

KPIT

Driving
Business Value

through industry focused expertise
and innovation

2013-14

Annual Report

Board of Directors

S.B. (Ravi) Pandit

Chairman & Group CEO

Kishor Patil

CEO & Managing Director

Sachin Tikekar

Whole - time Director

Prof. Alberto Sangiovanni Vincentelli

Director

Amit Kalyani

Director

Anant Talaulicar

Director

Dr. R. A. Mashelkar

Director

Lila Poonawalla

Director

Elizabeth Carey

Director

Sanjay Kukreja

Director

B V R Subbu

Director

Adi Engineer

Director

Cariappa Chenanda

Alternate Director

Dwayne Allen

Alternate Director

Company Secretary

R. Swaminathan

Auditors

B S R & Co. LLP
Chartered Accountants
701-703, 7th Floor
Godrej Castlemaine
Next to Ruby Hall Clinic
Bund Garden Road
Pune - 411001

Legal Advisors

AZB & Partners

Advocates & Solicitors,
Express Towers - 23rd Floor,
Nariman Point,
Mumbai - 400021.

Financial Institutions

- State Bank of India
- HDFC Bank Limited
- The Hongkong & Shanghai Banking Corporation Limited
- Citibank N.A.
- Axis Bank Limited
- BNP Paribas
- Standard Chartered Bank
- ICICI Bank Limited
- DBS Bank Limited

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Letter from the Chairman and Group CEO

Dear Fellow KPites,

The year that went by was a year of consolidation for KPIT. As good companies have to re-align themselves after a period of every 4-5 years, we spent considerable time and efforts in re-organizing ourselves to get ready for the next phase of high growth, at an increased base.

During the year, we changed the name of the company to KPIT Technologies, reflecting the true nature of the business we drive, with technology on the forefront. We further strengthened our positioning in the verticals we focus on and went through a re-organization exercise to help us fortify our strategy of vertical focus and delivering technology led business solutions to our customers.

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

“The year that went by”

In FY14, our revenues grew by 20.34% in ₹ terms and the bottom line grew by 25.10%. In US Dollar terms, revenue grew by 8.25%. In an uncertain environment at the beginning of the year, we had issued a top line and bottom line guidance. While we were able to beat the higher end of the bottom line guidance, we fell short of the top line guidance. The shortfall was largely contributed by reduction in SAP revenues for FY14 due to delayed closure of deals and cross currency fluctuations during the year as compared to the cross currency rates at the beginning of the year. In terms of SBU performance, our largest SBU, Integrated Enterprise Solutions (IES) which contributed 40% of the business had an industry leading growth of 24%. SAP SBU which contributes 25% of the business had a decline of 11% in FY14. Thus excluding SAP SBU, the rest of the business grew at a healthy 17%, with A&E SBU growing at 11% and BTU SBU growing at 6% in FY14.

I believe it is important to take a look at the journey of our SAP SBU over the years and also the way forward for SAP. In FY10, we had acquired a SAP company viz. Sparta Consulting in the US. At that point of time our SAP revenues were roughly USD 15 Million

and Sparta had a revenue run rate of around USD 25 Million. Thus on a base of approximately USD 40 Million SAP revenue in FY10, we grew threefold in 3 years to revenues of USD 123 Million in FY13. Around H2FY13 we witnessed a major technology change with SAP’s acquisition of SuccessFactors (SFSF), a cloud based Human Resource Management (HRM) Product Company. SAP virtually stopped selling its on-premise HRM licenses and SFSF sales boomed. We had to train our onsite resources and get them certified on SFSF which had a dent on growth and utilization, thus affecting profitability negatively. With the rapid growth over the years, the deal sizes kept on increasing and we were not fully prepared on execution of these large deals. This resulted in some cost overruns in a couple of large projects. The efforts were fully directed towards ensuring the customer impact is retained at the minimum. Hence this had a dip on profitability and growth. As the SAP leadership team was concentrating more on the above, we also experienced delayed closure of some very large SAP deals by a couple of quarters which further impacted growth and profitability.

I think the worst is behind us now in SAP. We have created one of the largest SFSF practices in the US and are seeing lot of traction and deal flows in the same. The large deals have been closed and barring one, we have started delivery on the others. We have won large deals and also see a healthy pipeline in Asia for SAP, thus reducing our dependence on only US geography for SAP growth. We have spent considerable time in ensuring delivery excellence processes are replicated onsite as they are in place at offshore. We have also rationalized fixed costs in the SBU. Thus with the measures now in place we are fairly confident of a turnaround in SAP business. Profitability of the SAP SBU remains our prime focus in FY15.

During the year, we generated ₹ 1.03 Billion as Cash from Operations against a Net Profit of ₹ 2.5 Billion. The difference is explained by increase in the working capital. During the last quarter we slipped on our DSO by 11 days mainly due to increase in credit period by 15 days to our largest customer and higher revenues in the last month of the quarter. We will work towards

reducing the DSO and are confident of bringing the DSO to normal levels in a couple of quarters.

While for the past 3 years, we have been focused on 3 industry verticals, organizationally we were structured by offerings viz. Engineering (A&E SBU), Oracle (IES SBU), SAP (SAP SBU) & Consulting (BTU SBU). This resulted in having an offerings based emphasis rather than customer based, within our focus verticals. We noticed that not all our customers got the benefit of all our offerings. With a view to ensure that each of our customers gets a consolidated benefit of all our offerings, we have now organized ourselves vertically by Industry Verticals (IBUs). Under the new structure our Sales and Account Management functions have been organized by verticals and they are backed by the offerings provided by SBUs. In this new structure there will be more people with responsibility for the end results. We have worked on increasing the span of control at the leadership levels and have also got on board people with the right DNA and experience to deliver on the expected results.

Innovation has been one of the 7 CRICKET values that we follow and we have progressed a lot on the innovation front in the last year. The total patents filed by KPIT as at end of FY14 stand at 51. As stated in my last year's letter we have an Innovation Council at the Board level chaired by Padma Vibhushan Dr. Raghunath. A. Mashelkar. The Innovation Council has met twice during the last year and is attended by eminent personalities across our verticals of focus. The Innovation Council is the guiding force for all our innovation initiatives and we believe it will steer us into the next innovation orbit.

Dr. Raghunath A. Mashelkar, our honorable Board member, has been conferred upon with Padma Vibhushan, the second highest civilian award conferred by the Government of India. We take great pride in having Dr. Mashelkar on our Board and spearheading our innovation ambitions.

"The year ahead"

Our Company's philosophy has always been to achieve leadership in the areas in which we operate, namely the industry verticals that we focus on viz. Automotive, Discrete Manufacturing and Energy & Utilities. To attain this leadership, we regularly invest in domain focused technology R&D thereby staying ahead on the technology curve. We also look to attain leadership through our people - domain experts from their respective verticals. We have been adding such experts at various leadership levels across the globe and will continue to do so in the near future.

Each of the three core industry verticals which we focus upon have substantial opportunities in store for a specialized player like KPIT.

The Automotive Industry has seen growth globally and the momentum is expected to sustain in the coming years as well. There was increased Research & Development (R&D) activity in the auto sector with focus on car and pedestrian safety, infotainment, alternate fuel technologies, fuel efficiency improvement coupled with reduced emissions, diagnostics and telematics. Innovation for technologically advanced, differentiated and faster products is the way forward for the auto industry. In India there is a big spend under various government funding schemes for betterment of Public Transportation services. This spend is largely in the areas of telematics, diagnostics, big data, cloud and analytics. The connected car market is exploring more opportunities such as remote vehicle diagnostics, usage analytics, navigation and mapping. Investments in the big data analytics space with respect to connected cars is increasing, as more and more carmakers, users, insurance companies and utility providers are looking to extract and process useful information about the vehicle and its usage. Our well established practices in the embedded space like Powertrain, Hybrid Solutions, Infotainment, Autosar, Body Electronics, Chassis, Safety, Diagnostics, Telematics, specialized Mechanical Design coupled with initiatives like Diagnostics on the cloud, Intelligent Transportation Systems, Big Data Analytics, Infotainment Platform (KIVI), Warranty Management Solutions and patented software products position us extremely well for sustained growth in the automotive vertical.

The Manufacturing Vertical is also driven by technology innovations. The key thrust of manufacturing organizations is on improving operational efficiency. This is primarily through productivity improvement, quality management and cost reduction. Another important focus area for manufacturers around the globe is reduction in time to market. Rapid prototyping and actual manufacturing, using technologies like 3D printing, has already gained momentum. The R&D in manufacturing is more focused on advanced manufacturing technologies with an objective of reducing energy intensity and use of nonrenewable raw materials. Another big area of research dollars for the manufacturing vertical is the whole concept of internet of things where Machine to Machine Communication (M2M) and enrichment of machine intelligence will call for embedded as well as business IT solutions. Our vertical focused solutions especially in the areas of Product Cost Management, Manufacturing Execution Systems, Supply Chain Management, Warranty Management, Value Chain Planning and Execution, Remote Diagnostics, Enterprise Asset Management and Warehouse Management coupled with proprietary,

pre-configured manufacturing industry solutions in SAP, JDE and Oracle EBS positions us well to be a part of the exciting technology change that the manufacturing vertical is looking forward to and investing in. Within manufacturing, we are now building focus on sub-verticals such as Industrial/ Farm Equipments (IFE), Medical Equipments and Hi-Tech. We believe each of these sub-verticals have the potential of growing into individual verticals in the next 2-3 years.

There has been a comparable technological emphasis in the utilities industry. The primary focus of technology investments is on advanced metering systems, analytics, security and customer centric services, with the aim of developing better analytics that are useful in achieving economies of scale, provide real time analysis and improve responsiveness. The vertical is becoming more customer-centric with the rising demand for applications that provide relevant and personalized customer services like billing, complaint resolution and response time. There is an increasing need for better customer intelligence and analytics platforms that are cost effective and provide higher customer engagements. Many utilities are also looking at cloud solutions to help them adapt to the new business models. With our clear focus and business solutions in traditional ERP (SAP and JDE), SAP HANA, SAP Cloud (SFSF) and mobility solutions coupled with our strong US presence and fast increasing APAC footprint, we trust we will capture good growth in this vertical in FY15 and beyond.

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

1. **People** – People are at the core of our business. Hence attraction, development, retention and growth of the right kind of people is one of our key focus areas. The re-organization exercise that currently is in the final stages of implementation, clearly puts a lot of thrust on the right DNA at the Industry Vertical, Sub-Vertical, Practice, Geography and Account level. We intend to enable more people at the second level of leadership to have a larger span of control and own decisions and end results. We took a select team of around 40 such individuals to Stanford for a KPIT customized Leadership Development Program. Training at all levels, right from an intern to a leader at regular intervals is the key to right DNA formulation and we will continue to thrust on the same in the coming year.
2. **Innovation** – Innovation is in the DNA of KPIT and we concentrate on fostering a culture of innovation involving each individual across KPIT, irrespective of the level, practice or function.

This, we believe, is one of the most important techniques to gain a sustainable competitive advantage. We will continue to do the same in the coming year. During FY15, we will continue to emphasize on monetization of IPs. We would focus on productized solutions, which will bring us non-linear growth and help us improve our profitability as we grow.

3. **Profitable Growth** – Profitability improvement is an ongoing initiative at KPIT. We will strive to improve our profitability in the coming year by focusing on efficiency enhancement, productivity improvement, superior business led technology solutions to our customers, scaling up of strategic customer accounts and more annuity based revenues. As stated earlier, we will have a greater stress on SAP profitability and going from red to black to green will be our number one priority for FY15. While we focus on profitability we will continue to invest in the right areas required for future growth.
4. **One KPIT Experience** – We started working on this initiative a couple of years back and will build further on the same during FY15. With the new Organization Structure in place for scaling our existing strategic accounts, it is imperative that we present a single comprehensive face to the customer. The focus will be on coordinated account management practices to help the customer reap benefits of our vertical focused solutions across Engineering and Business IT.

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

We continue to issue annual guidance to the market. Based on the current visibility, we have guided for FY15, a top line of USD 498 Million to USD 506 Million and bottom line of ₹ 2,940 Million to ₹ 3,005 Million.

It is true that we have not been able to achieve the run rate of USD 500 Million in FY14, but we continue to have the vision of achieving USD 1 Billion revenue by FY17. As they say, not failure, but low aim is a sin.

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

Thank you for your continued patronage through the years.

Warm Regards,
Sincerely yours,

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

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

Dear Stakeholders,

We entered FY 2013-14 with an objective to exceed USD half billion revenue milestone and significant profit growth. Despite a sluggish start, with a sharp focus in the right areas, we aimed to reach the desired revenue target and profit growth. However, the year turned out to be a mixed bag, with some of our businesses doing well while others lagging behind in growth terms. Slowdown in SAP SBU and flat growth realized by our largest customer also deterred our performance for the year. Better currency realizations and efficiency improvements propelled us to exceed profit targets despite lower profitability in some of our businesses. But overall, as a company, we could not maintain the industry-leading pace with which we have been growing for the past few years.

However, we have built a strong base, both in terms of order book & pipeline. It has also been a transformational year for us in view of the significant organizational structural changes we underwent. We now have Industry Business Units aligned organization structure to bring focus on strategic accounts, achieve broad based growth and strengthen our leadership position as a solutions provider to our focus industries. With the company's name change and new brand identity, we have entered a new phase where we are emerging as a technology provider offering solutions and services, with specific focus on industry verticals.

NEW IDENTITY:

Mid-year we changed the company's name to KPIT Technologies Limited which highlighted two major changes: replacement of the word 'Infosystems' with the word 'Technologies' and deletion of the name 'Cummins'.

Over the last few years we have been working towards creating a technological edge for the company as the technologies that we have been working on go beyond software, they go deeper into the business problems of our customers. We have brought in greater focus on the Research & Development (R&D) space for IP creation, solution development and filing of patents. Technology will play the central part as

we move ahead in our journey towards creating a significant, sustainable competitive edge.

We have also removed Cummins' name from our primary identity. During 2012, Cummins decided to focus on its core businesses and where they have majority holding. Thus Cummins decided to sell its shareholding in the company over a period of time. It held 4.32% stake in the company as on March 31, 2014, and has reduced it further in Q1FY15. However, their participation on our board continues and the shareholding change doesn't impact in any way the strategic relationship that we share. We continue to be their partner of choice providing services in IT and engineering businesses.

With our goal of being a billion dollar company by FY 2017, the new identity signifies our evolution over the years, how we partner with our customers on transformational engagements and reflects our global presence. It emphasizes how we work at the forefront of technologies and processes to help global corporations become efficient, integrated and innovative enterprises.

ORGANIZATION STRUCTURE:

We have formulated a matrix structure of Industry Business Units (IBUs), Strategic Business Units (SBUs) and geographies. This is the biggest organizational change we have made till now. This would be supported by global enabling functions to deliver growth for the company and people.

Our focus verticals viz. Automotive and Transportation, Manufacturing and Energy and Utilities will be structured as IBUs. These business units will help in cross-selling multiple services and solutions across practices and ensure that we come across as One KPIT to our customers. The SBU structure will become more global with new roles being created for Delivery Management across practices for strategic customers, Delivery Excellence, Operational Excellence and for selecting and creating capabilities in new technologies. SBUs will continue to help us differentiate in the market with our cutting-edge offerings & solutions. With increased focus on non-linear growth and IP based revenues, we have

created a separate unit called “Products & Platforms” which will work towards development of a strong product portfolio. We are witnessing higher traction in Infrastructure Management Services (IMS) and we would be creating a separate SBU to capture these significant opportunities and take this business to the next level. There is a need to understand customer’s business requirements and provide offerings with specific value added propositions. We are building a consulting layer onsite and developing capabilities for business value creation and harvesting models to win more business.

We will have strong leadership base in all geographies to enable our teams to build a solid customer footprint and people platform. The leadership team along with global enabling functions will be working towards structuring their organizations and establishing processes for fluidly working across the business units.

The new structure centered on strategic accounts and sharper industry focus will facilitate seamless working across business units, provide deeper industry expertise and expand relationships with strategic customers.

BUSINESS UPDATE:

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

IES SBU maintained its growth momentum as it was the highest growing SBU during the year with 38% Y-o-Y growth, while contributing the largest revenue share at 40%. There was good traction for JDE offerings, Oracle E-Business suite, Oracle Fusion Middleware and Infrastructure Management Services (IMS) as we have won new deals in these respective areas. During the year we launched our Centre of Excellence (CoE) on fusion cloud platform and we have rolled out several vertical focused solutions for our clients. Oracle would be ending its support to 11i version by mid-2014 and therefore we expect clients to initiate upgrades to R12 version by the starting of this fiscal year, which would provide the thrust for further growth.

Along with high growth, IES SBU improved its profitability during the year with EBITDA margins in the range of 18%-19%.

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

A&E SBU, which contributes 25% of total company revenue, was the second highest growing SBU during the year with 23% Y-o-Y growth. There was strong

momentum in practices like powertrain, infotainment, AUTOSAR, body electronics and instrument clusters, which have driven the growth for this SBU. With increased focus on diagnostics, we announced the release of new generation diagnostics products – “In2Soft Diagnostic Tools” during the year. This version comes with features that ensure smoother and more seamless diagnostics for the OEMs. During the year, we witnessed increased interest and activity in Intelligent Transportation systems. We have built our System Integration (SI) and end-of-line (EOL) testing facility in Pune near our corporate office. This facility has been created to engage more strategically with our customers, mainly in Indian market and provide end-to-end solutions through innovation, localization and frugal engineering.

Non-linear revenues form a very crucial part of our A&E SBU and we are consistently putting in efforts to intensify the R&D work in this space, focusing more on generating patentable innovative ideas, IP creation and solutions development. Telematics has been an identified practice where we have been exploring opportunities to provide full range of solutions to key commercial vehicle makers. During this year, we delivered one of the largest end-to-end productized solutions in this area. Overall we have seen good growth in our non-linear revenues during the year. They have almost doubled, compared to last year albeit on a small base.

During the year, we went a step ahead towards bringing the REVOLO solution to market. The homologation rule definition body (Central Motor Vehicle Rules –Technical Standing Committee) has approved hybrid conversion rules which were largely recommended by our company. This was a positive development in the government approval process for commercial launch of REVOLO. The volunteer mass trials for different vehicles continued throughout the year with positive and satisfactory results. We have also started exploring markets outside India, mainly the South East Asian market for commercialization of the solution and we have been receiving positive response in these markets.

Despite increased investments on people and technology, the EBITDA margin for this SBU was stable at 22% - 23%.

SAP STRATEGIC BUSINESS UNIT (SBU):

This was not a good year for SAP SBU as the revenues declined by 1% on a Y-o-Y basis, with the SBU contributing 25% to total company revenues. At the beginning of the year, we expected closure on large deals to drive strong growth in the SBU. But the delay

in closure of a few of these deals, especially in North America was the major factor for the slowdown in the SBU's performance thus hindering company's overall growth. However, aided by strong traction in Asia, we did observe the SBU growing towards the end of the year. We have built a strong deal pipeline and offerings portfolio across the geographies, which will enable us to bounce back to growth in the next year. We are working with SAP and our customers to create offerings for cloud and analytics through HANA and SuccessFactors.

During the year, we continued winning deals both on premise and cloud as we closed more than 17 deals exceeding USD 78.5 Million in value. We won our first project to implement SAP Business suite on HANA platform in India, making us one of the first SAP partners in India to implement SAP ECC 6.0, CRM 7.0 and BO on HANA platform. We won our first Suite on HANA (SoH) deal, which is one of the top 10 deals globally for implementing suite on HANA. We also became the first Value Added Reseller in North America to sell HANA Enterprise Edition. We also earned recognition as SAP Services Partner for Middle East and North Africa (MENA) region. We became the go-to SAP partner for social media analytics, cloud for customer (sales/service/social), cloud for finance and analytics through HANA. With the focus to increase annuity revenues for the SBU, we have won many Application Maintenance & Support (AMS) deals across our focused industry verticals and markets.

