July 16, 2010.

   RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and take such steps as may be necessary and desirable to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following as a **SPECIAL RESOLUTION**:-

"RESOLVED THAT subject to all other terms, conditions and stipulations under the ESOP 1998, ESOP 2004 and ESOP 2006 Schemes (hereinafter referred to as 'Schemes'), consent of the Company be and is hereby accorded to the Board of Directors including Compensation Committee of the Company to create, grant, offer and allot to eligible employees under the Schemes and to the Non-executive Directors including any Independent Directors of the Company, Stock Options not exceeding the limits specified below:

Schemes - ESOP 1998, ESOP 2004 and ESOP 2006

A. For Eligible Employees:

Particulars	Number of Stock Options ESOP 1998*	Number of Stock Options ESOP 2004	Number of Stock Options ESOP 2006
Maximum number of Stock Options to be granted per employee	7,500	7,50,000	7,86,500
Maximum number of Stock Options to be granted in aggregate	16,175	49,81,300	47,50,000

B. For Non-executive Directors:

Particulars	Number of Stock Options ESOP 1998*	Number of Stock Options ESOP 2004	Number of Stock Options ESOP 2006
Maximum number of Stock Options to be granted per Director	365	36,500	50,000
Maximum number of Stock Options to be granted in aggregate	1,825	1,82,500	2,50,000

*One option represents 100 shares

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to this resolution."

By Order of the Board of Directors
For **KPIT Cummins Infosystems Limited**

Place: Pune
Date : May 7, 2010

Anil Khatri
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. UNDER THE COMPANIES ACT, 1956 VOTING IS BY A SHOW OF HANDS UNLESS A POLL IS DEMANDED BY A MEMBER(S) PRESENT IN PERSON, OR BY PROXY, HOLDING ATLEAST ONE-TENTH OF THE TOTAL SHARES ENTITLED TO VOTE ON THE RESOLUTION OR BY THOSE HOLDING PAID-UP CAPITAL OF AT LEAST RS. 50,000. A PROXY SHALL NOT VOTE EXCEPT ON A POLL. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company will remain closed from, July 10, 2010 to July 16, 2010 (both days inclusive) for the purpose of Annual General Meeting and Dividend.

4. Members holding shares in physical form are requested to communicate immediately any change in address to the share transfer agents of the Company. Members holding shares in dematerialized form are requested to notify change in address, if any, to their respective Depository Participants (DPs).

5. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Vice-President – Finance at anil.patwardhan@kpitcummins.com or to the Company Secretary at anil.khatri@kpitcummins.com so as to reach at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

6. **SEBI has made it mandatory to distribute dividends through Electronic Clearing Service (ECS); now National-Electronic Clearing System (NECS). Members holding shares in electronic form may kindly note that their Bank account details, as furnished by their DPs to the Company, will be printed on their dividend warrants as per the applicable regulations of the DPs. Members are requested to notify change in their Bank account details, if any, to their DPs immediately and not to send the requests for the change in their Bank account details directly to the Company or to its Share Transfer Agent.**

   Members holding shares in physical form are requested to intimate to the share transfer agent of the Company under the signature of the sole/first joint holder(s), the following information to be incorporated on dividend warrants.

   i. Name of the sole/first joint holder(s) and the folio number.

   ii. Particulars of Bank account like name of the bank, name of branch, bank account number allotted by the bank, complete address of the bank with pin code.

7. Members are requested to:

   - quote Registered Folio numbers in their correspondence(s) to the Company.
   - direct all correspondence related to shares to the Share Transfer Agent of the Company at Link Intime India Private Limited (Mr. Bhagwant Sawant) Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune - 411 001. Telefax: 91- 020-2605350 E-mail: bhagavant.sawant@linkintime.co.in or to the Registered Office of the Company.
   - approach the Company for consolidation of folios, if shareholdings are under multiple folios.
   - **bring copies of the Annual Report and the Attendance Slip duly filled in at the Annual General Meeting.**
   - **take note that SEBI had included the securities of the Company in the list of companies for compulsory settlement of trades in dematerialized form for all the investors effective June 26, 2000. Accordingly, shares of the Company can be traded only in dematerialized form with effect from June 26, 2000. Members holding shares in physical form are, therefore, requested to get their shares dematerialized at the earliest.**

8. The certificate from Auditors of the Company certifying that the Company's Employee Stock Option Scheme 1998, Employee Stock Option Plan, 2004 and 2006 are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution passed at the general meeting(s) will be available for inspection by the members at the meeting.