We received the best delivery performance award from SAP India for 2012 for delivering more than 20 engagements in 5 quarters- all 'on time and on budget'. The award is in recognition of more than 20 successful projects executed by the company using IP based solutions in the domains of Manufacturing, Automotive, Industrial Machinery & Components (IMC) and High Tech, in SAP India. One of the leading independent analyst firms has strongly recommended our company in a research report on how customers should select the right SAP services partner in the current business scenario. Our company has been positioned along with Tier I providers and as top E&U SAP services provider. We have been recommended to HANA advisory council in SAP by one of our key customers. These recognitions position us strongly as a strategic service provider in SAP domain with in-depth industry expertise.

The profitability for SAP SBU went down as the full year EBITDA margin was negative at 5% - 6%. Moving into next year, profitability improvement would be the top priority for this SBU followed by growth. We have taken necessary actions, both on go-to-market

and rationalization of expenses to help return to profitability in the next year.

BUSINESS TRANSFORMATION UNIT (BTU):

BTU being the newly formed business unit contributed 10% to total company revenues and it was the third highest growing SBU with 18% Y-o-Y growth. During this year, we primarily focused on forming strategic partnerships and adding domain people to strengthen the positioning of this SBU. As part of organization restructuring we have moved eBiz and Business Intelligence practice into this SBU and we are focusing on integrating these practices in the overall BTU go-to-market structure. We are developing IT Service Management (ITSM) as a niche consulting service offering for large enterprises. We will continue to leverage the offerings provided by other SBUs and collaborate it with the consulting service to provide consolidated offerings to our GAM customers.

In terms of profitability, we have improved the EBITDA performance and brought the margins to a sustainable level of 18%.

M & A UPDATE:

Our Board has given approval, subject to fulfilment of the Conditions Precedent to Closing, for purchase of 100% ownership stake in a North Carolina, US based PLM focused company I-Cubed. There is a strong demand momentum in our verticals for PLM and associated offerings like ECM (Enterprise Content Management), SLM (Service Lifecycle Management), ALM (Application Lifecycle Management) and supply chain analytics. With I-Cubed's PLM expertise and our global network and customer base, we are looking forward to building a sizable PLM practice over the next few years.

GEOGRAPHY UPDATE:

ROW, mainly ASIA, has led the growth for us during this year with 41% Y-o-Y growth closely followed by Europe which registered 34% Y-o-Y growth. US was the slowest growing market with 15% Y-o-Y growth, largely affected by the slowdown in SAP business and our largest customer Cummins. Since the last few years, we have been looking at APAC geography as a key growth driver and it has been established through the year's performance. This growth is also broad based across our business units as we have won deals in this market in both A&E and SAP SBU. US is a key growth market for us, especially for our IES & SAP offerings. In SAP, APAC is also emerging as a key growth market, as we have closed some important and large deals in India and Middle East region. We

are also exploring good opportunities in South East Asian market.

PEOPLE INITIATIVES:

People continue to be a key focus area for the company and we have been making all the required investments to nurture and develop the talents available within the organization. As we are preparing our people to align their roles and responsibilities with the new organizational structure, we have added more Subject Matter Experts (SMEs) with domain expertise in our focus verticals and business areas, who would be leading the verticals and business units.

During this year, we organized a leadership development program (*ELEVATE*) at Stanford University, USA for select leaders. Along with the university professors, the management team had designed a customized training program for participating leaders with sessions conducted in areas of Strategy, Innovation, Globalization and Organization Leadership Development. We have introduced a new initiative for our employees to enable professional growth and development. *ASPIRE* is a program which was piloted with an objective to enable employees to control their own career growth and create visibility of the "Ready" employees for business growth. Another initiative, *LIFT*, aims at mentoring of young and high potential leaders who are trained through different workshops by the senior leaders of the organization to accept higher and challenging roles and responsibilities.

We launched a certification program for support functions, *ACCELERATE*, which comprises of different modules to help them in their day-to-day activities and is focused on delighting the internal customer.

Through *SHINE* initiative, we conduct Bi-Annual connect with our Chairman & Group CEO to share updates on the company's overall business, financial performance and future growth areas with employees across our different locations. We organize *Leaders Club* meeting with our CEO & MD, where he interacts with the Top 150 people in the company, sharing his ideas and business strategies while also understanding their suggestions and expectations.

Propel is an initiative where we conduct health week every year across all our offices globally and arrange different events, seminars and expert talks to spread awareness about importance of good health. We organize Annual family day, *RESONANCE*, where employees participate in different cultural and fun-filled games along with their families. This event is also conducted across various locations of the company.

EXECUTIVE APPOINTMENTS:

Mr. Frederic Ramiouille has joined as President – Automotive & Transportation Industry Business Unit (IBU). Based out of US, he will lead and grow the Automotive & Transportation vertical in North America & Europe. Mr. Frederic Ramiouille has considerable experience and expertise with internationally renowned consulting, engineering as well as IT organizations, partnering with customers in the Automotive and Industrial verticals for transformational work and also large business level engagements.

Mr. Dietmar Imminger has joined as Head of Automotive and Transportation business in Germany. He will be responsible for entire market facing organization across Germany and other European markets. He has around 20 years of considerable experience and proven expertise in the delivery of products, solutions and engineering services to customers in automotive industry.

Mr. Baljeet Chhazal has joined as Senior VP and Global head of Oracle Business Unit and he will be based out of US. With nearly 20 years of industry experience, he will be responsible for growth and expansion of our Oracle Business with focus on large client relationships. He will also focus on furthering our strategic partnership with Oracle and building world class delivery competencies across all geographies.

Mr. Abhishek Sinha has joined as Senior VP- Operational Excellence and his key responsibility will be to identify and improve areas of operational excellence across the organization. In addition he will also be the Head of Engineering services business for A&E SBU. We will gain from his significant experience in leading successful businesses in both IT and Engineering domains over the last many years with high operational standards.

Mr. Deepak Purohit has joined as Senior VP- Large deals and his immediate focus market will be US, besides supporting large deal activities in other geographies. He will assist in creating and structuring large transformation deals and building processes that help us win and deliver large and complex work. He has over 25 years of industry experience along with international consulting experience.

Mr. Lee Liviu Cocis has joined as VP & Head of IMS practice. Prior to this, he was working at IT Vizion as Global ITO Business Head. Earlier he has also worked with Unisys where he was one of the founders of IMS global practice and worked as Solutions and Global Account Director for large IMS clients.

OPERATIONAL UPDATE:

During the year, we have planned a roadmap towards adoption of International Financial Reporting Standards ("IFRS") for financial reporting, considering the future growth plans across geographies. For a smooth implementation, we have chalked out a clear-cut strategy to aim for the necessary preparedness for IFRS adoption. The plan includes overhaul of certain business processes to bring in sharper focus on controls in operations to achieve desired results with necessary support from domain specialists and functional experts. With an increase in globalisation of investment and business, there is a need for compatible accounting standards for financial reporting across the financial markets. This project of IFRS implementation is aimed at improving the level of financial reporting for investors globally, while aligning financial reporting under Indian Accounting Standards with International Accounting Standards.

As part of process excellence we got re-certification for ISO 9001:2008 (Quality Management Systems) and ISO 20000:2011 (Information Technology Service Management) by TUV Nord Cert GmbH for providing software development, product engineering, product support and enabling services. We continue to maintain the highest maturity level 5 for CMMI-DEV® (Development) as well as Automotive SPICE®. We are also certified for ISO 27001:2005 (Information Security Management Systems) and ISO22301:2012 (Business Continuity Management).

During the year, we strengthened the use of "Auto Code Generator" tools that improve productivity and code quality and the results are encouraging. CBA, an indigenously developed platform for quality and productivity measurement and enhancement has been implemented for the company and also for key customers as a service offering. User productivity kit (UPK) from Oracle, a content development and deployment platform for increasing project, program

and user productivity is being deployed across the organization as well as for customers and the feedback has been promising. Under six sigma 50+ process improvement projects have been completed successfully and with a good pipeline for six sigma customer engagements, 89% of our customers have endorsed their satisfaction with our services and products.

INFRASTRUCTURE:

We have total seating capacity of 8,000+ seats in India of which 7,000+ seats are occupied. During the year, we have constructed and occupied a new building at our Noida campus, which has a seating capacity of around 350+ people.

BUSINESS OUTLOOK:

As we evolve from a services provider to a technology provider with focus on specific industry verticals, the objective is to offer such solutions to our customers that combine our strengths in both IT and engineering. Next year we will be working on the phase wise transition into verticalization of Go-To-Market, to maximize Collaboration & Business opportunities in our Strategic customers and Industry Accounts.

We are entering the next phase of our journey with a new business identity and organizational structure which would enable us to move ahead in a much more aligned manner towards our vision of being a billion dollar company by FY 2017. We believe our leadership team and people will play a critical role in execution of this strategy with greater speed and deeper customer engagement and look forward to their continued support.

Warm Regards,
Sincerely Yours,

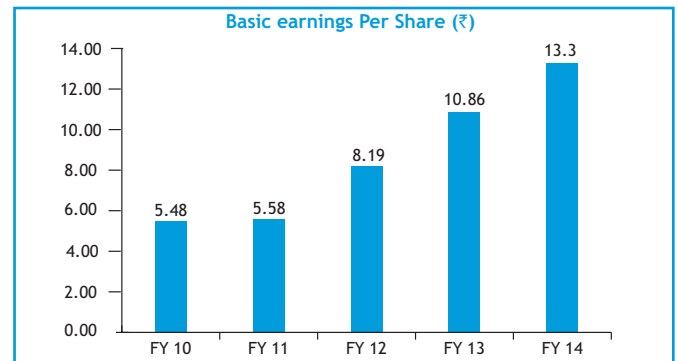
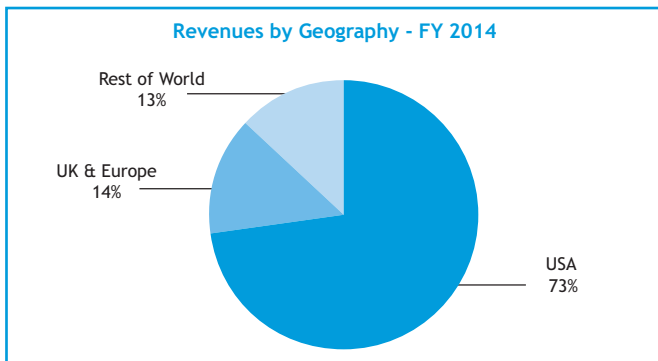
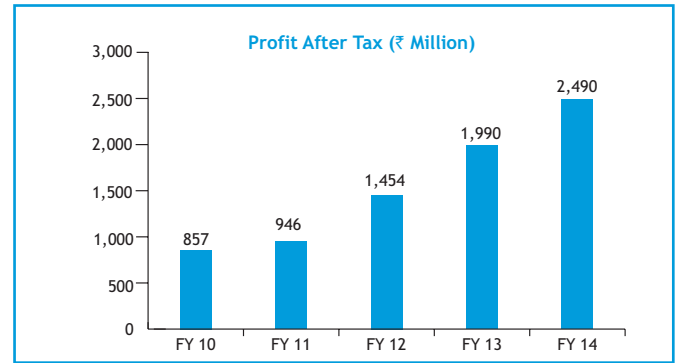
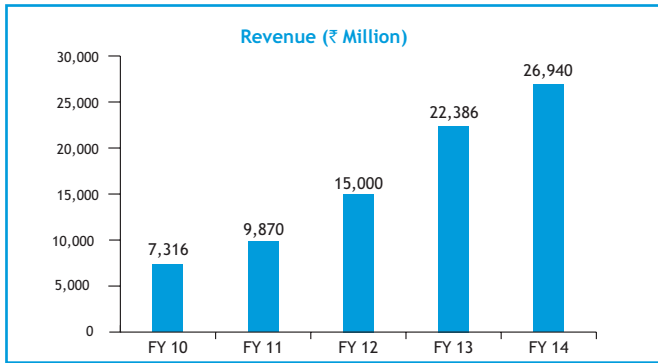
Kishor Patil
CEO & Managing Director

Sachin Tikekar
Whole-time Director

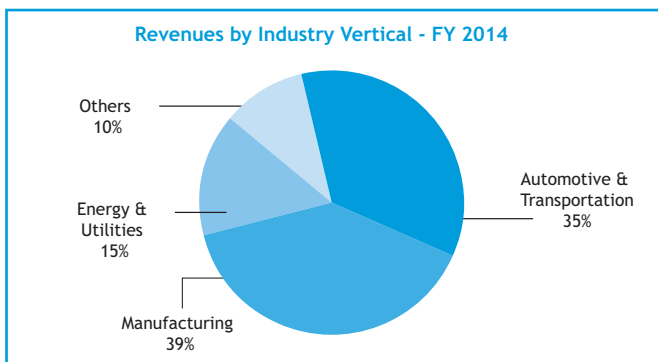
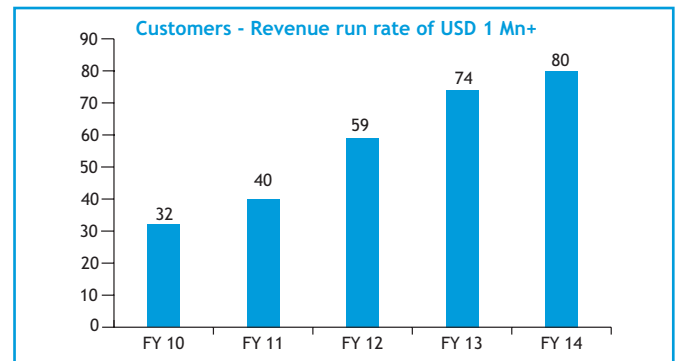
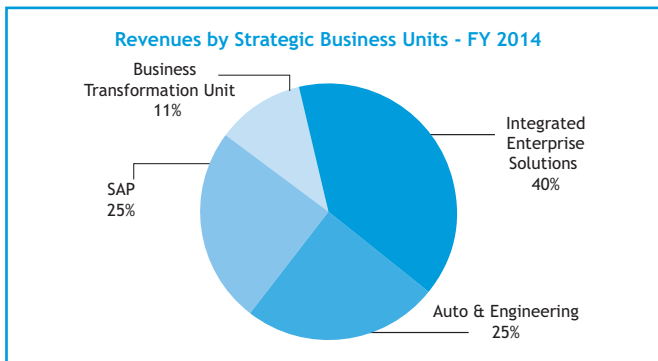
Financial highlights

	₹ Million	
	FY 2014	FY 2013
CONSOLIDATED INCOME STATEMENT		
Sales (USD Million)	444.32	410.45
Sales	26,940.40	22,386.28
Gross Profit	8,760.34	7,746.47
EBITDA	4182.75*	3,639.86*
Interest	181.99	139.93
Depreciation/ Amortization	539.53	471.51
Other Income (Net of Exchange gain/loss)	(153.30)	(168.14)
Profit Before Tax and Minority Interest	3,430.33	2,847.23
Profit After Tax	2,489.50	1,990.05
CONSOLIDATED BALANCE SHEET		
Share Capital	370.99	385.63
Application Money	14.84	1.41
Reserves & Surplus	12,365.38	9,975.38
Total Shareholder's Funds	12,751.21	10,362.42
Minority Interest	-	270.24
Non- Current Liabilities	1,533.68	1,602.29
Current Liabilities	6,949.22	5,613.06
Total Equity & Liabilities	21,234.11	17,848.00
Fixed Assets	2,160.86	2,004.61
Goodwill on Consolidation	5,994.10	4,423.43
Other non-current assets	1,181.82	1,373.18
Current Investments	1,741.29	2,036.46
Trade Receivables	6,743.01	4,672.80
Cash and Bank Balance	1,907.89	1,920.95
Other Current Assets	1,505.15	1,416.57
Total Assets	21,234.11	17,848.00
Key Ratios		
Revenue Growth	20.34%	49.24%
EBITDA Growth	14.92%	68.06%
PAT Growth	25.10%	36.91%
Gross Profit Margin	32.52%	34.60%
EBITDA Margin	15.33%	16.26%
PAT Margin	9.24%	8.89%
SG&A to Revenue	16.99%	18.34%
ROE	21.54%	22.76%
Return on Capital	15.72%	17.00%
Debt to Equity	0.37	0.34
Cash/ Total Assets	8.99%	10.76%
Basic earnings Per Share (₹)	13.30	10.86

*EBITDA before exchange gain/ loss



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



Management Discussion & Analysis

Global Economic Scenario:

The year FY 2013-14 has been a mixed year for global technology market. While the spending on IT goods and services caught momentum in US, Latin America, Eastern Europe, Middle East, Africa and parts of APAC, the trend was not so encouraging for the Western & Central Europe, Japan, Canada and Australia. The software segment observed good traction, mainly for analytical and collaborative applications and SaaS products. IT consulting & system integration services observed a stronger demand as compared to IT outsourcing and hardware maintenance. In US the demand for new technologies like cloud, mobile and smart computing is pushing the technology market growth ahead of nominal GDP growth. Despite economic worries in some parts of Europe, there is still an uptake in these new technologies. In other markets such as India, China, Latin America, Southern Europe and Eastern Europe/Middle East and Africa, businesses and governments are focused more on established technologies, with a few sections showing interest in newer areas.

As an overall trend, businesses globally are investing in a broader trend of intelligent and connected end products. Attention to end consumers and use of technology to satisfy consumer demand is driving technology investments. Technology budgets within organizations are being owned by a broader spectrum of business heads, who partner with specialists, who can help solve their ongoing and future business issues. Thus, in the years to come, the world will witness more intelligent products backed by technology investments being introduced in the market at a faster pace.

Industry Growth Estimates:

The world-wide IT spending in 2014:

- Is expected to reach USD 3.8 Trillion, an increase of 3.1% from 2013 spending of USD 3.7 Trillion.
- The enterprise software related spend is estimated to reach USD 320 Billion compared to USD 300 Billion in 2013, a growth of 6.8%.
- IT services spend is expected to reach USD 963 Billion, a growth of 4.5% against USD 922 Billion in 2013.

In FY2014 Indian IT-BPM sector is expected to generate:

- Total revenues of USD 118 Billion, growing by 8.8% over FY2013.

- Exports are estimated to cross USD 86 Billion, a Y-o-Y growth of 13%.
- Domestic market is likely to grow by 9.7% to ₹ 1,910 Billion.

FY2015 outlook for Indian IT BPM industry:

- Domestic revenue to grow by 9% - 12% to USD 21 Billion – USD 23 Billion.
- Exports are likely to register 13% - 15% growth to reach USD 97 Billion – USD 100 Billion.

(Source: Gartner Report, NASSCOM)

Focus Industry Trends:

Year 2014 is expected to be a good year for the US manufacturing sector with growth coming back and companies adding capacity and labor. Easing energy costs and inflation in the emerging markets is enabling core manufacturing to bounce back in the US. According to the Manufacturers Alliance for Productivity and Innovation, US's industrial manufacturing production is expected to grow by 2.4% in 2014 and another 4.1% in 2015. The enterprise IT spending for manufacturing and natural resources sector is expected to reach USD 498 Billion in 2014, up 3.4% from USD 482 Billion in 2013.

Technology is a crucial driver of competitiveness in the manufacturing industry. Today manufacturers are investing in building an IT infrastructure which will help them in reducing production costs, thereby enabling higher productivity, improved product quality, better process management and faster product development. Enterprises have become more agile and well networked by using information and analytics in product design and manufacturing to boost resource efficiency, resulting in greater visibility in supply chains. The 3D printing technology is altering the face of collaborative design and manufacturing process. It is further shrinking lead times and leading to mass personalization. Machine to Machine Communication (M2M) eventually leading to Internet of Things (IoT) is an important investment area for manufacturers across the globe. With implementation of ERP technologies, manufacturers have accumulated vast amounts of data and they are looking at leveraging this data for gaining competitive edge and improve profitability. Enterprises are merging Big Data with cloud platform to get full potential of this data without having to

incur any capital investment in infrastructure. There is an increased usage of mobile, social and collaboration technologies by manufacturers to create meaningful connections and ensure faster and more efficient internal business processes.

The automotive industry is getting reshaped by the factors affecting the global economy and in particular by the growing impact of emerging markets. By 2020, IHS forecasts that emerging markets such as China, Brazil, Eastern Europe, Middle East and South America will represent over 50% of global vehicle capacity share while India is expected to emerge as a global center for the development and manufacturing of small cars. As the industry becomes more global, automakers are striving to use flexible, modular platforms to bring in standardization. It is estimated that by 2020, the 10 major OEMs will concentrate mass production across a few core platforms enabling them to reduce the total number by a third. Fuel efficiency and alternate fuel technologies continue to be a priority for automotive companies driven by environmental regulations and rising fuel costs. They are investing in powertrain technology mainly in the area of Internal Combustion Engine (ICE) downsizing and optimization. Plug-in hybrids are becoming a dominant investment area and are expected to take an increasing market share in future. The number of Plug-in Electric Vehicles (PEVs) on US roads are expected to grow from 296,000 in 2014 to more than 2.7 Million in 2023, a growth of more than 800% in a period of less than 10 years.

The connected car is already the third fastest growing technology device after phones and tablets. It is expected that by 2022, there will be 1.8 Billion automotive M2M connections, which will comprise of 700 Million Connected Cars and 1.1 Billion aftermarket devices for services such as navigation, usage-based insurance, stolen vehicle recovery and infotainment. The auto industry is evolving from the connected vehicle to the connected driver and to the connected consumer. With rising urbanization and change in customer behavior, mobility solutions are being considered as viable alternatives to car ownership and Mobility-as-a-Service (MaaS) has started to make inroads particularly in more established automotive markets. OEMs are therefore devising strategies to sell their software brands independent of the car sales. As vehicles become embedded with more software and electronics, self-driving cars are no longer a virtual thing but a near-future possibility.

The global utilities industry is in the midst of a paradigm shift as they are bringing in flexibility and innovation in their business models, technology

usage and consumer connect. The key investment areas for utilities include analytics, mobility, Cloud, social media and cyber-security. The enterprise IT spending for utilities is expected to reach USD 142 Billion in 2014, up by 3.3% from USD 138 Billion in 2013. Similarly oil & gas companies are also increasing their IT spending with priorities including investments towards clean and sustainable energy, standardization, cost rationalization, simplification and security. The IT spending by oil and gas companies will increase from USD 37.6 Billion in 2011 to USD 49.4 Billion in 2016. With the convergence of IT and operational technologies, CIOs are looking beyond IT operations and business services to business innovation and flexibility.

With the onset of digital transformation, smart grid technology adoption has helped utility companies respond more effectively to their business pressures and make their operations more efficient. Today it is not only restricted to electric utilities but has found its way in water and gas utility companies as well. However, it is not the only investment area as utilities are also investing to improve power quality, reliability and distribution, asset management and customer engagement experience. In February 2013, US president Barack Obama issued an Executive Order entitled 'Improving Critical Infrastructure Cybersecurity' which requires all critical infrastructures to be protected against cyber threats. Driven by security concerns, Smart grid cybersecurity is amongst the top smart solutions that utilities are expected to invest in over the next two years. Utility companies are gathering a vast amount of data through smart grid and smart metering investments and are devising strategies to leverage and use the data through a cost effective analytics infrastructure. Analytics along with cloud based technologies enable utilities to gain maximum value from their IT investments. The emergence of new digital technologies is ensuring utilities to prioritize their business investments and budget spends in a manner that will enable them to form new relationships with their existing and future customers. In the Oil & Gas sector the investments have been in the areas of application and data security. Now the companies are also spending on analytical tools to extract information from their vast collection of data. Digital oilfield and integrated operations will drive the next growth phase in this sector. With increasing usage of advanced technologies, the concept of smart pipeline is gaining momentum. Cloud is expected to be adopted by larger number of companies while Big Data, Analytics and mobility will be the top areas of third platform investments by Oil & Gas companies.

(Data Source: Industry Reports)

Our Strategy:

To achieve our vision of becoming a billion dollar organization by FY2017, we want to focus more on mining our strategic customer accounts and collaborating to maximize cross-sell revenues across the business units. During the year we have been working towards aligning our respective Strategic Business Units (SBU) in line with the organizational goal. Our Integrated Enterprise Solutions (IES) SBU will focus on Oracle technologies, Oracle products and ERPs namely Mapics, Movex, MS Dynamics and will work towards taking the Infrastructure Management Services (IMS) business to the next level. In SAP SBU, we will align the existing portfolio of SAP services and consolidate our positioning in the market space. In Business Transformation Unit (BTU) SBU, along with current consulting offerings we will consolidate bespoke technology offerings to drive growth by leveraging IBM and Microsoft alliances. Automotive & Engineering (A&E) SBU will continue to offer embedded software and product engineering solutions to customers.

As part of organizational restructuring we have created Industry Business Units (IBUs) for our focused industry verticals - Automotive & Transportation, Manufacturing and Energy & Utilities. Besides cross-selling of services and solutions, IBUs will have additional front end teams to make the customer engagements more consultative. We will continue to have SBUs and practice structure to build offerings and solutions, develop competencies and handle delivery operations for all customer accounts. This structure will bring the required focus and enable the customer-facing teams to take necessary decisions and actions in conjunction with their counterparts in the SBUs (Practice and Delivery teams), in true TWO-in-a-BOX model thus strengthening our connect with the strategic accounts.

During the year we saw an overall strong momentum across most of our offerings in IES SBU. Besides JDE, eBiz and middleware opportunities, we noticed an increased interest towards Oracle Value Chain Execution (VCE) solutions. We are seeing good traction in the infrastructure based annuity deals, as well as in the Medical Devices, Process Manufacturing and Government/ Public Sector business. Our strategy is to offer better value proposition to our strategic accounts for large engagements and convert large deals with better delivery performance.

We are developing solutions catering to changing customer demands. Oracle Practice has developed CASSH – Centralized Accounting Shared Services

Hub, a solution framework built on Oracle E-Business Suite that helps businesses to seamlessly adapt to the Shared Services Center (SSC) model and supports business in process re-engineering and optimization. KPIT Accelerate Solution for Auto Ancillary (KASAA) was taken to market jointly with Oracle India and the JDE adaptor for Oracle WebCenter with JD Edward's 9.1 is approved by Oracle. Our solution IMPACTA for Manufacturing vertical ensures effective & efficient planning of Oracle EBS Upgrade Projects. KPIT Accelerate Solution for Industrial Manufacturing (KASIM) is a pre-defined Industrial Manufacturing Business Process that speeds up Oracle EBS Implementation. We have developed a DBA Portal that uses Oracle EBS & Oracle DB and can be used by any company. It streamlines key activities such as migrations, refreshes, shift rosters etc and saves efforts at the DBA Resource Level. Our KMig (Data Migration Tool for Oracle EBS) reduces data migration cycle time by about 80%, resulting in effort, cost and time savings. The TraceGen (Trace Generation Utility) standardizes the trace generation process and brings reduction in its time cycle and eliminates DBA Dependency. Our KTrecA (Trace Analyzer Utility) enables faster analysis of trace files, resulting in quicker Root Cause Analysis (RCA) identification and is Oracle DB-Version Agnostic. Our CVoyage (Code Migration Tool) enables streamlined, smoother release management, bulk implementation & roll outs and ensures 100% Code QA Compliance. To improve the efficiency in the code review, we have developed a Code Review Analyzer that reduces code review cycle time by about 80% and eliminates DBA Dependency for reviews. We have also developed a supplier portal that can be easily integrated with Movex.

In A&E SBU, the growth strategy was to up-scale end-to-end sales, bring in larger deals through our strategic customers and enhance the deal pipeline for products and platforms. With accelerated growth in in-vehicle electronics and software technologies, this SBU observed steady momentum and we won deals across practices like AUTOSAR, Powertrain, infotainment, hybrid technologies, diagnostics, telematics, Instrument clusters and body electronics. To increase our share of non-linear revenues we are also developing several solutions focused on automotive and manufacturing industries. We have aligned and partnered with 3DCS (3DCS Dimensional Control Systems) to improve our onshore and offshore quality of GD&T layouts and tolerance stacks. This partnership will increase the Mechanical Engineering & Design Services (MEDS) group offerings to customers. We also partnered with A2Mac1, which works towards the advancement of the automotive

industry worldwide, providing essential teardown services and increasing intra-market communication. This association will increase MEDS group offerings to their customers providing high level benchmark studies and showcasing current trends in automotive engineering. As part of our productivity improvement measures, we have achieved 50% reduction in code rework by fully integrating QA-C into the development process and using it 'early and often' throughout the coding phase. QA-C from PRQA, a global leader in static analysis, is the best software product to meet the needs of automotive customers. It also adheres to the Motor Industry Software Reliability Association (MISRA) coding standard.

As part of organizational re-structuring, we have created a separate business unit, "Products and Platforms", to focus on non-linear business and contribute towards increasing the overall share of non-linear revenues. With its focus on engineering led solutions, this business unit currently offers Intelligent Transportation Systems (ITS), KPIT In-Vehicle Infotainment (KIVI), Medini, In2soft, AUTOSAR and REVOLO to name a few.

With SAP's growing emphasis on technologies of cloud, HANA, SuccessFactors (SF) and Business Intelligence (BI) we are also creating significant differentiators in these areas. During the year, we won deals in HANA and SF space, particularly a few SF deals in Middle East, APAC and North American market. We are also implementing these technologies in many of our key existing accounts. The SAP Cloud Practice has introduced integration services across SAP Cloud apps including Human Capital Management (SuccessFactors), Customer Relationship Management (Cloud for Customer), Finance (Finance OnDemand), Travel (Travel OnDemand) and Supply Chain Management (Ariba). We have seen good traction with prospects for these apps and services. Our BPC Migration RDS solution (from 7.5 to 10.x on HANA) was successfully certified by SAP. During the year we have been able to increase the share of maintenance and support revenues through new deals. We have received good mention in a few recent reports on selecting SAP Services Partner by a third party industry analyst firm. The most important areas our company has been recognized in are:

- A preferred MNC service provider for large enterprises
- Recognition as a strong player in the Cloud, Analytics, Mobile and Social space and as one of the oldest SuccessFactors partners. The report acknowledges that the company has invested significantly in new SAP areas and has developed

strong solutions such as RDS for HANA and RDS for Mobility

- Recognized as the strongest player in the Utilities space – ahead of several global players as well as Tier 1 SAP service providers.

Due to delay in closure of large deals and ramp downs in a few existing customer engagements, we experienced a decline in SAP SBU revenues. These factors affected the growth momentum that we have been witnessing in this SBU over the last few years.

BTU which is the newly formed SBU has shown decent growth during the year. This SBU is primarily focused at helping customers realize the value of their investments in the IT landscape and also leverage on their earlier investments to maximize their topline and reduce inefficiencies. We bagged deals from many of our GAM customers while we witnessed good momentum among other such customer accounts. We are working on developing more verticalised solutions in this business unit to offer better propositions to our strategic customer accounts.

During the year, we have formed various strategic alliances and partnerships to strengthen the base for BTU. We have entered into alliance partnership with JDA Software Solutions that offers supply chain management solutions. We signed a strategic partnership with a leading SaaS solution provider, ServiceNow. We partnered with ICERTIS to jointly deliver high quality ERP surround solutions on the cloud. ICERTIS is a provider of enterprise solutions in Microsoft cloud and this integration will deliver the first end-to-end Windows Azure-based Transportation Management solution in the marketplace. We formed a strategic alliance with Panviva, a leading provider of Business Process Guidance solutions and the developer of SupportPoint, the world's leading Business Process Guidance system. This strategic alliance will provide customers with a unique combination of leading solutions and consulting services, enabling them to maximize business results. We partnered with RAMCO Systems to leverage our respective strengths in key geographies globally, offering products in the Human Capital Management (HCM), Enterprise Asset Management (EAM), MRO and others in their ERP Suite, bolstering the same with an impressive Analytics Suite. We formed partnership with Nintex, world's leading workflow company delivering innovative software and cloud services to help organizations automate everyday business processes quickly and easily. We have also started building digital marketing services that will help our customers exploit the power of internet channels for furthering their business objectives.

We are entering the next year with better business visibility and an improved deal pipeline. We will direct our efforts to regain fast growth impetus and maintain good profitability. We have developed a new Go-to-market strategy and a successful implementation and execution of this strategy will be a key focus area for the next year. Our objective is to make 'One KPIT' experience a reality for our customers.

FINANCIAL PERFORMANCE

Revenues:

We provided a dollar revenue guidance of USD 465 Million to USD 475 Million for the year however unlike other years we missed the revenue guidance as we closed the year with revenue of USD 444.32 Million, a Y-o-Y growth of 8.25% from USD 410.45 Million in FY13. The gap in achieving our guidance was largely due to delay in closure of deals and cross currency fluctuations. Our ₹ revenues grew by 20.34% to ₹ 26,940.40 Million against ₹ 22,386.28 Million in FY13. However we surpassed the higher end of our profit guidance of ₹ 2,309 Million to ₹ 2,388 Million as Profit for the year stood at ₹ 2,489.5 Million.

During the year, our performance was also affected by the slowdown in our largest customer Cummins. As part of our strategy to focus on broad based growth amongst the customer accounts, the revenue share of Cummins further came down to 16.66% from 18.96% with marginal growth of 5.75%. However, there was strong growth in the other top 10 customers as our Top 5 and Top 10 customers grew by 25.78% and 27.52% respectively. We added 15 new customers during the year taking the active customer base to 198 while our USD 1 Million+ customers grew to 80 from 74 in FY13.

	FY 2013	FY 2014	Growth
Sales in USD Million	410.45	444.32	8.25%
Sales in ₹ Million	22,386.28	26,940.40	20.34%

APAC was the leading growth market for us with 41.16% Y-o-Y growth followed by Europe 33.96% and US 14.97%. We saw good traction in APAC market throughout the year across our business units while Europe also grew higher as compared to last year. In US market we suffered setback due to business pressure in Cummins and the decline in our SAP SBU revenues, however there was good momentum for our JDE and Oracle related offerings.

Revenues by Geography (₹ Million)	FY 2013	FY 2014	Growth
US	16,995.13	19,539.07	14.97%
Europe	2,899.64	3,884.40	33.96%
ROW	2,491.52	3,516.93	41.16%

Amongst the SBUs, IES SBU was the highest growing SBU with 37.70% Y-o-Y growth as we continued winning deals in the JDE and Oracle space. Its revenue contribution changed from 34.9% in FY13 to 39.93% during the year. A&E and BTU SBU grew by 23.36% and 17.59% respectively. A&E SBU's revenue share stood at 24.73% against 24.13% in FY13 and BTU's revenue contribution for the year was 10.62% compared to 10.87% in last year. SAP SBU contributes 24.71% to total company revenues against 30.1% in FY13 and its revenues declined by 1.2% during the year mainly affected by the delay in large deal closures and ramp downs in a few exiting customer engagements. On the positive side we won significant deals both in cloud and on-premise opportunities for SAP SBU across our focused industry verticals both in US & APAC geographies and have built a strong pipeline for next year.

Revenues by SBU (₹ Million)	FY 2013	FY 2014	Growth
Integrated Enterprise Solutions	7,813.03	10,758.52	37.70%
Auto & Engineering	5,400.86	6,662.23	23.36%
SAP	6,738.32	6,657.43	(1.20%)
Business Transformation Unit	2,434.08	2,862.21	17.59%

Profitability:

Our profits grew by 25.1% on a Y-o-Y basis from ₹ 1,990.05 Million in FY13. We acquired the remaining 24% stake in KPIT Global Solutions Ltd. (erstwhile SYSTIME Global Solutions Ltd.) and thus there was no minority interest during this year. There was an exceptional item of ₹ 122.41 Million as we had written back the provision created in last year for the impairment of our minority stake in a foreign company. During this year, we sold back our stake to the company and therefore, the provision was no longer required. Through the stake acquisition we have gained good access in Japan market which is a key growth market for us in APAC region.

Our EBITDA margins for the year stood at 15.53% compared to 16.26% in FY13, a decline of 73 bps.

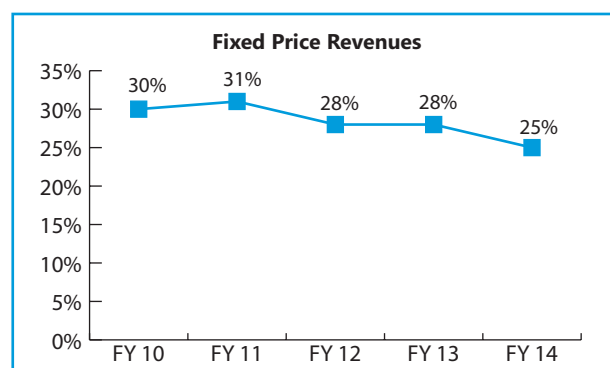
The average realized rate for the year was ₹ 60.63/ USD against ₹ 54.54/USD in last year. We have given wage hikes with an average of 8% for offshore employees and 3% for onsite employees. During the year, we participated in two different events- one was our leadership training program at Stanford University and the other being an important industry partner event in US. These events together added approximately ₹ 80 Million to expenses.

In terms of SBU profitability, IES SBU improved its EBITDA margin to 18% - 19% while A&E SBU's margins were at 22% - 23% range post increased investments on people and technology front. BTU improved its margin to 19% - 20% which is a sustainable range. The negative impact on overall company's EBITDA margin performance came through SAP SBU where margins came down significantly to 5% - 6% negative. It had an impact of 250 bps on EBITDA margin at company level.

Profits (₹ Million)	FY 2013	FY 2014	Growth
EBITDA	3,639.86	4,182.75	14.92%
PAT	1,990.05	2,489.50	25.10%

Fixed Price Revenues:

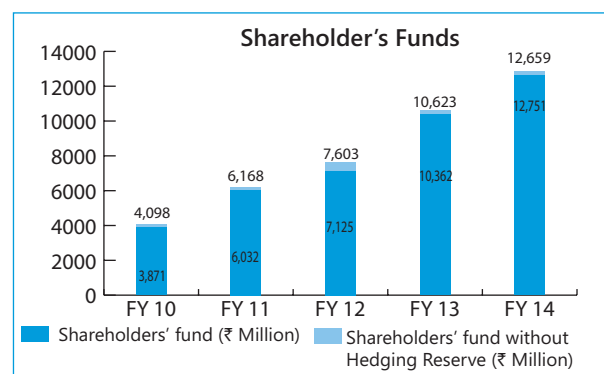
In Fixed Price Projects, the billing is done based on achievement of predefined milestones delivered in the specific timeframes as decided at the start of the project. Total cost, specifications and deadlines for such projects are determined in advance. During the year, our fixed price revenues came down as compared to last year as there was change in our overall composition and quality of revenues with higher share of new onsite projects.