9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary at anil.khatri@kpitcummins.com, or at the Company's registered office. Members are requested to note that dividends not en-cashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and protection Fund (IEPF).

10. Register of Director's Shareholding and Register of Contracts are open for the inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

11. Members interested in availing transport facility are requested to register themselves at least five days before the meeting by contacting at sachin.chipade@kpitcummins.com or at +91 20 6652 5000 (Extn.: 5015).

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Clause 49.IV(G) of Listing Agreement with Stock Exchanges]

Item No. 3, 4 and 5

Mr. Anant Talaulicar holds a B.E. Mechanical degree from Mysore University, a M.S. degree from the University of Michigan in Ann Arbor and a MBA from Tulane University, USA. He has worked for Cummins for 17 years in the U.S. in varied fields like Finance, Manufacturing, Product Management, Strategy, Marketing and General Management. He has led the USD 300 Million North & South American Commercial Power Generation business. Mr. Anant Talaulicar is the Chairman of the Quality Council Committee of the Company.

Mr. Anant Talaulicar does not hold any equity shares in the Company as on May 7, 2010.

The details of his directorship and membership of committees in other Indian companies are as follows:

Sr. No.	Name of Company	Nature of Interest
1.	Cummins India Ltd.	Chairman & Managing Director
2.	Valvoline Cummins Ltd.	Director
3.	Cummins Research & Technology India Ltd.	Director
4.	Cummins Technologies India Ltd.	Director
5.	Cummins Generator Technologies India Ltd.	Chairman
6.	Tata Cummins Ltd.	Managing Director
7.	Remex Finance Pvt. Ltd.	Director
8.	Trihans Trading Pvt. Ltd.	Director

Sr. No.	Name of Company	Nature of Committee	Whether Chairman/ Member
1.	Cummins India Ltd.	Finance and Audit Committee Shareholders/Investor Grievance Committee	Member Member
2.	Valvoline Cummins Ltd.	Audit Committee	Member
3.	Tata Cummins Ltd.	Audit Committee	Member

Mr. Amit Kalyani has received his Bachelor's in Mechanical Engineering from Bucknell University, Pennsylvania, USA. He joined Kalyani Steels Limited in 1997 and was deputed to Carpenter Technology Corporation, USA for technical training and to oversee technology transfer to the new joint venture viz., Kalyani Carpenter Special Steels Limited. On successful completion of the assignment, he returned to India to join Bharat Forge Limited, in 1998 as Vice-President & Chief Technology Officer. Mr. Amit Kalyani is currently the Executive Director of Bharat Forge Ltd., the flagship company of Kalyani Group. Mr. Amit Kalyani is involved in the Company's strategic planning and global business development initiatives and contributes significantly across functions such as manufacturing, marketing, exports and technology upgradation of the Company. He chairs the HR & Compensation (Remuneration) Committee of the Company.

The details of his directorship and membership of committees in other Indian companies are as follows:

Sr. No.	Name of Company	Nature of Interest
1.	Bharat Forge Ltd.	Director
2.	Kalyani Forge Ltd.	Director
3.	Kalyani Investments Co. Ltd.	Director
4.	BF Utilities Ltd.	Director
5.	Kalyani Infotech Solutions Ltd.	Director
6.	Nandi Economic Corridor Enterprises Ltd.	Director
7.	Nandi Infrastructure Corridor Enterprise Ltd.	Director
8.	Khed Developers Ltd.	Director
9.	BF-NTPC Energy Systems Ltd.	Director
10.	BF Investments Ltd.	Director
11.	Kalyani Alstom Power Ltd.	Director
12.	Epicentre Technologies Pvt. Ltd.	Director
13.	True Value Holdings Pvt. Ltd.	Director
14.	Crocus Properties Pvt. Ltd.	Director
15.	Khed Economic Infrastructure Pvt. Ltd.	Director
16.	Ajinkya Investment & Trading Co. Pvt. Ltd.	Director

Sr. No.	Name of Company	Nature of Committee	Whether Chairman Member
1.	BF Utilities Ltd.	Audit Committee Shareholders/Investor Grievance Committee	Member Member
2.	Nandi Economic Corridor Enterprises Ltd.	Audit Committee	Member
3.	Nandi Infrastructure Corridor Enterprise Ltd.	Audit Committee	Member

Mr. Amit Kalyani holds 6,000 Equity Shares (0.008% of paid up Equity Capital) in the Company as on May 7, 2010.