Shareholders' Funds:

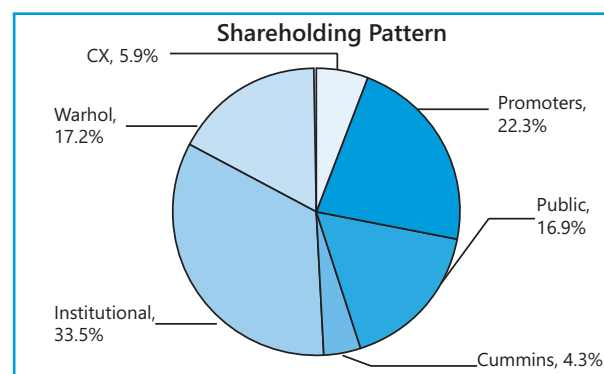
We are constantly working towards generating value for our shareholders and increasing the net worth of the Company. Hedging Reserve is the MTM gain / loss on all of the outstanding hedging contracts as calculated with respect to the closing rate, as at the date of the Balance Sheet. As on March 31, 2014,

these hedging reserves turned positive into ₹ 92.44 Million as compared to a debit of ₹ 260.41 Million as at March 31, 2013.



Shareholding Pattern:

Our shareholders include Promoters, renowned domestic and financial institutional investors and individuals. As on March 31, 2014 our, shareholding structure was as follows:



Institutional Holding of More than 1% as on March 2014

Domestic Institutional Investors	Foreign Institutional Investors
SBI Mutual Fund	Warhol Limited (Chrys Capital)
ICICI Prudential Life Insurance Company	CX Partners
Sundaram Mutual Fund	Acacia Partners (Ruane Cunniff & Goldfarb Inc)
-	Steadview Capital
-	Burgundy Asset Management
-	Fidelity Puritan Trust

Liquidity:

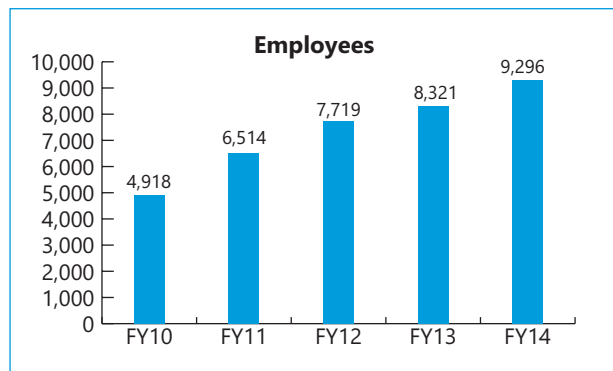
Over the years we have been growing at a very fast pace and thus the cash conversion ratio (Cash Flow from operations / EBITDA) has been lower as compared with the industry. We attribute this as cost

of growth since a fast growth eats up working capital resulting in lower cash flow conversions. FY14 was a different year where our growth rate was below average and we had healthy cash flow generation during H1FY14. During the year we made investments to the tune of ₹ 1.4 Billion for the M&A deals done earlier. The cash flow from operations stood at ₹ 1.03 Billion for the year. In the last quarter, our collections were impacted largely due to increase in credit period to our largest customer by 15 days and higher billing in the last month of the quarter. We continue to focus on reducing the DSO and are fairly confident of getting the DSO under 80 in a couple of quarters. The fixed asset investments continue to be range bound with majority contributed by maintenance capex.

Internal control systems and their adequacy:

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

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



Risk and Concerns:

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

Cautionary Statement

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

Enterprise Risk Management

Considering the continuously changing business environment in which the Company operates and the risks and opportunities that this presents, the Company has identified the following as the key risks which are being monitored closely from measurement & mitigation perspective under the ERM framework adopted by the Company:

1. **Customer relationships:** We aim to achieve industry-leading growth with focus on select verticals and customers. Managing those customer relationships is therefore a critical success factor of our strategy. The Company has identified fifty (50) global corporations as target customers and has, put in place, a process and organization structure to build and manage these relationships. Every such customer relationship is managed by a team led by an account director. Further, members of executive council have been assigned the responsibility to continuously monitor and nurture such relationships which also involves engaging with CXO level executives of the customer organizations. We believe that this will help us attain and maintain leadership positions in such businesses. The vertical-based Industry Business Unit (IBU) structure introduced by the Company recently will also help the Company come out with industry-specific solutions and expertise which will differentiate the Company in the eyes of the customers and help manage this risk effectively.
2. **People cost and talent management:** A knowledge-based business like ours requires skilled manpower in sufficient numbers. While availability of talent and its cost continues to be a challenge for the industry, high inflation and the consequent increase in salaries in India also exert constant pressure on the operating margins of the business. Immigration restrictions in key markets and its effect on mobility of workforce is another challenge faced by the industry.

The Company addresses the challenge of availability of skilled manpower through an initiative called PACE (Program for Academic Collaboration and Enhancement) under which

the Company collaborates with select academic institutions to equip their students with the skills required by the Company and to get them industry-ready before they are recruited by the Company. The Company also monitors the percentage of lateral hires who become top performers in the first year to evaluate its ability to attract top talent. The Company has launched a number of initiatives aimed at retention of talent and grooming future leaders. Productivity improvement measures also help in ensuring that the rising salaries do not affect the margins adversely.

3. **Strategy based on focus, scale and business model:** The Company's strategy to focus on select industry verticals and chosen list of customers may expose it to the risk of concentration of business and over-reliance. The Company monitors this risk very closely and has been maintaining a good balance between the different industry verticals. Further, over-reliance on a few technologies and offerings is being addressed through addition of new offerings which are well aligned to the focus verticals (e.g. Product Lifecycle Management (PLM)). The Company addresses the risk of too much of diversification and sub-optimal scale by a constant review of its offerings and operations to check their relevance and the Company's competitive position in respect of them.
4. **Currency appreciation:** We derive more than 90% of our revenues in foreign currency and more than 50% of our costs are in Indian rupees. Any adverse movement in the foreign exchange rates will have a direct impact on our margins. To address this, the Company has converted some of its costs into foreign currency – for example, the Company raised funds recently in foreign currency which gives us a natural hedge and reduces the currency risk. A consistent hedging policy to cover the net exposure in foreign currency earnings is also expected to provide reasonable visibility of future profitability.

5. **Dependence on linear revenue streams:**

Currently, almost all of the revenues of the Company are linked to the number of people we employ. This poses risks not only from the point of view of profitability but also from the sustainability perspective. With the kind of growth plans that the Company has chalked out, linearity of revenues may also raise scalability issues, particularly, in the context of shortage of skills in the marketplace. The Company has launched a number of initiatives to increase the proportion of non-linear revenues, such as, developing its own products in automotive domain such as infotainment, in-vehicle networking, hybridization & electrification of vehicles, etc. which have started paying off.

6. **Dependence on inorganic growth:**

Inorganic growth is an integral part of the Company's growth strategy and the Company's track record in this regard has been very good. However, the Company is mindful of the risks inherent in inorganic growth strategy and tries to mitigate this by integrating the business in defined timelines post deal closure and driving organic growth of the said business. The Company continues to focus on maintaining a healthy organic growth rate. The Company's strategy of focusing on chosen verticals and aiming for leadership position in such verticals has helped the Company maintain a good organic growth rate over the years by helping the Company mine the existing customer accounts effectively.

Process for management of the risks

1. The Company follows a focused approach to risk management by concentrating on the top five or six risks. The Company continuously updates these risks by addition of new risks and by dropping those risks considered no longer important.
2. Once the top risks are identified, risk metrics to measure and monitor such risks are developed. This results in an objective and metric-based approach to risk measurement and management. The risks are constantly monitored and the risk metrics are updated every quarter.
3. Risk indicators are being monitored on a continuous basis by the risk owners. The status of various risks, risk indicators and the mitigative actions are also reviewed by the management with the risk owners regularly as part of the normal internal reviews. This ensures that risk management is built into the normal operations of the Company instead of being treated as a separate and independent exercise which may dilute the effectiveness of risk management.
4. The status of enterprise risk management is also presented to the audit committee and the board of directors and the inputs and advice of the committee/board members are regularly sought and implemented.

Community Initiatives

CSR philosophy at KPIT

Corporate Social Responsibility (CSR) has been an intrinsic part of KPIT's philosophy since its inception. Being a socially responsible business organization, we continue to push the bar higher through technology and innovation driven CSR activities. We believe it is our moral responsibility to give back to the community, which in so many ways has contributed to our success and helped our business grow.

Community Contribution is one of the seven core values at KPIT. It has a significant mention in our Mission and Vision statement which reflects our commitment towards it.

We have always been involved in community contribution initiatives in some way or the other and have developed the structure for our CSR initiatives over a period of time. Since our inception, we worked on several fronts and many societal initiatives. Considering our capabilities and the needs of the communities that we serve, we have reassessed the focus of our CSR initiatives. Based on the reassessment, we have finalized the following focus areas in order to deliver maximum benefit to society:

- 1) **Environment:** As a company, we run our business in such a manner that we create and retain a sustainable world. We also enable our clients to run their operations efficiently and create products that are environment friendly. In line with this, our CSR initiatives are also focused towards making this planet a better place to live in.
- 2) **Education:** Being in a knowledge-based business, furthering the cause of knowledge and education is a logical focus area for us. We aim to transform lives of people in our community through science and technology education. We firmly believe that education can bring in long term transformation. We focus on science and technology because of our belief that technology can change lives and science brings in rational thinking.
- 3) **Energy:** We use our technology expertise to develop innovative solutions that enable efficient

energy generation and consumption and create renewable supply. We serve our customers with an intent of delivering energy efficient products, services and processes that contribute towards making this world more sustainable and a better place to live in.

- 4) **Employee Engagement:** While the earlier three categories have a specific focus and objective, there are several other initiatives beyond the earlier mentioned categories. Thus, came into existence our fourth category focused on engaging the mind and attention of the employees. The employee involvement category provides every employee with an opportunity to do their bit for the society. We regularly organize various events such as blood donation drives, Annadan (food donation drive) etc. in our office premises. All our events receive enthusiastic response and participation from our employees.

Guiding Principles of our CSR initiatives:

The guiding principles for our CSR initiatives are as below:

- 1) Community Initiative should not be restricted to only contribution of funds. It must necessarily involve the energies and efforts of the people.
- 2) Community Initiatives should be rendered in areas where the company's core strengths are, so that we can contribute more than just our time and money. Therefore, we use our expertise and knowledge in the IT domain, to educate and enable communities.
- 3) The efforts should be concentrated on a few initiatives to ensure significant results and maximum impact.
- 4) Initiatives are not limited to any cultural, regional or physical boundaries. We ensure a wider reach of each initiative to benefit the society at large.
- 5) All practices and initiatives should be metrics-driven, for greater transparency and to ensure measurable results. We aim to achieve involvement from our employees equal to or greater than 1.5 times of total employee strength

in a given year. We measure the number of beneficiaries and the number of employees involved in each initiative. For example, in the year 2013-14, we had 14,819 beneficiaries as against 11,213 employee engagements participating in the community initiatives. The comparable metrics in the year 2012-13 was 6,200 and 5,750 respectively.

- 6) We firmly believe in the principle of collaboration. We understand that in the area of social service, there are other entities with greater depth of knowledge. In order to give the best to the society, we collaborate with such entities. For example, we collaborated with Janwani for Zero Garbage project, Jnana Prabodhini & General Motors for Chhote Scientists project and Seva Sahayog for School Kit Donation drive.

How our CSR initiatives are conducted:

To enable us contribute more in terms of time and efforts, we have identified clear areas for our CSR initiatives. We try and make a difference to every community around us, wherever we operate. Our CSR operations can be classified into four concentric circles as below:

- 1) **Inside the campus:** These are primarily driven by the employee engagement goal. At KPIT, across the regions where we are present, we organize all kinds of donation drives (Blood, Clothes, Book, Fund-raising, etc). We conduct environment awareness sessions and arrange for stalls to be put by NGOs.
- 2) **Inside the Cities where we operate:** Within the city premises, we individually or in association with an NGO, conduct activities like weekend teaching session in schools, corporate induction at NGO sites and Zero Garbage project with Janwani.



- 3) **In villages near our cities:** We contribute to these areas via our initiatives like Chhote Scientists (teaching science to school children with simple scientific toys), farm pond activity, etc.

- 4) **In areas where there is an Emergency:** Cutting across geographies and regions is our emergency aid initiative. We provide financial aid and volunteers for rescue operations during natural disasters, such as the recent floods in Uttarakhand.

Major CSR initiatives in 2013-2014

Environment

1. **Zero Garbage Drive:** The Clean Pune movement

KPIT along with Janwani, (the CSR wing of Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA), Pune) partnered with Pune Municipal Corporation (PMC), and other stakeholders to initiate the Zero Garbage Drive. The initiative focuses on separating the organic and inorganic waste. Organic material is used in the biogas plant, thus eliminating its transportation cost to the landfill. Inorganic material, such as plastics and glass, is sold as scrap. The ultimate goal of the Zero Garbage Project is to process all waste at the ward level, reducing transportation and labour costs for the city and eliminating the need for landfill sites. This drive was initiated successfully at the Katraj ward a few years back, after which PMC has requested Janwani to replicate this Zero Garbage Model at other wards in Pune. This year (2014) four zero garbage awareness rallies have been organized in different wards of Pune city, involving 215 volunteers.

Janwani has presented and suggested this model to the Planning Commission of India to replicate this model on a nationwide scale.

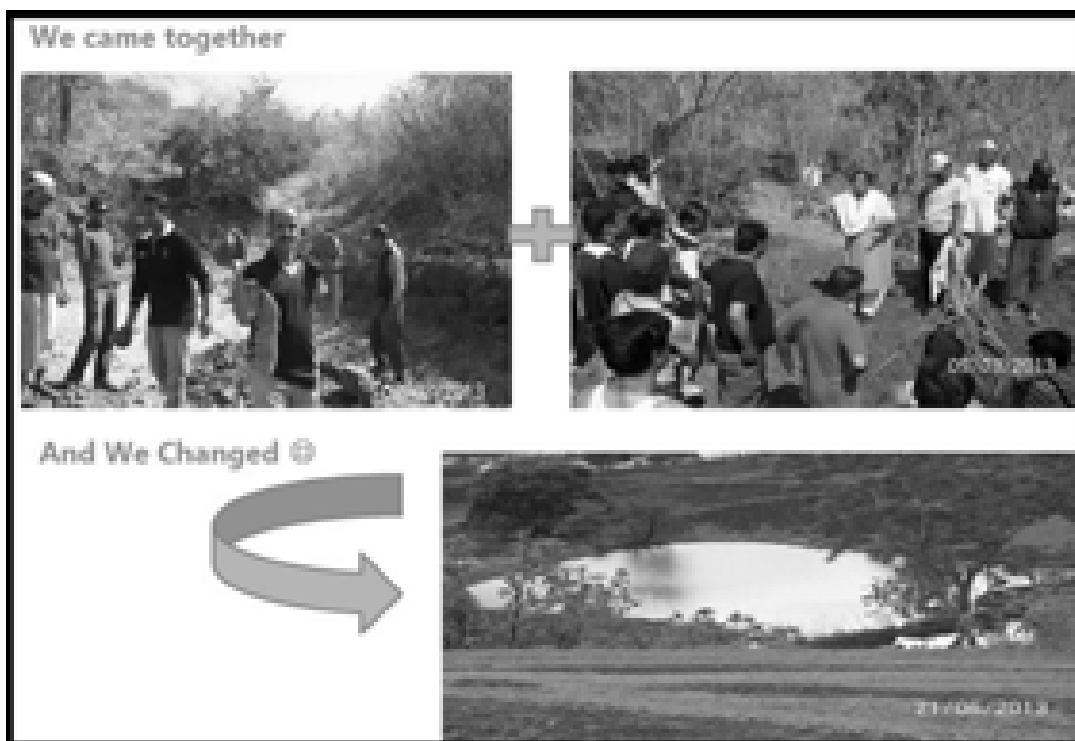


Zero Garbage Awareness Rally by Kpites

2. **Farm Ponds Initiative : 'Rain Water Harvesting - Exciting and social way for TEAM BONDING via Farm Pond Activity':**

This activity of desilting farm ponds at various villages was initiated in 2013, in association with the NGO Jnana Prabodhini. About 450 volunteers from 20 groups had then participated in this activity.

Continuing from the last year, we extended this activity to this year as well. To perform this challenging task, 550 employees from KPIT contributed toward the desilting of ponds for about four months starting January 2014. Through the desilting activity, the volunteers have made an attempt towards ensuring rain water conservation during the monsoon of 2014, providing farmers enough supply to water their land through the year, thereby benefitting over 2000 people from the Mangdari & Ketkawane villages.



3. **Environmental Awareness Program: (on occasion of World Environment Day)**

We have been celebrating the Environment Week for five years now. Environment day is celebrated to spread awareness about environmental issues amongst our employees and to encourage their attention and action towards it. At all the office locations of KPIT in India (Hinjewadi, Mahape, Noida & Bangalore), Environment week is celebrated in the 1st week of June.

The various activities that take place in all the locations, every year, are as follows:

- Documentary screening,
- Session on artificial nesting,
- Extempore competition, online quiz competition, green day and

- skit on environment

In all 2,600 employees participated in these activities.

Education

1. **Chhote Scientists**

Continuing from the last year, KPIT enhanced its flagship CSR program, "Chhote Scientists". The initiative benefitted over 1,600 students by inculcating in them the love for science and inspiring them through real-life applications of the subject. More than 800 employees participated in this initiative to take it to the masses. We have also developed Chhote Scientists Android based application for Aakash tablet with IIT, Mumbai.

Smiley Science Classes



Science Exhibition:

A Science Exhibition held every year on the Science Day marks the completion of the annual calendar for 'Chhote Scientists'. Students from over 20 rural schools around Pune who were trained under the Chhote Scientists program exhibit solutions that they developed by applying scientific principles taught to them by KPIT volunteers.



Innovative models displayed at the Science Exhibition



This year, the exhibition saw a range of solutions including solar based food mixer with speed variation to an electronic sensor for women safety. The projects were made out of waste or junk materials.

Two winners, one each from class eighth and ninth, were awarded at the event and students of the Rani Lakshmi Bai Girls Military School, excelled in both the categories. Winners in both the category were awarded with a trophy, a certificate and an advanced scientific experiment kit.

The winning exhibits:

- 1) By students of class Eight: A heater that demonstrated the effective usage of energy by cooking food and heating water at the same time.
- 2) By students of class ninth: A helmet with solar charger made out of recycled plastic.

2. School Kit Donation Drive:

We have been working with Seva Sahayog, an umbrella organization of various NGOs, for the last five years. Seva Sahyog conducted a survey to identify the reasons behind students dropping out of the schools. One of the key reasons that came to light was the issue of affordability. The families were not able to afford the basic things needed for their children's education, such as books, school bags etc. In collaboration with Seva Sahyog, KPIT spearheaded School Kit donation drive wherein the employees contributed funds and manpower to support education of over 40,000 underprivileged children.



3. Teaching Classes at Thayimane, Bangalore:

Thayimane is a humanitarian institute for underprivileged children. KPIT has been working with this institute for last two years to impart formal and non-formal education. 180 classes were conducted by 400 volunteers under this initiative.



4. Teaching program at Sri Saraswati Bal Niketan School, Noida:

We ran a year-long teaching program at Sri Saraswati Bal Niketan School Noida. KPIT employees conducted 58 sessions on Maths & Science. 220 KPIT volunteers participated in the program.

Employee Engagement

1. Flood Relief at Uttarakhand:

Another major effort undertaken by the company was the relief work at Uttarakhand. KPIT contributed not only monetarily but also joined hands with NGOs working in that region to facilitate distribution of provisions in the disaster hit areas.





2. **Blood Donation Drives:**

One of the most successful and sustainable drives that we have undertaken 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. Over the past 6 years we have been running this campaign successfully.



3. **Annadan (Food/Grain donation drive):**

Through the unique initiative of Annadaan, we appealed to our colleagues from Pune, Noida and Mumbai, to put aside just one handful of grain and grocery item every day for a month. Each handful of contribution made a huge difference. We have donated 10,000 kilograms of food grains to 8 different NGOs.