Dr. Srikant Datar is Arthur Lowes Dickinson Professor of Accounting & Senior Associate Dean of Harvard Business School. A Gold Medalist from Indian Institute of Management, Ahmedabad, Gold Medalist from Institute of Cost and Works Accountants of India and a Chartered Accountant, he also holds a Ph.D. from Stanford University. Dr. Datar's areas of interest are Strategy Implementation and Execution, Cost management and management control areas and Corporate Governance. He has worked with many global corporations on consulting and field-based projects in management accounting and control. He is a winner of George Leland Bach Award for Excellence in the Classroom at Carnegie Mellon University and Distinguished Teaching Award at Stanford University. He is also the co-author of the leading text book on Cost Accounting. He is a member of the HR & Compensation (Remuneration) Committee of the Company.

Dr. Srikant Datar does not hold directorship in any other Indian company.

Dr. Srikant Datar holds 6,000 Equity Shares (0.008% of paid up Equity Capital) in the Company as on May 7, 2010.

Mr. Girish Wardadkar is B.E. (Mechanical) from VJTI, Mumbai and M.M.S. from JBIMS, Mumbai in Operations Management & Advanced Financial Management. He brings with him over two decades of professional experience and business leadership with companies such as Wipro and General Electric. His experience extends across areas such as IT, BPO, Sales & Marketing, Manufacturing & Engineering, Implementing and Operating Global Programs and General Management. At KPIT Cummins, he is responsible for Operations Management. Mr. Girish Wardadkar has played an active role in formulating the operational policy – One Team, One Goal, Zero Surprises. He drives operations of the Company drawing upon six sigma process and metrics driven focus and above all, best practices in people management. He has initiated numerous activities to achieve process excellence, and to enhance the quality of talent in the Company.

The details of his directorship in other Indian companies are as follows:

Sr. No.	Name of Company	Nature of Interest
1.	KPIT Cummins Global Business Solutions Ltd.	Director

Mr. Girish Wardadkar holds 45,000 Equity Shares (0.06% of paid up Equity Capital) in the Company as on May 7, 2010.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 7

Mr. Girish Wardadkar was appointed as President & Executive Director of the Company pursuant to an Agreement effective from January 19, 2005 for a period of 5 years. Considering the contribution of Mr. Girish Wardadkar in the overall growth of the Company, it is proposed to re-appoint Mr. Girish Wardadkar as President & Executive Director of the Company for a further period of 5 years w.e.f. January 19, 2010 at a revised remuneration w.e.f. April 1, 2010. The Board, at its meeting held on January 20, 2010, has approved the re-appointment of Mr. Girish Wardadkar, subject to the approval of the members in the general meeting.

The principal terms and conditions of appointment and remuneration for Mr. Girish Wardadkar as President & Executive Director and as contained in his agreement with the Company are as follows:

a) Period of appointment: 5 years w.e.f. January 19, 2010.

b) Nature of Duties: The President & Executive Director shall carry out such functions, exercise such powers and perform such duties as the Board shall from time to time in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board, the President & Executive Director shall have the general control and management of the corporate functions like Resource and Recruitment, Organization Development, Human Resource, Corporate Services and Delivery Units, except in the matters which may be specifically required to be done by the Board pursuant to the provisions of the Companies Act, 1956 or by the Articles of Association of the Company or pursuant to specific resolution of the Board.

c) The President & Executive Director shall be entitled to the following remuneration comprising of basic salary, perquisites and allowances including annual revisions in salary upto 15% of the gross remuneration including salary, performance bonus, variable performance incentive and other allowances, as may be decided and recommended by the HR & Compensation (Remuneration) Committee from time to time, within the overall limits prescribed under the Companies Act, 1956:

(a) Salary:

The aggregate of salary, other allowances and bonus to Mr. Girish Wardadkar, President & Executive Director, shall be in the scale of Rs.72 Lacs (Rupees Seventy Two Lacs) to Rs.176 Lacs (Rupees One Hundred and Seventy Six Lacs only).

(b) Perquisites:

The limits for perquisites shall be within the overall limit specified in the scale of salary as stipulated in sub-clause (a) above.

Company's contribution to Provident Fund, Gratuity/ Superannuation Fund as per the policy of the Company in force from time to time.

Encashment of leave as per the rules of the Company in force from time to time.

Allowances, perquisites, etc., may be revised by the HR & Compensation (Remuneration) Committee and the Board of Directors from time to time within the overall limit of Rs. 23 Lacs (Rupees Twenty three Lacs only) per annum.

The President & Executive Director is also entitled for the Employee Stock Options as may be recommended and granted by the HR & Compensation (Remuneration) Committee of the Company.

d) Minimum Remuneration: Where in any financial year during the tenure of the President & Executive Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to the President & Executive Director the above remuneration by way of salary, performance bonus and other allowances as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

e) Other terms:

(a) The Board is entitled to vary the terms of the Agreement (including remuneration) entered into with the President & Executive Director.

(b) The President & Executive Director is not liable to retire by rotation.

(c) The President & Executive Director will not be paid any sitting fees for attending the Board and Committee meetings.

(d) The President & Executive Director shall for a period of two year(s) after the expiry of the Agreement, shall not solicit, endeavour to solicit, influence or attempt to influence any client, customer or other person directly or indirectly to direct his or its purchase of the Company's product and/ or services to himself or any person, firm, corporation, institution or other entity in competition with the business of the Company and solicit or attempt to influence any person employed or engaged by the Company (whether as an employee, consultant, advisor or in any other manner) to terminate or otherwise cease such employment or engagement with the Company or become the employee of or directly or indirectly offer services in any form or manner to himself or any person or entity which is a competitor of the Company.

(e) The agreement may be terminated by either party giving to the other six months notice of such termination.

The Board of Directors commends the Special Resolution, for the approval of the Members.

A copy of the 'Executive Director's Agreement' is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day and also at the venue of the Annual General Meeting on the date of the meeting during the meeting hours.

The Directors commend the Special Resolution set forth as Item No. 7 of the Notice for the approval of the shareholders.

Except Mr. Girish Wardadkar, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 8

Mr. Chinmay Pandit, who is working as Account Manager with KPIT US has planned to move back to India and would continue working from the Company's office in India.

Mr. Chinmay Pandit is the son of Mr. S.B. (Ravi) Pandit, Chairman & Group CEO and thus falls within the definition of relative under the Companies Act, 1956 and his employment with the Company would attract the provisions of Section 314(1B) of the Companies Act, 1956, for which approval of the members of the Company by way of a Special Resolution and permission of the Central Government is required.

Mr. Chinmay Pandit is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. Mr. Chinmay Pandit has also done his MBA from world renowned Kellogg School of Management, Northwestern University, USA with specialization in Analytical Finance and Technology Management. He has more than 11 years of work experience and has worked with renowned companies such as Infosys and Hindustan Lever. He also worked with M/s. Kirtane & Pandit, Chartered Accountants and with the Company in the past.

The Directors commend the Special Resolution set forth as Item No. 8 of the Notice for the approval of the shareholders.

Except Mr. S. B. (Ravi) Pandit, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 9

Ms. Jayada Pandit, who is working as Senior Executive with KPIT US has planned to move back to India and would continue working from the Company's office in India.

Ms. Jayada Pandit is the daughter-in-law of Mr. S.B. (Ravi) Pandit, Chairman & Group CEO and thus falls within the definition of relative under the Companies Act, 1956 and her employment with the Company would attract the provisions of Section 314(1B) of the Companies Act, 1956, for which approval of the members of the Company by way of a Special Resolution and permission of the Central Government would be required.

Ms. Jayada Chinmay Pandit possesses a Masters degree in Electronics & Telecom from ENST & ENSIETA, France. She has more than 7 years of work experience with well-known business group such as Shinghania Services (USA & India), Thomson Inc., France. Over the period of time she has developed specialization in Electronics & Telecommunications.

The Directors commend the Special Resolution set forth as Item No. 9 of the Notice for the approval of the shareholders.

Except Mr. S. B. (Ravi) Pandit, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No.10:

The ESOP 1998, ESOP 2004 and ESOP 2006 Schemes (hereinafter referred to as 'Schemes') have been approved by members by passing Special Resolutions in General meetings held on November 30, 1998, September 28, 2001 and August 28, 2006 respectively. Under the Schemes and Resolutions, authority was given to grant Stock Options to the eligible employees as specified in Schemes and to Non-executive Directors of the Company.

The Resolutions passed at the meetings specified the maximum number of Stock Options that could be granted to eligible employees including Non-executive Directors.

It is now proposed to revise the limits for granting of Stock Options to eligible employees as well as for Non-executive Directors as mentioned in the present resolution.

For the eligible employees, maximum limit will be 7,500 number of Stock Options* per employee for ESOP 1998 Scheme, 7,50,000 number of Stock Options per employee for ESOP 2004 Scheme and 7,86,500 number of Stock Options per employee for ESOP 2006 Scheme. Number of Stock Options in aggregate for the ESOP 1998, ESOP 2004 and ESOP 2006 Schemes will be 16,175, 49,81,300 and 47,50,000 respectively.