4. **Drought Relief Fund:**

We have launched a Drought Relief fund in our organization. We have sponsored the construction and maintenance of 400 meter long stretch of a canal in Kamti village in Ahmadnagar district. The canal is 6 ft deep and 21 feet wide. It will benefit 2500 villagers who are currently affected by drought. Mr. Pankaj Sathe - Chief People & Operations Officer, visited the place and inaugurated the maintenance work.

Awards & Accolades:

It gives us immense pleasure to share that the **Federation of Indian Chambers of Commerce and Industry (FICCI)** felicitated KPIT, recognizing us for integrating and internalising Corporate Social Responsibility into our overall corporate strategy. An Appreciation Plaque was presented to KPIT for our “**Chhote Scientists**” initiative, under the Innovative CSR projects category, at the 13th FICCI CSR Award ceremony held in New Delhi.

We also bagged Cummins Chairman & Managing Director (CMD) award for demonstrating core value of Community Contribution.



As KPIT continues to grow and expand globally, we remain reinforced of the strong belief that every company should show gratitude to the environment and the society it operates in, and should strive for the greater benefit of the community at large.

Directors' report

Dear Shareholders,

The Directors are pleased to present the Twenty Third Annual Report together with the Audited Accounts of the Company for the Financial Year that ended on March 31, 2014.

Performance of the Company

Particulars	Standalone 2013-14		Consolidated 2013-14	
	USD Million	₹ Million	USD Million	₹ Million
Revenue from operations	146.80	8,900.85	444.32	26,940.40
Profit before exceptional items and Tax	30.52	1,850.76	54.56	3,307.92
Profit before Tax (PBT)	32.54	1,973.17	56.58	3,430.33
Profit after Tax (PAT)	24.60	1,491.57	41.06	2,489.50

Results of Operations

During the year under review, the total revenues from operations (consolidated) increased to ₹ 26,940.40 Million, a growth of 20% over the previous year. Earnings before interest, tax, depreciation and amortization was ₹ 4,232.76 Million on consolidated basis. Net profit after tax (consolidated) grew by 25% to ₹ 2,489.50 Million.

In US Dollar terms, revenues from operations for the year on consolidated basis was 444.32 Million as against 410.45 Million during the previous year, a growth of 8%. Average realization rate was ₹ 60.63 per US Dollar.

Standalone sales for the fiscal year 2013-14 grew by 24% to reach ₹ 8,900.85 Million. Net profit after tax increased by 45 % to ₹ 1,491.57 Million.

Dividend

The Directors are pleased to recommend a dividend of 55% (₹1.10 per equity share of face value of ₹ 2/- each) on the paid-up equity share capital of the Company. The total pay-out will amount to ₹ 249.76 Million including dividend distribution tax.

Transfer to Reserves

Your Directors propose to transfer ₹ 149.50 Million to the General Reserve. An amount of ₹ 5,166 Million is proposed to be retained in the Profit & Loss Account.

Share Capital

The Company allotted 1,257,008 equity shares of ₹ 2/- each, under the employee stock option schemes in the financial year 2013-14.

The outstanding issued, subscribed and paid-up capital of the Company as on March 31, 2014 is ₹388.14 Million, consisting of 194,072,207 equity shares of ₹ 2/- each.

People

The Company, together with its subsidiaries, had 9,296 employees as on March 31, 2014.

CRISIL Ratings

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

Quality, Information Security and Productivity

Our passion for quality continued to help us scale new heights. During the year, the Company achieved re-certification for ISO 9001:2008 (Quality Management Systems) and ISO 20000:2011 (Information Technology Service Management) by TUV Nord Cert GmbH for providing software development, product engineering, product support and enabling services. The Company continues to maintain the highest maturity level 5 for CMMI-DEV® (Development) as well as Automotive SPICE®. The Company is also certified for ISO 27001:2005 (Information Security Management Systems) and ISO22301:2012 (Business Continuity Management).

During the year, the Company further strengthened the use of "Auto Code Generator" tools that improve productivity and software code quality. CBA (Continuous Build Automation), an in-house developed platform for quality and productivity measurement

and enhancement has been implemented for KPIT as well as for key customers as a service offering. User productivity kit (UPK) from Oracle, a content development and deployment platform for increasing project, program and user productivity is being deployed across the organization as well as for customers and the feedback has been promising.

Our process improvement drive continues to be strengthened by a strong six sigma focus with 50+ process improvement projects being completed successfully, benefiting both KPIT and its customers. Six sigma customer engagements have been kicked off in this year with more opportunities in the pipeline. As a result, 89% of our customers have endorsed their satisfaction with our services and products.

Institutional Holding

As on March 31, 2014, the Institutional Holding in the Company was 56.21%.

Information about the Subsidiary Companies

As on March 31, 2014, the Company had 15 subsidiaries, including step-down subsidiaries.

During the year, under review, Systime Global Solutions Private Limited was converted into a public limited company and was rechristened as KPIT Global Solutions Limited. Further, the Company increased its shareholding in KPIT Global Solutions Limited to 100%.

The Hon'ble High Court of Delhi has approved the Scheme of Amalgamation of Sparta Infotech India Private Limited (earlier 100% subsidiary of the Company) with the Company, vide Order dated January 30, 2014 and therefore, Sparta Infotech India Private Limited has ceased to exist as a separate company.

With effect from 1st April, 2013, ikv++ Technologies AG became a 100% subsidiary of the Company, consequent to the acquisition of its entire share capital by KPIT Infosystems GmbH.

During the year under review, name of KPIT Infosystems GmbH has been changed to KPIT Technologies GmbH.

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

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

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

Directors

Pursuant to Article 124 of the Articles of Association of the Company read with Section 152 of the Companies Act, 2013, Mr. S. B. (Ravi) Pandit and Ms. Elizabeth Carey retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The board recommends their reappointment.

Mr. S. B. (Ravi) Pandit has been appointed as a Whole-time Director with effect from April 1, 2014 for a period of five years and he continues to be the Chairman of the Board of Directors. A special resolution is being put up to the shareholders at the forthcoming annual general meeting for approval of his appointment.

Mr. Kishor Patil was appointed as the Managing Director w.e.f July 2, 2009 for a period of 5 years and his term expires on July 1, 2014. Considering the stellar contribution of Mr. Kishor Patil to the growth of the Company and his top-notch leadership qualities, the Board has reappointed Mr. Patil as the Managing Director and Chief Executive Officer for a period of five years from 2nd July, 2014. A special resolution is being put up for the approval of the shareholders at the forthcoming annual general meeting for the reappointment of Mr. Kishor Patil as the Managing Director of the Company.

Mr. Adi Engineer was appointed as an Additional Director during the year. Mr. Engineer holds a degree in Civil Engineering from Pune University. Mr. Engineer has served as a director on the board of several companies in the field of energy infrastructure and engineering. Highly regarded for his varied and differentiating experience, Mr. Engineer, till recently, was the non-executive Chairman of Tata Power Delhi Distribution Limited, Tata BP Solar Limited and Chemical Terminal Trombay Limited. A proposal is being put up for the approval of the shareholders at the forthcoming annual general meeting for the appointment of Mr. Adi Engineer as an independent director of the Company.

Consequent upon the provisions of the Companies Act, 2013, coming into force, all the independent directors of the Company have to be appointed by the shareholders at the general meeting of the Company. Accordingly, proposals for appointment of Dr. R. A. Mashelkar, Ms. Lila Poonawalla and Mr. Alberto Sangiovanni Vincentelli are being made for the approval of the shareholders at the forthcoming annual general meeting.

Corporate social responsibility is ingrained in the DNA of the Company and the Company has been taking various initiatives in this regard, including, the 'Chotte Scientist' which has won many accolades. The Company has also constituted a committee of its board of directors for overseeing the discharge of corporate social responsibility obligations of the Company, as required by the provisions of Companies Act, 2013.

Auditors

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company in the last Annual General Meeting held on July 12, 2013. As per the provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, statutory auditors of a Company have to be appointed for a period of five years, subject to ratification by the members in every Annual General Meeting by passing an ordinary resolution. M/s. B S R & Co. LLP, have given their consent for reappointment and have confirmed their eligibility as per the provisions of Section 139 of the Companies Act, 2013. Based on the recommendation of the audit committee, the Board of Directors recommends the reappointment of B S R & Co. LLP, as the statutory auditors of the Company to hold office from the forthcoming annual general meeting till the annual general meeting to be held in the year 2019.

Corporate Governance

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

Management Discussion and Analysis

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

Particulars of Employees

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

Responsibility Statement of the Board of Directors

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

- i) in the preparation of the accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and there has been no material departure;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the said financial year and of the profit of the Company for the said financial year;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) the Directors have prepared the accounts for the year ended March 31, 2014, on a 'going concern' basis.

Employees Stock Option Plan (ESOP)

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

Fixed Deposits

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

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

Conservation of Energy

The Company always endeavors to reduce energy consumption and achieve conservation of resources. Some of the initiatives taken by the Company in this connection have been detailed in the previous years' Directors' Reports which the Company continues to implement. Apart from those initiatives, the following measures were undertaken to reduce energy consumption:

- Installation of solar street lamps at Pune Hinjewadi campus.
- Regulation of timings for operation of air conditioners (AC) and maintenance of inside temperatures as per the climatic conditions, orientation of building and usage pattern.
- Installation of AC remote controls at all meeting rooms and cabins to optimize AC usage.
- Replacement of lights with energy efficient T5 lights and LED lights.
- Regulation of UPS and Capacitors as per load requirement resulting in reduction of energy losses.

Such initiatives and continuous efforts contributed to 25% savings over last 5 years at Pune campus, 12% at Bangalore facility and 17% at Mumbai facility.

The TERI BCSD (The Energy Resources Institute-Business Council for Sustainable Development) and CSO (Chief Sustainability Officers) Forum also

recognized and published three case studies of KPIT's initiatives (sustainable growth, innovation and energy efficient infrastructure) in their latest report.

Occupational Health and Safety Assessment Series (OHSAS)

During the year, the following activities were carried out by the Company under OHSAS:

- Yoga to rejuvenate
- Free Eye Checkup Camp
- Health talk on skin & hair care
- Zumba
- Complete Body Checkup (Total approx. 600 employees participated)
- Health Sessions (Hair & Skin, Healthy Heart, Diabetes, Ergonomics, Hormonal Imbalances in women)
- Health Related Games
- Laser Treatments
- Propel 2013 (Health week)

Research and Development (R & D) Activities

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

During the year, the Company successfully conducted research assignments for its customers which included technical consultations on sensor reduction in vehicles for a vehicle manufacturer. We developed new capabilities based on computer vision for daytime pedestrian detection, fog removal from video and depth estimation from images captured

from rotating camera. We also developed a tool to automatically convert software code to behavioral models, which is expected to be used by automotive customers for managing legacy code.

The Company has also developed the technology to enable future-proofing infotainment system of a car through software update which will now be deployed for a production program series. Further, technology developed by KPIT to provide secure and seamless connectivity between mobile device and a car, to deploy vehicle-centric apps is now being evaluated by a car maker for deployment on a production program series.

The Company successfully completed the development of Revolo Hybrid system platform components which will help to significantly reduce the time to develop Hybrid system for new vehicle variants. Central Motor Vehicle Rule Committee (CMVR) approved the Homologation standards for Hybrid Electric System

Retrofitment and has published draft notification for the same. Further, Powertrain team of Automotive SBU has filed a patent application for Hybrid system architecture for large vehicles. The Company has started research projects with Council of Scientific & Industrial Research (CSIR) and National Chemical Laboratory (NCL) in the areas of alternate fuel technologies.

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

Amounts in ₹ Mn.

KPIT R&D - Expenses for the year ended March 31, 2014

Asset	A&E SBU		IES SBU		Total
	Amount	Details	Amount	Details	
Expensed	35.74	A&E Crest Projects	31.06	IES Crest Projects	66.80
Capital Work in Progress	68.20	Revolo ***	-		68.20
Capital Work in Progress	51.62	Infotainment ***	-		51.62
Total	155.56		31.06		186.62

*** Please refer to Note No. 42 under Standalone Financial Statements of KPIT Technologies Limited.

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

Technology Absorption

One of the key focus areas for FY13-14 was the extension of the Enterprise Resource Planning system to the US entities. This has been successfully completed and has helped bring in uniformity and ease of management across the US geography. The project for Customer Relationship Management consolidation is underway and one key business unit has been successfully migrated to the new version of Microsoft Dynamics. Other key initiatives included rollout of centralized contract management system, extension of e-recruitment and big foray into analytics by way of BO based reporting.

Foreign Exchange Earnings and Outgo

Given the global nature of the business of the Company, exports always form its thrust. Total foreign exchange earnings during the year have been ₹ 5,955.68 Million (previous year ₹ 5,885.51 Million)

and foreign exchange outgo (including imports) has been ₹ 492.19 Million (previous year ₹ 361.40 Million).

Awards & Recognition

- Federation of Indian Chambers of Commerce and Industry (FICCI) felicitated KPIT's Chhote Scientists initiative at the 13th FICCI CSR Award ceremony for integrating and internalizing Corporate Social Responsibility into the overall corporate strategy.
- KPIT achieved the prestigious Verifirm-Certified from BSA, acknowledging KPIT's effective governance practices, high level of sophistication and reliability in Software Asset Management.
- Shrikant Kulkarni, CIO, KPIT, was awarded the Dataquest Editors Choice CIO Excellence Award 2013, in recognition of his significant contribution in leading the high end technology initiatives at KPIT.
- KPIT was awarded the Microsoft customer spotlight recognition award for Reimaging cloud.

- VMware awarded the renowned IT excellence - Best Implementation Award to KPIT under Desktop Virtualization category.
- KPIT won 'Best Performance in Service Delivery' award from SAP India in recognition of more than 20 successful projects executed by the Company using IP based solutions in SAP India.
- KPIT won the Cummins CMD (Chairman and Managing Director) Awards 2012, in the CSR category for Chhote Scientists initiative.

Acknowledgments

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

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

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

For and on behalf of the Board of Directors

Sd/-

Pune
April 28, 2014

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

Annexure I to the Directors' Report

Employee Stock Options (ESOPs)

The status of employee stock options, as on March 31, 2014, is as under:

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

Sr. No.	Particulars	2013-14	2012-13
a.	No. of Options granted	NIL	NIL
b.	Exercise Price	₹ 2.50	₹ 2.50
c.	No. of Options vested	500	500
d.	Options exercised	300	NIL
e.	Total number of shares arising as a result of exercise of Options	30,000	NIL
f.	Options Lapsed / Cancelled	NIL	NIL
g.	Variation of terms of Options	NIL	NIL
h.	Money realized by exercise of Options (in ₹)	75,000	NIL
i.	Total No. of Options in force	200	500

j. Employee wise details of Options granted:

- i. No Options have been granted to the promoter Directors.
- ii. There are no employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.
- iii. One option is equivalent to 100 shares.

2. Employee Stock Option Plan - 2004

Sr. No.	Particulars	2013-14	2012-13
a.	No. of Options granted	NIL	NIL
b.	Exercise Price	Closing market price of the Company's equity share on the Stock Exchange which has highest trading volumes, on the day prior to the date of grant of Options	
c.	No. of Options vested	2,133,241	1,951,433
d.	Options exercised	455,359	696,207
e.	Total number of shares arising as a result of exercise of Options	455,359	696,207
f.	Options Lapsed / Cancelled	191,677	337,540
g.	Variation of terms of Options	NIL	NIL
h.	Money realized by exercise of Options (in ₹)	32,148,346	39,010,086
i.	Total No. of Options in force	2,133,241	2,780,277

j. Employee wise details of Options granted:

- i. No options have been granted to the promoter Directors.
- ii. There are no employees, who have received a grant of Options amounting to 5% or more of Options granted during the year.
- iii. There are no employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.
- iv. One option is equivalent to one share.

3. Employee Stock Option Plan - 2006

Sr. No.	Particulars	2013-14	2012-13
a.	No. of Options granted	400,000	1,046,000
b.	Exercise Price	Closing market price of the Company's equity share on the Stock Exchange which has highest trading volumes, on the day prior to the date of grant of Options	
c.	No. of Options vested	3,825,302	3,786,600
d.	Options exercised	1,229,094	1,181,528
e.	Total number of shares arising as a result of exercise of Options	1,229,094	1,181,528
f.	Options Lapsed / Cancelled	414,404	353,330
g.	Variation of terms of Options	NIL	NIL
h.	Money realized by exercise of Options (in ₹)	54,016,755	48,388,578
i.	Total No. of Options in force	6,036,302	7,279,800

j. Employee wise details of Options granted:

- i. No Options have been granted to the promoter Directors. List of employees belonging to the senior management, who have been granted Options, is given as Annexure II to this report.
- ii. There are no other employees other than those given in Annexure II to this report, who have received a grant of Options amounting to 5% or more of Options granted during the year.
- iii. There are no employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.
- iv. One option is equivalent to one share.

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
(a)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20		₹ 7.76	
(b)	The difference between employee compensation cost using intrinsic value and the fair value of the options and impact of this difference on profits and on EPS	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2013-14 is ₹Nil. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the financial year 2013-14 would be ₹ 50,064,078/-. The effect of adopting the fair value method on the net income and earnings per share is presented below: Profit as adjusted: ₹ 1,441,508,461/- Adjusted earnings per share- Basic: ₹ 7.70 Diluted: ₹7.50		

(c)	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	29-Apr-13
				Exercise Price (₹)	94.85
				Fair Value (₹)	38.04
(d)	Method and significant assumptions used to estimate the fair value of options during the year	No options were granted during the year	No options were granted during the year		
(a)	Method			Black Scholes Method	
(b)	Significant assumptions:				
	1. Risk Free Interest Rate			7.54%	
	2. Expected Life (years)			3.60	
	3. Expected Volatility			45.97%	
	4. Dividend Yield			0.95%	
	5. Price of the underlying share in market at the time of the option grant (₹)			94.85	

ANNEXURE II to the Directors' Report

List of Option Grantees:

Employee Stock Option Plan - 2006:

Sr. No.	Name of the employee	Options Granted
1	Probodh Chiplunkar	20,000
2	Ali Safadi	50,000
3	James Cramer	50,000
4	Vishal Jain	20,000
5	Ashu Bhalla	20,000
6	Anand Chellam	30,000
7	Marvin Sohoo	20,000
8	Michael Amico	20,000
9	Prashant Jain	20,000
10	Vaibhav Nadgauda	50,000
11	Denise Ferre	20,000
12	Aasim Hasan	30,000
13	Brent Kelton	30,000
14	David Allen	20,000
	TOTAL	4,00,000

For and on behalf of the Board of Directors

Sd/-

Pune
April 28, 2014

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

R&D Activities at KPIT

Center for Research in Engineering Sciences and Technology (CREST)

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

The Center for Research Engineering Sciences and Technology (CREST) is KPIT's R&D center. CREST is focused on three fronts: R&D for customers, technology development and fostering innovation. The following are some of the important projects/initiatives undertaken during the year 2013-14:

R&D for Customers

Automotive Sensor Reduction Study

Automotive features continue to increase exponentially, offering better differentiation and value to consumers. These features often require new sensors and electronics to be added to the vehicle, leading to increased costs and complexity. There is significant opportunity to optimize the number of sensors in a vehicle to reduce system costs. At the same time, advances in sensors and ECUs and research in data processing algorithms offer us further possibilities for optimization.

KPIT has conducted sensor reduction studies for a top vehicle maker. The focus of the studies has been to identify opportunities for reducing sensors using various techniques. We have successfully identified and proposed methods to reduce sensor costs by over \$30 per vehicle in one subsystem.

Technology Development

Daytime Pedestrian Detection

Road safety has gained paramount importance in the recent past. With better vehicles, roads and infrastructure, fatalities due to road accidents have seen a steady decline. One of the major ongoing efforts in this context is to reduce accidents involving pedestrians. We are working on coming up with camera based pedestrian detection system that can alert the driver in case it detects a pedestrian within close vicinity of the host vehicle. By providing an early warning and thereby increasing the reaction time, it

enables the driver to stop the vehicle and avoid an impending collision with the pedestrian.