For the Non-executive Directors, maximum limit will be 365 number of Stock Options* per Director for ESOP 1998, 36,500 number of Stock Options for ESOP 2004 Scheme and 50,000 number of Stock Options per Director for ESOP 2006 Scheme. Number of Stock Options in aggregate for the ESOP 1998 Scheme will be 1,825, for ESOP 2004 Scheme will be 1,82,500 and for ESOP 2006 Scheme will be 2,50,000.

(*One option represents 100 shares)

Furthermore, while approving the ESOP 1998 and ESOP 2004 Schemes, Face value of every Equity Share of the Company was Rs. 10. While approving the ESOP 2006 scheme the Face value of every Equity Share of the Company was Rs.5. The Equity Share was further sub-divided into face value of Rs. 2 each followed by a bonus in the ratio of 1:1 on December 26, 2006. Presently, the face value is Rs. 2 and the Authorized Capital of the Company is Rs 30 crores.

Approval of members is sought as required by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Board of Directors commends the Special Resolution as set out in Item No. 10 for the approval of the members.

Mr. Girish Wardadkar, Mr. Sudheer Tilloo, Mr. Amit Kalyani, Ms. Lila Poonawalla, Dr. Srikant Datar, Dr. R. A. Mashelkar and other Directors eligible to receive Stock Options in pursuance of above mentioned Schemes are interested in the Resolution to the extent of Stock Options to be received under the Schemes.

Copies of Schemes are available for inspection by the members at the registered office of the Company on all working days, except holidays, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

By Order of the Board of Directors
For **KPIT Cummins Infosystems Limited**

Place: Pune
Date : May 7, 2010

Anil Khatri
Company Secretary

KPIT Cummins Infosystems Limited

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase 1, Hinjawadi, Pune - 411 057, INDIA.

PROXY FORM

I/We .... of ...., being member(s) of the above named Company hereby appoint .... of .... or failing him/her .... of .... as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Friday, July 16, 2010, at 10:30 a.m. at SDB II Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase-1, Hinjawadi, Pune - 411 057, INDIA.

Signed this .... day of 2010

Folio No.	
DP ID No.	
Client ID No.	
No. of shares	

Affix Re. 1 revenue stamp and sign across it

NOTE:

Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and the proxy need not be a member. The proxy form duly completed should be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the meeting.

KPIT Cummins Infosystems Limited

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase 1, Hinjawadi, Pune - 411 057, INDIA.

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the meeting venue)

I/We hereby record my/our presence at the Annual General meeting of the Company held on Friday, July 16, 2010 at 10.30 a.m. at SDB II Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase-1, Hinjawadi, Pune - 411 057, INDIA.

Folio No.		Signature
DP ID No.		
Client ID No.		
Full Name of Shareholder (in BLOCK LETTERS)		
Full Name of Proxy (in BLOCK LETTERS)		Signature

NOTES:

1. Interest Joint Members may obtain Attendance Slips from the Registered/Corporate office of the Company.
2. **Members/Joint Members/Proxies are requested to bring the attendance Slip with them. Duplicate attendance Slips will not be issued at the entrance of meeting room.**

Corporate Leadership Team

S. B. (Ravi) Pandit	Chairman & Group CEO
Kishor Patil	CEO & Managing Director
Girish Wardadkar	President & Executive Director
Sachin Tikekar	Chief of People Operations and Executive Sponsor Cummins Partnership
Pankaj Sathe	Sr. VP & Global Head Business Development
Pawan Sharma	President & Head - Integrated Enterprise Solutions (IES) SBU
Sumit Bhattacharya	Sr. VP, Strategy & Business Leader Integrated Enterprise Solutions (IES) SBU
Anup Sable	Sr. VP & Head - Auto and Engineering (A&E) SBU
Lokesh Sikaria	CEO, Sparta Consulting & Joint Head - SAP SBU
Paul Freudenberg	President - Sparta Consulting & Joint Head - SAP SBU
Anil Patwardhan	VP & Head - Corporate Finance & Governance
Shirish Patwardhan	VP & Chief Technology Officer - IT
Shrikant Kulkarni	Sr. VP & Head - Infrastructure
Dr. Vinay Vaidya	VP & Chief Technology Officer - Engineering

REGISTERED OFFICE, CORPORATE OFFICE AND SOFTWARE DEVELOPMENT CENTRE

KPIT Cummins Infosystems Ltd.
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SOFTWARE DEVELOPMENT CENTERS

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Bangalore East - 560 066, India
Phone: +91-80-6606-6000

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outer Ring Road,
(Near Intel Campus),
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Bangalore-560103, India
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Regus Citi Centre
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DESIGN DIRECTIONS
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