Fog Removal from Video

Vision based ADAS (Advanced Driver Assistance Systems) rely on video that is captured using an onboard camera. The performance of ADAS applications depends heavily on the quality of the input video. However, in case of fog, mist and rain, there is very low visibility and the performance of these applications is severely affected. We have developed an algorithm that can eliminate the effect of fog in images. Therefore, it is possible to create near ideal images even under adverse weather conditions.

Depth Estimation from Images Captured from Rotating Camera

Depth estimation from stereo images is a well-researched area. However, given the cost sensitive nature of the automotive market, eliminating a single camera from the system would result in a lot of cost savings. In order to estimate depth from a single camera, we have come up with a framework that uses a camera mounted on a rotating platform. We have developed an algorithm to estimate the depth of objects in the scene, based on inputs captured by the rotating camera.

Automatic Code-to-Model Conversion Tool

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

We have developed a tool that converts existing legacy C code to Simulink models. It is fully automated, requiring no user intervention. It was found to reduce the overall code-to-model conversion time by half in trials.

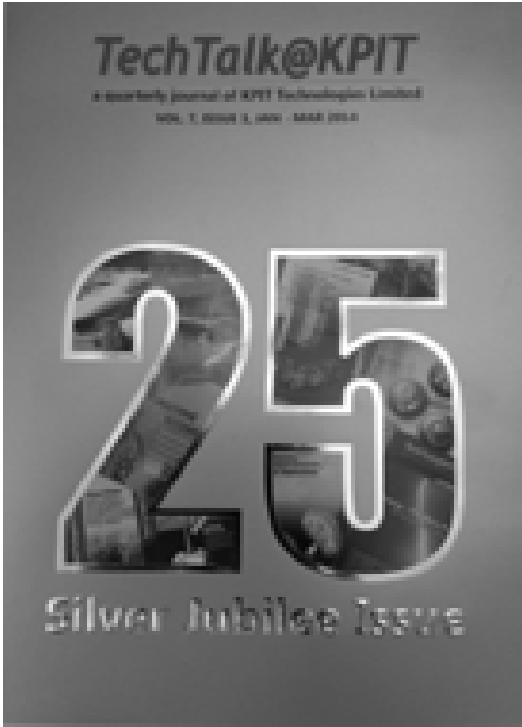
Fostering Innovation

- Innovation Council: The Innovation Council is a board-level forum conceived and implemented for taking innovation at KPIT to the next level. Eminent members of industry and academia provide valuable guidance to KPIT innovators and management. The forum meets every six months to review innovation plans as well as innovative ideas and projects. Top innovators are also honored at the event.
- Patents: The patenting process began in 2008 with our first patent filing. This year, nine of our patent applications have been granted in various countries, including several patents on hybrid vehicles. Three of our patents in the automotive domain have been licensed to a customer, giving us our first IP-driven revenues. The company filed twelve new patent applications this year. These applications cover the areas of automotive engineering, hybrid vehicles, active driver assistance systems (ADAS), infotainment and parallel computing.
- Papers: In addition to patents, where we safeguard our intellectual property, employees in KPIT are also encouraged to publish their original research in journals and conferences of repute. Till date, we have published 65 papers in various national and international conferences and journals. In the last fiscal year, we have published 12 papers in areas related to image processing, automotive, powertrain, computer vision and mathematical modeling.
- Idea Generation: Innovation Circle is an idea generation platform where all employees are invited to join in an open discussion. The objective is to understand diverse viewpoints on a particular topic, which is a promising approach to generate novel ideas. In the Innovation Circle sessions that were conducted, there were discussions related to ideas that the employees have uploaded on the portal. In addition, a detailed session on understanding the nuances of patenting was also discussed with the participants.
- KPIT Platform for Idea Submission: MyIdea Portal is the intranet platform for collecting employees' ideas and for taking them forward towards positive action. Employees have submitted over one thousand ideas so far. All ideas are evaluated for possible realization. Shortlisted ideas are developed into simple business cases, and an Innovation Initiative Team selects the ideas that are funded for implementation.
- TechTalk@KPIT: Our quarterly technology magazine for sharing knowledge reached a milestone of publication of its 25th issue. The theme for the issue was 'Disruptive Innovation.' This issue discussed about disruptive innovations in the field of transportation, medical and communication. It also discussed about social impact of disruptive innovations and challenges involved in coming up with disruptive innovation. The other three issues that were published during the last fiscal had themes centered around 'Autonomous Vehicles', 'Meeting of Minds' and 'Smart Innovations'.
- 'Scientist of the Month' Newsletter: Every month we celebrate the achievements of eminent scientists by creating and displaying posters at prominent locations across the company. The poster details major achievements, awards, and notable inventions of the scientist. This is a part of our continued efforts to excite employees about science and technology.
- 'IP: Snippet of the Month' Newsletter: Since intellectual property (IP) and patents are very important in the industry today, we have started the 'IP: Snippet of the Month' to educate employees about the nuances of patenting and some of the best practices around it.
- College Connect and Internships: We continue to provide internships to students who are undergoing their post-graduate courses. This is a successful way to earmark talent well in advance and convert them to employees after the internship program. This provides valuable industry experience to the students while pursuing their academic project. It is important to encourage, nurture and guide innovation at all levels. As a part of this philosophy, we hold an innovation contest at student level. It is called INNOWAYS. This contest is carried out in select PACE (Program for Academic Collaboration and Engagement) colleges. As a part of this contest, students from different colleges work on coming up with innovative solutions for different challenging assignments.
- Integrated MTech-PhD program: Our work-study program for employees entered its third year. Three students pursuing their PhD degree are currently enrolled with the University of Pune. The program continues to attract significant interest from our employees wishing to further their knowledge and credentials.

- Innovation Council photos



- TechTalk 25th anniversary issue cover



Report on Corporate Governance

KPIT's Corporate Governance Philosophy:

"Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined." Organization for Economic Co-operation and Development, OECD Principles of Corporate Governance, 2004.

Corporate governance is nothing but rules, practices and processes by which a company is directed and controlled. The aim of good corporate governance is to ensure commitment of the board in managing the company in a transparent manner for maximizing long-term value of the company for its stakeholders. We, at KPIT ('the Company') believe that good corporate governance framework encourages optimum use of resources with a focus on transparency, accountability and trust. It essentially involves balancing the interests of all stakeholders including shareholders, management, employees, customers, regulators, vendors as well as society which benefits attaining objectives of the organization as a whole. Corporate governance practices in a company are influenced and shaped by the missions and values of the organization and actions of regulators, dominant shareholders, board members, major customers and social activists. Good Corporate Governance is more effective when achieved through a judicious combination of statutory regulations, voluntary initiation and self-evaluation of progress.

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

- Customer Focus
- Respect for Individual
- Integrity

- Community Contribution
- Knowledge Worship & Meritocracy
- Entrepreneurship
- Teamwork and Boundarylessness

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

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

I. BOARD OF DIRECTORS

A. Size and composition of the Board

In order to maintain independence of the Board, the Company has a judicious mix of Executive, Non-Executive and Independent Directors on its Board which is essential to separate the two main Board functions viz. governance and management. Out of the total strength of twelve Directors as on March 31, 2014, ten Directors are Independent/ Non-Executive Directors and two Directors are Executive Directors. The Board periodically evaluates the need for increasing or decreasing its size. The composition of the Board and the number of Directorships held by each Director both in the Company as well as outside the Company is detailed in Table 1.

1. Definition of an Independent Director

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

- a) apart from receiving Director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- b) is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- c) has not been an executive of the Company in the immediately preceding three financial years;
- d) is not a partner or an executive or was not partner or an executive during the preceding

three years, of any of the following:

- i. the statutory audit firm or the internal audit firm that is associated with the Company, and
- ii. the legal firm(s) and consulting firm(s) that have a material association with the Company;
- e) is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director;
- f) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares; and
- g) is not less than 21 years of age.

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

Table 1: The composition of the Board and the number of Directorships held as on March 31, 2014

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

* Including Directorship in KPIT Technologies Limited.

@ Includes only Audit & Investor Grievance Committee in all public limited companies including KPIT Technologies Limited.

2. Responsibilities of the Chairman and other Executive Directors

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

The Chairman is responsible for managing the external interface of the Company, as well as the formulation of corporate strategy and performance goal setting. He is also engaged in defining the corporate vision and goals of the Company to transform the Company to build a global technology company 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 with various institutions to highlight and help bring about the benefits of technology to every section of the society.

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

Mr. Sachin Tikekar, whole-time Director, is responsible for development of Global Account Management – an initiative for nurturing and growing customer accounts to deliver high growth for the Company. He is also the executive sponsor for SAP business, one of the key Strategic Business Units of the Company. In addition, he also looks after the operations of many geographies which are strategic for Company's growth.

3. Membership Term

As per the current laws in India, independent directors hold office for a term of five (5) years which can be extended for another period of five years by the shareholders of the Company. As for the remaining directors (non-independent directors), at least two-third of them shall be liable to retire by rotation. One-third of such

directors as are liable to retire by rotation shall retire every year and if qualified, are eligible for re-appointment. As such Mr. S. B. (Ravi) Pandit and Ms. Elizabeth Carey, Directors constituting one-third of the directors liable to retire by rotation, 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. Accordingly, Mr. Kishor Patil is proposed to be reappointed as a Managing Director of the Company with effect from July 2, 2014 for a period of five years. Mr. Sanjay Kukreja, director and a nominee of one of the investors, is not liable to retire by rotation as per the resolution of the shareholders appointing him as a director. Except for Mr. Kukreja, other Non-Executive Directors retire by rotation, as stated above.

4. Board & Committee Meeting Agenda and Minutes

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

- 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
- SBU (Strategic Business Unit) wise performance
- Profitability drivers
- Utilization of resources
- Peer group analysis and analyst coverage
- Mergers and acquisitions pursuits
- Investments in the Company
- Subsidiaries' operations
- Related party transactions
- Corporate Governance compliances
- Presentation by Internal Auditors
- Statement on foreign exchange exposure and related mitigating activities.
- Presentations of Auditors' Report/Limited Review Report;
- Approvals for material transactions with subsidiaries;
- Statutory 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 and any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods/services sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and its compliance;

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

Every agenda and minutes of the meeting are prepared in compliance with 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, as may be amended from time to time. The draft minutes of the proceedings of each previous Board/Committee meeting are circulated along with the agenda. The Board also takes note of minutes of committee meetings and board meetings of the subsidiaries.

B. Non-Executive Directors' compensation and disclosures

During the year, the Company paid an amount of ₹13.08 Million (previous year ₹17.40 Million) to Mr. S. B. (Ravi) Pandit*, towards professional services rendered by him to the Company. It may be noted that the Company has received specific approval from Ministry of Corporate Affairs regarding his eligibility to render professional services.

* - Prior to his appointment as Executive Chairman with effect from April 1, 2014, Mr. S.B. (Ravi) Pandit was a Non-Executive Director and hence, the remuneration paid to him during the year 2013-14 has been included in this section.

The number of Equity Shares of the Company held by Non-Executive Directors as on March 31, 2014 are as follows:

Sr. No.	Name	Shareholding	
		No. of Shares	% of Total Paid up Capital
1	Ms. Lila Poonawalla	102,000	0.05
2	Mr. Amit Kalyani	40,000	0.02
3	Dr. R. A. Mashelkar	40,000	0.02
4	Mr. Sanjay Kukreja	32,400	0.02
Total		538,400	0.28

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

C. Other provisions as to board and committees

i. Board meetings schedule:

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

the quarterly results and other items on the agenda. In addition, the board meets twice a year, for discussions on the annual operating plan and for mid-year review of the plan. Additional board meetings are held, whenever necessary.

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

- i. April 29, 2013
- ii. July 23, 2013
- iii. October 22, 2013
- iv. November 15, 2013
- v. December 19, 2013
- vi. January 22, 2014
- vii. February 7, 2014
- viii. February 22, 2014

Table 2: Number of Board meetings and the attendance of Directors during FY 2013-14

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	8	8	Yes
2	Mr. Kishor Patil, CEO & Managing Director	8	8	Yes
3	Mr. Sachin Tikekar, Whole - time Director	8	7	-
4	Mr. Amit Kalyani	8	2	-
5	Mr. Anant Talaulicar	8	1	-
6	Mr. Adi Engineer@	6	6	NA
7	Prof. Alberto Sangiovanni Vincentelli	8	2	-
8	Mr. B V R Subbu	8	4	-
9	Ms. Elizabeth Carey	8	5	-
10	Ms. Manisha Girotra#	1	0	-
11	Ms. Lila Poonawalla	8	8	Yes
12	Dr. R. A. Mashelkar	8	3	Yes
13	Mr. Sanjay Kukreja	8	5	-
14	Mr. Dwayne Allen (alternate to Mr. Anant Talaulicar)	8	2	-
15	Mr. Cariappa Chenanda (alternate to Ms. Elizabeth Carey)	8	2	-

*Including attendance by teleconference.

@ Mr. Adi Engineer was appointed as an 'Additional Director' w.e.f. October 22, 2013.

Ms. Manisha Girotra ceased to be a director w.e.f July 12, 2014.

(ii) Membership of Board committees

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

(iii) Review of compliance reports

For monitoring and ensuring compliance with applicable laws by the Company and its subsidiaries located in and outside India and for establishing adequate management control over the compliances of all acts, laws, rules, regulations and regulatory requirements, the Company has set-up a regulatory compliance process within the organization. The Compliance Officer is the process owner of this process and is responsible for 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 its board meeting.

D. Code of conduct

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

II. COMMITTEES OF THE BOARD

Currently, the Board of the Company has eight regular committees – Audit Committee, Equity Stakeholders Relationship Committee, HR & Compensation (Nomination & Remuneration) Committee, Quality Council Committee, Innovation Council Committee, Share Transfer Committee, ESOP Allotment Committee and Corporate Social Responsibility (CSR) Committee. Most of these committees are chaired by Non-Executive/Independent Directors. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for committee members. Normally, the Audit Committee, HR & Compensation (Nomination & Remuneration) Committee and Quality Council Committee meet at least four times a year, Innovation Council Committee meets at least twice a year and the Equity Stakeholders Relationship Committee, Share Transfer Committee, ESOP Allotment Committee and CSR Committee meet as and when the need arises. Typically the committee meetings are held before the board meeting

and the Chairman of each committee thereafter apprises the board members on business conducted in each such committee meeting. The quorum for committee meetings is either two members or one-third of the total strength of the committee, whichever is higher. Draft minutes of the committee meeting are circulated to the members of that committee for their comments and thereafter, confirmed in its next meeting. The Board of Directors also take note of the minutes of the committee meetings at its meetings.

A. Audit Committee

Composition

The Company has set-up an Audit Committee consisting of one Executive Director and two Non- Executive Directors. The committee was reconstituted on October 22, 2013 and consists of Ms. Lila Poonawalla, who is the chairperson of this Committee; Mr. Adi Engineer & Mr. S. B. (Ravi) Pandit are the other members. All members of the Audit Committee are financially literate. A brief profile of all the members is provided in 'Additional Shareholders Information' section of this annual report. The Senior Vice President & Head – Corporate Finance & Governance attends all the meetings of the committee. The Company Secretary is the secretary to the Committee. The Statutory Auditors and the Internal Auditors also make their presentations at the committee meetings.

Powers, role and review of information by Audit Committee

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

Role and objectives

- Integrity of financial reports;
- Enterprise Risk Management;
- Compliance with listing and other legal requirements relating to financial statements;
- Reviewing the function of Whistle-Blower Policy;
- Related party transactions;
- Creditor obligation defaults;
- Use of Company assets;
- Update on tax and legal matters;

- Internal accounting controls;
- Review of utilization of funds raised through public, rights or preferential issue of shares;
- Other controls for efficiency and economy;
- Financial reporting process:
 - Directors' Responsibility Statement as per Clause (2AA) of section 217 of the Companies Act, 1956.
 - Accounting policies
 - Judgments and estimates
 - Unusual transactions and adjustments
 - Disclosures and presentation
 - Company's view point on Auditors' remarks
 - Risk of financial reporting
 - All financial reports and their variances
- Reviewing, with the management, quarterly financial statements before submission to the board for approval;
- 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;
- Reviewing the performance of statutory and internal auditors;
- Discussion with Internal Auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with external auditors, before the audit commences the nature and scope of the audit as well as to have post-audit discussion to ascertain any area of concern.

Meetings

During FY 2013-14, the Audit Committee met four times – April 29, 2013, July 23, 2013, October 22, 2013 and January 22, 2014. 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	Ms. Lila Poonawalla – Chairperson	4	4
2	Mr. S. B.(Ravi) Pandit	4	4
3	Mr. Adi Engineer#	1	1
4	Mr. Amit Kalyani	1	1
5	Ms. Manisha Girotra##	1	0
6	Mr. Sanjay Kukreja	2	2

*Including attendance by teleconference.

Member w.e.f. October 23, 2013.

Member up to July 12, 2013.

Note: Mr. Amit Kalyani was co-opted as a member in the meeting held on April 29, 2013.

Mr. Sanjay Kukreja was co-opted as a member in meetings held on July 23, 2013 and October 22, 2013.

B. Equity Stakeholders Relationship Committee Composition

The Board has formed Equity Stakeholders Relationship Committee to look into shareholder-related matters. Dr R. A. Mashelkar is the Chairman of the Committee and Mr. Kishor Patil and Mr. S. B. (Ravi) Pandit are the members of the Committee. The meetings of the Committee are held to review and resolve only those cases which are pending for action for more than normal processing period. The details of complaints received, solved and pending from the shareholders/investors are given elsewhere in this annual report. The monthly review of the activities of Registrar & Share Transfer Agent is undertaken regularly by the Senior Vice President & Head – Corporate Finance & Governance and the Company Secretary who is the compliance officer of the Company.

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

Role and objectives

The role and objectives of the committee are as under:

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

Meetings

During the year, one meeting of the Equity Stakeholders Relationship Committee was held on March 24, 2014. The details of the attendance at the meeting is given in Table 4.

Table 4: Equity Stakeholders Relationship Committee – meetings and attendance

Sr. No.	Name of the Committee Member	No. of meetings held during the tenure	No. of meetings attended
1	Dr. Raghunath Mashelkar, Chairman	1	0
2	Mr. S. B. (Ravi) Pandit	1	1
3	Mr. Kishor Patil	1	1

Note: Mr. S. B. (Ravi) Pandit was appointed as a Chairman of the meeting since Dr. Raghunath Mashelkar indicated his inability to attend the meeting.

C. HR & Compensation (Nomination & Remuneration) Committee

Composition

The Company has set-up a HR & Compensation (Nomination & Remuneration) Committee. The committee was reconstituted on October 22, 2013 and consists of two Independent Directors, one Non-Executive Director and one Executive Director. Mr. Adi Engineer, Independent Director, chairs this Committee, Ms. Lila Poonawalla, Independent Director, Mr. S. B. (Ravi) Pandit, Executive Director and Ms. Elizabeth Carey, Non – Executive Director are other members of the Committee.

Role and objectives

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

All people-related matters including:

- Compensation policies;
- Compensation of Executive and Non-Executive Directors and senior management;
- Attraction and retention of talent;

- Grant of Stock options;
- Succession planning;
- Leadership Development;
- Overseeing performance appraisal systems;
- Evaluation of Executive Director's performance; and
- Such other matters as may be decided by the committee from time to time.

Meetings

The Committee met four times during the year – April 29, 2013, July 23, 2013, October 22, 2013 and January 22, 2014.

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

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

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

*Including attendance by teleconference.

Chairman w.e.f. October 23, 2013.

Chairman up to October 22, 2013.

Notes: 1. Since Mr. Amit Kalyani was not present in person, Ms. Lila Poonawalla chaired the meeting held on April 29, 2013.

2. Since Mr. Amit Kalyani was granted leave of absence, Ms. Lila Poonawalla chaired the meeting held on October 22, 2013.

D. Quality Council Committee

Composition

The Quality Council Committee enables the Board to focus on qualitative aspects and resolve customer issues proactively. This committee was reconstituted on October 22, 2013 and is chaired by an Independent Director, Mr. BVR Subbu, the other members being Prof. Alberto Sangiovanni Vincentelli, Independent Director, Mr. Cariappa Chenanda, Non-Executive Director, Mr. Dwayne Allen, Non-Executive Director, Mr. Kishor Patil,

Executive Director and Ms. Lila Poonawalla, Independent Director.

Role and objectives

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

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

Meetings

The Committee has met four times during the year- April 29, 2013, July 23, 2013, October 22, 2013 and January 22, 2014. The details of meetings and attendance are given in Table 6.

Table 6: Quality Council Committee - meetings and attendance

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

*Including attendance by teleconference

** Chairman w.e.f. October 23, 2013.

*** Chairperson up to October 22, 2013.

Member w.e.f. October 23, 2013.

E. Innovation Council Committee

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

During the year, two meetings of the Innovation Committee were held on July 11, 2013 and February 20, 2014. The detail of the attendance at the meeting is given in Table 7.

Table 7: Innovation Council Committee – meetings and attendance

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

* Member w.e.f. October 23, 2013.

F. Share Transfer Committee

The Company has a Share Transfer Committee. Mr. Kishor Patil is the Chairman of the Committee and Mr. S. B. (Ravi) Pandit is the member of the Committee. The meetings of the Committee are held to approve share transfers. The Committee was reconstituted on October 22, 2013 in which Ms. Lila Poonawalla was inducted as the Chairperson of the Committee.

Meetings

The Committee has met twice during the year- April 9 2013 and April 24, 2013. The details of meetings and attendance are given in Table 8.

Table 8: Share Transfer Committee - meetings and attendance

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

G. ESOP Allotment Committee

On January 22, 2014, the Company constituted a new committee, ESOP Allotment Committee for allotment of shares against options exercised under the Company's Employee Stock Option Plan (ESOP).

Purpose and scope

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

Composition

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

Since the Committee was formed only in January 2014 and there were three meetings of the Board between January 2014 and March 2014, ESOP allotments were handled by the Board during that period and there was no need for the Committee to have a meeting.

H. Corporate Social Responsibility Committee

On April 28, 2014, the company constituted a new committee, Corporate Social Responsibility (CSR) Committee to oversee the discharge of Corporate Social Responsibility obligations, as required by Section 135 of the Companies Act, 2013.

Purpose and scope

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

Composition

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

III. SUBSIDIARY COMPANIES

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

Brief details of the Company's subsidiaries, including step-down subsidiaries, are given in the Directors' Report which is a part of this annual report. The updates of major decisions of the unlisted subsidiary companies are regularly presented before the Audit Committee and the Board.

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

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

IV. DISCLOSURES

A. Basis of related party transactions

The related party transactions are placed before every quarterly audit committee and board meeting. There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, subsidiary or relatives except for those disclosed in the financial statements for the year ended March 31, 2014.

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 previous financial year (2012-13), the Company had issued shares on preferential basis. The utilization of the proceeds of such preferential issue is presented and discussed at every audit committee meeting.

E. Remuneration of Executive and Non-Executive Directors

The HR & Compensation (Nomination & Remuneration) Committee determines and recommends to the Company's Board the remuneration payable to Executive and Non-Executive Directors and thereafter the Board 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 9.

Table 9: Remuneration paid to Executive Directors in FY 13-14

(Amount in ₹)

Name of Director/ Remuneration# Details	Kishor Patil	Sachin Tikekar
	CEO & Managing Director	Whole - time Director
Salary	4,754,664	6,409,150
PF	623,323	250,460
Gratuity	-	-
Leave Encashment	132,074	198,941
Variable Performance Incentive	3,681,842	2,333,167
Bonus	-	382,092
Notice Period	6 months	6 months
Total	9,191,903	9,573,810

Does not include GBP 23,411 paid to Mr. Kishor Patil from KPIT UK during FY 2013-14.

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

Under Section 309(4) of the Companies Act, 1956, a Director who is neither in the whole time employment of the company nor a Managing Director (the 'Non-Executive Directors'), may be paid remuneration by way of commission if the members of the company, by virtue of a special resolution, authorize such payment. However, the remuneration paid to all such Non-

Executive Directors taken together should not exceed 1% of the net profit of the company in any relevant financial year, if the company has a Managing or a Whole-time Director, unless approved by the Central Government. Shareholders of the Company approved payment of upto 1% of net profit for 5 years w.e.f. April 1, 2009. In accordance with this approval, the Board of Directors of the Company has approved payment of ₹ 13.92 Million (previous year ₹ 11.05 Million) as commission payable to the Non-Executive Directors of the Company for the financial year 2013-14. There is no other pecuniary relationship with Non-Executive Directors, except sitting fees for the meetings attended by them. The details of remuneration paid/payable to the Non-Executive Directors during financial year 2013-14 are given in Table 10.

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

(Amount in ₹)

Name of Director	Commission (Payable)	Sitting Fees (Paid)
Mr. Adi Engineer [Chairman - HR & Compensation (Nomination & Remuneration Committee)]	10,00,000	1,20,000
Mr. B V R Subbu [Chairman – Quality Control Committee]	20,00,000	1,05,000
Mr. Amit Kalyani	19,25,000	97,500
Mr. Anant Talaulicar	-	-
Ms. Lila Poonawalla [Chairperson - Audit Committee]	28,20,000	3,55,000
Prof. Alberto Sangiovanni Vincentelli	28,80,000	1,22,500
Ms. Manisha Girotra	10,20,000	-
Mr. Sanjay Kukreja	-	-
Dr. R.A. Mashelkar [Chairman – Innovation council and Equity Stakeholders Relationship Committee]	22,80,000	85,000
Ms. Elizabeth Carey	-	-
TOTAL	13,925,000	885,000

Basis for remuneration paid to Non-Executive Directors

Remuneration	Board member	Committee Chairman	Committee member
Sitting Fees	₹ 15,000/- per meeting	₹ 20,000/- per meeting	₹ 12,500/- per meeting
Commission	The total amount of commission to be paid to the non-executive directors for FY 2014 is ₹13.92 million. This is distributed among the non-executive directors on the basis of their chairmanship/ membership of board committees, duration of their directorship during the year and their general contribution to the company outside board/committee meetings.		

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. To take care of the continuously evolving compliance scenario, the Company is constantly striving to strengthen the reporting system, including by automating the same.

H. Reconciliation of Share Capital

As stipulated by the Securities and Exchange Board of India (SEBI), a Practicing Company Secretary carries out audit of Reconciliation of Share Capital (previously known as "Secretarial audit" which was modified by SEBI vide its circular no. CIR/MRD/DP/30/2010) and provides a report to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India)

Limited (CDSL) and the total issued and listed capital. This Reconciliation is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board. The Audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

I. Shareholders

i) Disclosure regarding appointment or reappointment of Directors

According to the provisions of the Companies Act, 2013, at least two third of the non-independent directors are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire at every annual general meeting and, if eligible and willing, may be reappointed by the shareholders. Accordingly, Mr. S. B. (Ravi) Pandit and Ms. Elizabeth Carey, Directors, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment. The Board has recommended the reappointment of both the retiring Directors. Detailed resumes of these Directors are provided elsewhere in this Annual Report.

ii) Communication to shareholders

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

The Details of correspondence received from the Shareholders/Investors during the period April 1, 2013 to March 31, 2014 is given in the Additional shareholder information section in the report.

iii) General body meetings

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

Date of the meeting(year)	Venue of the meeting	Time of the meeting	Special Resolution Passed
July 8, 2011 (2010-11)	KPIT Technologies Ltd. Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjewadi, Pune- 411057	10.30 A.M.	1) Creation of an additional pool of 25 lacs stock options under the ESOP 2006 Scheme of the Company.
July 27,2012 (2011-12)	KPIT Technologies Ltd. Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase- I, MIDC, Hinjewadi, Pune- 411057	10.30 A.M.	Nil
July 12, 2013 (2012-13)	KPIT Technologies Ltd. Auditorium SDB II, 35 & 36, Rajiv Gandhi Infotech Park, Phase- I, MIDC, Hinjewadi, Pune- 411057	10.30 A.M.	1) Change of name of the Company to KPIT Technologies Limited. 2) Adoption of new set of Articles of Association. 3) Approval for issue of shares by KPIT Cummins Infosystems Limited Employee Welfare Trust to the employees of the Company under ESOP2006 scheme.

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 the following resolutions through Postal Ballot:

- a) Alteration in the objects clause of the Memorandum of Association of the Company.
 - b) Approval of the scheme of amalgamation of Sparta Infotech India Private Limited with the Company.
- v) The details of Investors'/Shareholders' Grievance Committee are given elsewhere in this report.
- vi) The details of Share transfer system is given elsewhere in this annual report.

V. CEO and CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO and CFO certificate given to the Company's Board is included 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. Remuneration Committee

The Board had set-up a HR & Compensation (Nomination & Remuneration) Committee, the details of which are given elsewhere in this report. Majority of the members of the committee are Non – Executive Directors and Mr. Adi Engineer, an Independent Director, is the Chairman of this Committee.

2. Training of Board members

At the Annual Strategy Meet held between February 20, 2014 and February 22, 2014, the Board members were provided a deep and thorough insight to the business model of the Company through detailed presentations of various Strategic Business Units (SBU), Industry Business Units (IBU) and Functions. This also ensured that Board members got an open forum for discussion and share their experience in both formal and informal manner. Efforts are also made to acquaint and train the Board members about the emerging trends in the industry through presentations by renowned external speakers.

3. Whistle Blower Policy

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

The purpose of this policy is also to state clearly and unequivocally that the Company prohibits discrimination, harassment and/or retaliation against any employee or Director who (i) reports complaints regarding financial statement disclosure issues, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics; or (ii) provides information or otherwise assists in an investigation or proceeding regarding any conduct which he or she reasonably believes to be a violation of employment or labour

laws, securities laws, laws regarding fraud or the commission or possible commission of a criminal offence. Everyone in the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. Every employee and Director of the Company has a duty to abide by this policy.

4. 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.

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

The Institute of Company Secretaries of India ('ICSI'), one of the premier professional bodies in India, has issued 10 Secretarial Standards as on March 31, 2014. These Secretarial Standards are recommendatory in nature. The Company observes Secretarial Standards to a large extent voluntarily as good corporate governance practice and for protection of interest of all stakeholders.

DECLARATION OF THE CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

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

Further, certified that the members of the board of directors and senior management personnel have affirmed the compliance with the code applicable to them during the year ended March 31, 2014.

Place: Pune
Date: April 28, 2014

Kishor Patil
CEO & Managing Director

Auditors' certificate on corporate governance

To the Members of KPIT Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by KPIT Technologies Limited (the Company) for the year ended on 31 March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring 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 knowledge and according to the information and explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.101248W

Vijay Mathur
Partner
Membership No.046476

Place: Pune
Date: April 28, 2014

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

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

1. We have reviewed the balance sheet and profit and loss 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, 2014;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which the statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of conduct;
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have:-

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure, controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing equivalent functions):
- a) all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) instances of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
 - c) significant changes in internal controls during the year covered by this report; and
 - d) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to the 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
9. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Kishor Patil
CEO & Managing Director

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

Pune, April 28, 2014

Additional shareholder information

- 1. Registered and Corporate Office Address** : KPIT Technologies Limited (erstwhile KPIT Cummins Infosystems Limited)
35 & 36, Rajiv Gandhi Infotech Park, MIDC, Phase - I, Hinjewadi, Pune - 411057.
Tel. No.: +91 - 20 - 6652 5000, Fax No.: +91 - 20 - 6652 5001,
Website: www.kpit.com.
- 2. Date of Incorporation** : December 28, 1990
- 3. Registration No./CIN** : L72200PN1990PLC059594
- 4. Date, Time and Venue of 23rd AGM** : July 25, 2014, 10.30 a.m. at Auditorium, KPIT Campus, 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjewadi, Pune - 411057. The Notice of the Annual General Meeting is being sent to the members along with this annual report.
- 5. Book Closure Dates** : July 19, 2014 to July 25, 2014 (both days inclusive)
- 6. Dividend Payment Date** : On or after July 25, 2014, but within the statutory time limit of 30 days, subject to shareholders' approval.
- 7. Financial Year** : April 01, 2013 - March 31, 2014.
- 8. Financial Calendar for 2014-15**
(tentative and subject to change)
Financial reporting for the first quarter ending June 30, 2014 : July 22, 2014
Financial reporting for the second quarter ending September 30, 2014 : October 21, 2014
Financial reporting for the third quarter ending December 31, 2014 : January 21, 2015
Financial reporting for the last quarter and year ending March 31, 2015 : April 28, 2015
Annual General Meeting for the year ending March 31, 2015 : July 2015
- 9. The shares of the Company are listed on the following Stock Exchanges:**
National Stock Exchange of India Ltd. : Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
NSE Code : KPIT
BSE Limited : Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
BSE Code: 532400
ISIN of the Company : INE836A01035

*The Company has paid the Annual Listing Fee for the Financial Year 2014-15 to all the Stock Exchanges on which the shares of the Company are listed.

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

Link Intime India Private Limited, Contact Person: Mr. Bhagavant Sawant, Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411001, Telefax: +91-20-26163503, E-mail: bhagavant.sawant@linkintime.co.in. You can also contact Mr. R. Swaminathan, Company Secretary, No.: +91 - 20 - 6652 5000 Extn. – 5245, Fax No.: +91-20-6652 5001, E-mail: Swaminathan.R@kpit.com, in case you need any further assistance. For any kind of grievance and for their speedy redressal, the shareholders may send their grievances to grievances@kpit.com.

11. Share transfer system:

The share transfer activities are carried out by our Registrar & Share Transfer Agent, the details of which are given above. The documents are received at their office in Mumbai/Pune and also at the Registered Office of the Company. The share transfers are carried out within a period of fifteen days from the date of lodging, provided all the papers received, are in order.

12. Dematerializations of shares and liquidity:

As on March 31, 2014, 99.34% of the total issued share capital was held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited.

13. Shares allotted during the financial year ended March 31, 2014:

Date	Description of Allottee	No. of Shares	Face Value (₹)
29-Apr-13	Allotment to Employees against ESOP	271,608	2
23-Jul-13	Allotment to Employees against ESOP	276,453	2
7-Feb-14	Allotment to Employees against ESOP	614,671	2
22-Feb-13	Allotment to Employees against ESOP	94,276	2
TOTAL		1,257,008	2

14. Shareholding Pattern as on March 31, 2014:

Category	No. of Shares Held	% of Total Share Capital
Promoters	43,244,657	22.28
Mutual Funds	10,842,684	5.59
FIs	64,067,440	33.01
Bodies Corporate	8,825,917	4.55
Foreign Company	34,937,328	18.00
NRI	1,982,440	1.02
Insurance Companies	2,212,698	1.14
Public & Others	27,959,043	14.41
TOTAL	194,072,207	100.00

As on March 31, 2014, the top ten shareholders of the Company were as under:

Sr. No.	Name of the Shareholder	Number of Shares held	% of total paid up share capital	Category
1	Proficient Finstock LLP	23,109,330	11.91	Promoter
2	Warhol Limited	18,858,440	9.72	Foreign Company
3	KPIT Cummins Infosystems Ltd - Employees Welfare Trust	8,051,920	4.15	Promoter
4	Van Dyck	7,776,000	4.01	Foreign Company
5	Citi Group Global Markets Mauritius Private Limited	6,608,395	3.41	Foreign Institutional Investor
6	CX Securities Limited	5,790,399	2.98	Foreign Institutional Investor
7	Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund	5,582,718	2.88	Foreign Institutional Investor
8	Cummins India Limited	5,155,163	2.66	Other Bodies Corporate
9	CX Partners Fund 1 Limited	5,081,357	2.62	Foreign Company
10	Acacia Partners , LP	5,040,000	2.60	Foreign Institutional Investor
TOTAL		91,053,722	46.92	

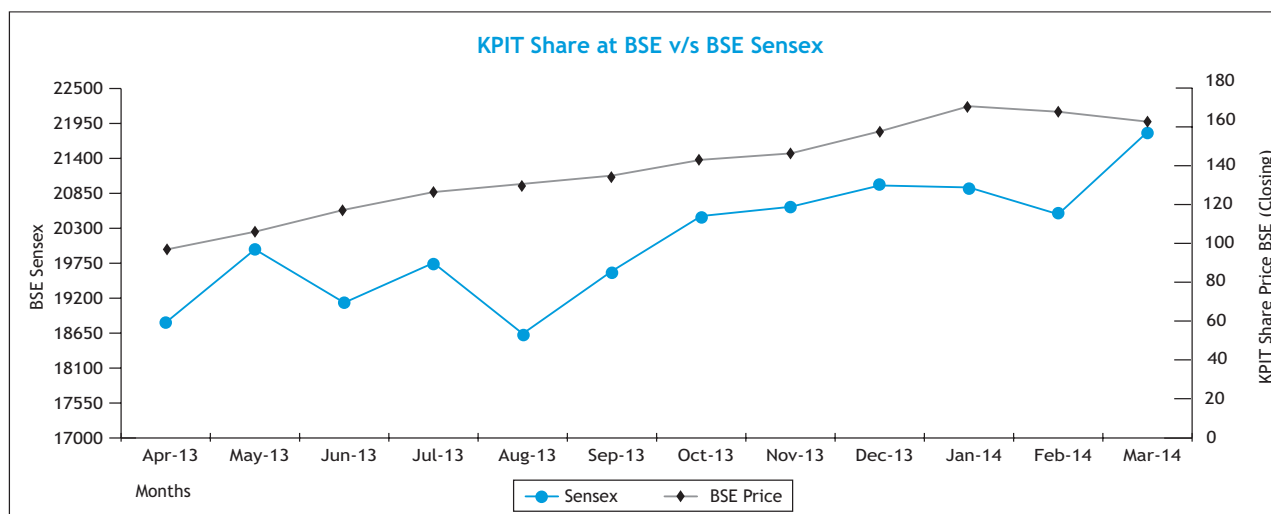
15. Distribution Schedule as on March 31, 2014:

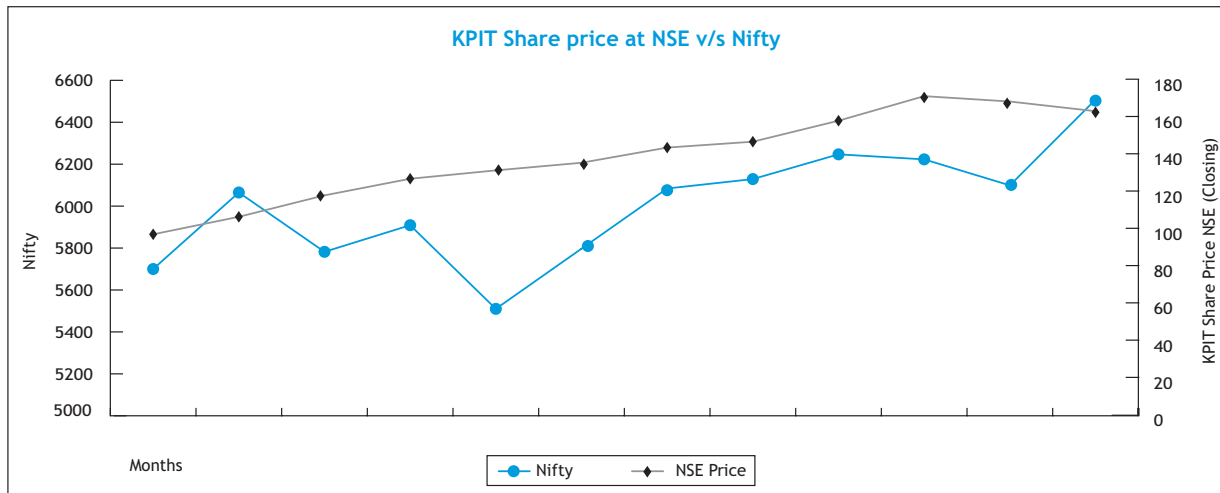
Quantity of Shares			Shareholders		Face Value of Shares held (₹)	%
From	-	To	Number	%		
1	-	5,000	34,042	95.66	18,824,416	4.85
5,001	-	10,000	637	1.79	4,693,738	1.21
10,001	-	20,000	369	1.04	5,458,006	1.41
20,001	-	30,000	119	0.33	2,945,852	0.76
30,001	-	40,000	90	0.25	3,284,762	0.85
40,001	-	50,000	41	0.11	1,912,622	0.49
50,001	-	100,000	119	0.34	8,781,884	2.26
100,001	-	Above	171	0.48	342,243,134	88.17
TOTAL			35,588	100.00	388,144,414	100.00

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

	NSE				BSE				Total Volume
	High	Low	Average	Volume	High	Low	Average	Volume	NSE + BSE
Apr-13	106.00	93.00	99.50	4,152,083	105.80	93.30	99.55	932,625	5,084,708
May-13	113.50	98.80	106.15	4,863,418	113.70	97.05	105.37	910,017	5,773,435
Jun-13	124.65	107.50	116.07	8,662,800	124.70	107.75	116.22	1,896,265	10,559,065
Jul-13	137.90	117.00	127.45	8,139,538	137.80	116.00	126.90	2,069,600	10,209,138
Aug-13	144.85	122.60	133.72	4,378,899	144.70	123.00	133.85	888,575	5,267,474
Sep-13	158.00	128.30	286.30	8,094,586	160.00	128.00	144.00	2,572,595	10,667,181
Oct-13	149.80	130.10	139.95	8,639,562	149.95	130.15	140.05	3,534,597	12,174,159
Nov-13	159.70	140.90	148.80	3,928,687	156.15	140.95	148.55	793,301	4,721,988
Dec-13	186.40	143.50	164.95	12,495,402	186.30	143.15	164.72	3,217,525	15,712,927
Jan-14	189.50	147.30	168.40	17,569,583	189.45	147.50	168.47	3,245,777	20,815,360
Feb-14	182.90	157.50	170.20	7,681,928	180.00	150.00	165.00	1,045,590	8,727,518
Mar-14	174.80	155.10	164.95	5,128,644	174.70	155.40	165.05	1,266,235	6,394,879

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, 2014:

(₹)

Year	Balance	Tentative date of transfer
For the financial year 2006-2007	225,675	August 13, 2014
For the financial year 2007-2008	318,197	October 6, 2015
For the financial year 2008-2009	292,417	August 17, 2016
For the financial year 2009-2010	191,251	August 23, 2017
For the financial year 2010- 2011	190,408	August 16, 2018
For the financial year 2011- 2012	369,832	September 3, 2019
For the financial year 2012-2013	541,063	August 18, 2020

During the year, the Company transferred an amount of ₹ 81,708/-, being the unpaid dividend pertaining to the financial year 2005-2006 to the Investors Education and Protection Fund (IEPF), in accordance with the provisions of Section 205A (5) of the Companies Act, 1956.

As per Section 124 of the Companies Act, 2013, any money transferred to the Unpaid Dividend Account of a company in pursuance of this section which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company along with interest accrued, if any, thereon to IEPF. In view of this provision, the shareholders are kindly requested to get their pending dividend warrants, if any, pertaining to the above financial years, encashed at the earliest. Shareholders can send the unpaid dividend warrants to the Registered Office or to the Registrar & Share Transfer Agent of the Company for the purpose of revalidation/reissue.

19. Details of correspondence received from the Shareholders/Investors during the period from April 01, 2013 to March 31, 2014:

Sr. No.	Nature of Request/Complaints	Opening as on April 01, 2013	No. of Requests/complaints received	No. of Requests/complaints processed	No. of Pending Requests/complaints as on March 31, 2014
1	Non-Receipt of Share Certificate	Nil	1	1	Nil
2	Non-Receipt of Dividend Warrant/Dividend	Nil	7	7	Nil
3	Non-receipt of Annual Report	Nil	2	2	Nil
4	Change of Address	Nil	7	7	Nil
5	Bank Details/Mandate	Nil	12	12	Nil
6	Stop Transfer/Procedure for duplicate share certificate	Nil	4	4	Nil
7	Revalidation/Replacement of Dividend Warrant	Nil	163	163	Nil
8	Registration of Signature	Nil	1	1	Nil
9	Issue of Duplicate Share Certificate	Nil	2	2	Nil
10	SEBI Complaints	Nil	2	2	Nil
11	Others	Nil	4	4	Nil
	Total	Nil	205	205	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, 2014.

21. Green Initiative by the Ministry of Corporate Affairs

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

Please refer Page 144 of this report to register your e-mails ids.

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

22. Unclaimed Shares

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

Sr. No.	Particulars	No. of shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account on applicability of clause 5A as on April 1, 2013,	71	54,000
(ii)	Number of shareholders who approached the issuer for transfer of shares from shares in the Unclaimed Suspense Account during the period from 01.04.2013 to 31.03.2014	1	2,000
(iii)	Number of shareholders to whom shares were transferred from shares in the Unclaimed Suspense Account during the period from 01.04.2013 to 31.03.2014	1	2,000
(iv)	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account at the end of the period from 01.04.2013 to 31.03.2014	70	52,000

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

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

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

Date of Publication	Particulars	Newspaper
April 30, 2014	Audited consolidated financial results for the quarter and year ended March 31, 2014.	The Financial Express & Loksatta
January 24, 2014	Unaudited consolidated financial results for the quarter and nine months ended December 31, 2013	The Financial Express & Loksatta
October 24, 2013	Unaudited consolidated financial results for the quarter and half year ended September 30, 2013	The Financial Express & Loksatta
July 25, 2013	Unaudited consolidated financial results for the quarter ended June 30, 2013	The Financial Express & Loksatta
May 1, 2013	Audited consolidated financial results for the quarter and year ended March 31, 2013	The Financial Express & Loksatta

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

24. Board members' profiles:

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

Chairman & Group CEO

Mr. S. B. (Ravi) Pandit holds a MS (Management) degree from Sloan School of Management, MIT, Cambridge, USA. He possesses extensive experience of over three decades in the fields of IT, Corporate Strategy Formulation and Management Consulting. Mr. S. B. (Ravi) Pandit was an Audit Professional at Alexander Grant & Co., USA, after which he became a partner at Kirtane & Pandit, Chartered Accountants (KPCA) from 1975-1990. He is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost and Works Accountants of India. He was President of Maharashtra Chamber of Commerce, Industries and Agriculture during 2004-2006. Mr. S. B. (Ravi) Pandit is also a frequent speaker at various national and international seminars.

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

Whole- time Director

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

Non-Executive and Independent Directors

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

Ms. Lila Poonawalla, was awarded the Padmashree in 1989 in recognition of her exemplary contribution to the world of Engineering and Industry. She was the Chairman and Managing Director of Alfa Laval-Tetra Pak India and was the first woman to hold the post of Managing Director in the Alfa Laval group. She is currently a Director on the Board of Pragati Leadership Institute Private Limited, Noble Tek PLM Solutions Private Limited, Fila Rozil Exports Private Limited and Blossom Industries Limited. She has been on the governing body of organizations like the CII (Confederation of Indian Industries) and TIFAC (Technology Information Forecasting and Assessment Council formed by the Government of India). She was a member of the Scientific Advisory board of the Central Cabinet (SAC-C) and Chairperson of the Herbal and Floriculture Taskforce of SAC-C. Actively involved in social initiatives, she is on the board of trustees of two Pune-based NGOs. In 1994, she started the 'Lila Poonawalla Foundation' to promote education among women.

Prof. Alberto Sangiovanni Vincentelli, was a co-founder of Cadence and Synopsys, two leading companies in the area of Electronic Design Automation. He is the Chief Technology Adviser of Cadence. Prof. Alberto is a member of the Board of Directors of Cadence. He was a member of the HP Strategic Technology Advisory Board.

He is currently a member of the Science and Technology Advisory Board of General Motors, as well as a member of the Technology Advisory Council of United Technologies Corporation. He is also a Professor with University of California, Berkeley, and Department of Electrical Engineering & Computer Sciences.

Ms. Elizabeth Carey is the Chief Technical Officer of Cummins Power Generation business unit. She is also presently the Sponsor of Cummins Power Generation business unit's Corporate Social Responsibility (CSR) initiatives where she draws on her long personal history of volunteerism to guide Cummins Power Generation business unit's CSR focus. Ms. Elizabeth Carey is also the Sponsor of the Women's Affinity Group at Cummins Power Generation business unit. She started her engineering career with the Aerospace Corporation in California where she served for eight years, followed by five years with TRW Space and Defense. She joined Cummins Inc. in 1993 as the Director of Electronic Controls. She has done B.S. in Mathematics and Statistics from the California Polytechnic State University, San Luis Obispo and completed M.S in 1990 in Electrical Engineering with emphasis on controls from the California State University, Long Beach.

Mr. Amit Kalyani received his Bachelors in Mechanical Engineering from Bucknell University, Pennsylvania, USA. He joined Kalyani Steels Limited in 1997 and was deputed to Carpenter Technology Corporation, USA for technical training and to oversee technology transfer to the new joint venture viz. Kalyani Carpenter Special Steels Limited. On successful completion of the assignment, he returned to India to join Bharat Forge Limited, in 1998 as Vice-President & Chief Technology Officer. Mr. Amit Kalyani is currently the Executive Director of Bharat Forge Ltd., the flagship company of Kalyani Group. Amit is involved in Bharat Forge's strategic planning and global business development initiatives and contributes significantly across functions such as manufacturing, marketing, exports and technology upgradation of Bharat Forge.

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

Mr. Sanjay Kukreja joined ChrysCapital, a fund management firm, in April 2000. He manages the investments of ChrysCapital in business services sector and has assumed additional responsibilities for its investments in manufacturing sector. Mr. Sanjay Kukreja received his MBA from the Indian Institute of Management, Bangalore and graduated with a BA in economics from Delhi University.

Mr. B V R Subbu is an automotive industry expert and thought leader. Mr. B V R Subbu holds a post graduate degree in Economics from Jawaharlal Nehru University and a post graduate diploma from Indian Institute of Foreign Trade. He was president of Hyundai India earlier. He was also extensively involved with Tata Group holding various responsibilities, including responsibilities in Tata Motors' Light Commercial Vehicles and Multi Utility Vehicles business.

Mr. Adi Engineer was associated with Tata group of companies for nearly three decades prior to joining KPIT board. Mr. Engineer was Managing Director of Tata Power Limited. In that role, he transformed Tata Power by successfully launching various new initiatives which led to improved profitability. Tata Power also received "Good Corporate Citizen" award during his tenure. Before joining the Tata Group, Mr. Engineer had a successful 20 years stint with the ICI group where he held senior positions in the management team for setting up large Chemical plant projects and later into operations and general management. Mr. Engineer has served as a Director on the board of several companies in the field of energy infrastructure and engineering. Reckoned for his varied and differentiating experience, Mr. Engineer till recently was the non-executive Chairman of Tata Power Delhi Distribution Limited, Tata BP Solar Limited and Chemical Terminal Trombay Limited. The Confederation of Indian Industry (CII) had also appointed him as the Chairman of the Committee on Power for the year 2006. He has been a preferred and insightful spokesperson for the Power sector for many media interactions.

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

Mr. Cariappa Chenanda is an Engineer with a degree of Master of Science in Mechanical Engineering from the Texas A&M University. He joined Cummins Inc. in March 1998. He is a General Manager of Cummins Electronics and was a Senior Process Engineer of Nalco Chemical Company. He is alternate director to Ms. Elizabeth Carey.

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of KPIT Technologies Limited (erstwhile KPIT Cummins Infosystems Limited) ("the Company") which comprise the Balance Sheet as at 31 March 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

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

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors at on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Place : Pune
Date : 28 April 2014

Vijay Mathur
Partner
Membership No: 046476

Annexure to the Independent Auditors' Report

[Referred to in the Independent Auditors' Report to the Members of KPIT Technologies Limited (erstwhile KPIT Cummins Infosystems Limited) ('the Company') on the financial statements for the year ended 31 March 2014]

We report as follows:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory has been physically verified by management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories adopted by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. There were no discrepancies noticed on verification between the physical stocks and the book records.
3. (a) The Company has granted a loan to one body corporate covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year and the year-end balance of such loan was ₹ 740,383,209.
- (b) In our opinion, the rate of interest and other terms and conditions on which the aforesaid loan has been granted are not, prima facie, prejudicial to the interest of the Company.
- (c) In the case of the aforesaid loan granted, the borrower has been regular in repaying the principal amounts as stipulated and in the payment of interest.
- (d) There is no overdue amount of more than Rupees one lakh in respect of the aforesaid loan.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4(iii) (e) to 4(iii) (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly most of the services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for sales of services which are for the specialised requirements of the buyer's, for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Sales Tax, Provident Fund, Employees' State Insurance, Investor Education and Protection Fund and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Sales Tax, Provident Fund, Employees' State Insurance, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited by the Company with the appropriate authorities on account of any disputes except as disclosed in Enclosure 1 to this Annexure.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash loss in the current financial year and in the preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks and financial institutions. The Company did not have any outstanding debentures during the year.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/other parties covered in the register maintained under section 301 of the Act.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Vijay Mathur
Partner
Membership No: 046476

Place : Pune
Date : 28 April 2014

Enclosure 1

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹)	Amount paid (₹)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2005-2010	57,156,340	167,544
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax Appeals	2007 & 2010	4,025,020	Nil
Finance Act, 1994	Service Tax	Central Excise & Service Tax Appellate Tribunal	October 2006 to December 2012	320,005,911	Nil
Finance Act, 1994	Service Tax	Additional Commissioner of Central Excise	April 2010 to June 2012	4,786,003	Nil

Balance Sheet

	Notes	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	370,989,440	385,630,398
(b) Reserves and surplus	3	10,063,435,051	8,486,103,040
		10,434,424,491	8,871,733,438
Share application money pending allotment	28	14,844,492	935,432
Non-current liabilities			
(a) Long-term borrowings	4	909,875,359	996,904,775
(b) Deferred tax liabilities (net)	5	30,644,264	-
(c) Long term provisions	6	136,243,247	111,213,316
		1,076,762,870	1,108,118,091
Current liabilities			
(a) Short-term borrowings	7	2,858,574,541	1,616,689,643
(b) Trade payables	8	410,442,514	381,550,576
(c) Other current liabilities	9	1,031,942,965	1,024,596,272
(d) Short-term provisions	10	507,617,970	310,502,690
		4,808,577,990	3,333,339,181
Total		16,334,609,843	13,314,126,142
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible fixed assets	11A	1,290,964,843	1,187,478,931
(ii) Intangible fixed assets	11B	510,839,309	240,739,816
(iii) Capital work-in-progress		22,209,551	16,954,953
(iv) Intangible assets under development		-	183,596,580
		1,824,013,703	1,628,770,280
(b) Non-current investments	12	6,492,403,603	5,364,751,103
(c) Deferred tax assets (net)	5	-	7,076,939
(d) Long term loans and advances	13	1,217,784,108	880,308,395
(e) Other non-current assets	14	15,662,383	31,871,050
		9,549,863,797	7,912,777,767
Current assets			
(a) Current investments	15	1,660,549,004	2,034,897,310
(b) Inventories	16	23,338,683	-
(c) Trade receivables	17	3,568,028,025	2,225,092,714
(d) Cash and bank balances	18	577,306,606	689,827,908
(e) Short-term loans and advances	19	612,472,168	350,215,163
(f) Other current assets	20	343,051,560	101,315,280
		6,784,746,046	5,401,348,375
Total		16,334,609,843	13,314,126,142
Significant accounting policies	1		
Notes referred to above form an integral part of the financial statements	2-46		

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Vijay Mathur
Partner
Membership No : 046476

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

R. Swaminathan
Company Secretary

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

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

Kishor Patil
CEO & Managing Director

Date: April 28, 2014
Place: Pune

Date: April 28, 2014
Place: Pune

Statement of Profit and Loss

	Notes	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Revenue from operations	21		
Sale of services		8,876,178,962	7,152,407,149
Sale of products		27,389,788	-
Less : Excise duty		2,716,983	-
Sale of products (net)		24,672,805	-
Other income	22	170,659,726	81,577,425
Total revenue		9,071,511,493	7,233,984,574
Expenses			
Cost of materials consumed	23	25,717,971	-
Employee benefits expense	24	4,458,720,372	3,746,203,771
Finance costs	25	200,339,084	82,123,086
Depreciation and amortization	11	399,619,014	375,139,565
Other expenses	26	2,136,358,897	1,669,130,094
Total expenses		7,220,755,338	5,872,596,516
Profit before exceptional items and tax		1,850,756,155	1,361,388,058
Exceptional items	46 (6)&(11)	122,410,304	(18,481,857)
Profit before tax		1,973,166,459	1,342,906,201
Tax expenses			
(1) Current tax		440,330,773	334,807,926
(2) Excess provision in respect of earlier years		-	(7,872,388)
(3) Deferred tax charge / (credit)		41,263,147	(14,541,879)
		481,593,920	312,393,659
Profit for the year		1,491,572,539	1,030,512,542
Earnings per equity share(face value per share ₹ 2/- each)	41		
(1) Basic		7.97	5.63
(2) Diluted		7.76	5.47
Significant accounting policies	1		
Notes referred to above form an integral part of the financial statements	2-46		

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Vijay Mathur
Partner
Membership No : 046476

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

R. Swaminathan
Company Secretary

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

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

Kishor Patil
CEO & Managing Director

Date: April 28, 2014
Place: Pune

Date: April 28, 2014
Place: Pune

Cash Flow Statement

PARTICULARS	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹	₹	₹	₹
A] CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		1,973,166,459		1,342,906,201
Adjustments for				
(Profit) / loss on sale of fixed assets (net)	(1,027,794)		226,433	
Depreciation / Amortization / Diminution	399,619,014		375,139,565	
Finance Cost	124,644,794		82,123,086	
Interest income	(40,856,980)		(23,179,410)	
Dividend income	(127,162,953)		(54,263,116)	
Provision for diminution in value of investments	-		98,151,970	
Exchange differences on translation of foreign currency cash and cash equivalents	2,254,690		(10,313,859)	
Unrealised foreign exchange (Gain) / Loss	219,874,071		(2,913,168)	
Profit on sale of Business Assets	(122,410,304)	454,934,538	(79,670,113)	385,301,388
Operating Profit before working capital changes		2,428,100,997		1,728,207,589
Adjustments for changes in working capital:				
Increase / (Decrease) in Other Long Term Liabilities	(820,210)		(2,153,300)	
Increase / (Decrease) in Long Term Provisions	19,455,698		41,808,630	
Increase / (Decrease) in Trade Payables	28,823,469		90,553,843	
Increase / (Decrease) in Other Current Liabilities	73,031,842		43,289,980	
Increase / (Decrease) in Short Term Provisions	(64,822,531)		(3,004,806)	
(Increase) / Decrease in Long term Loans and Advances	25,476,822		(10,003,545)	
(Increase) / Decrease in Other Non Current Assets	15,269,652		1,094,800	
(Increase) / Decrease in Trade Recievables	(1,061,806,382)		(279,199,924)	
(Increase) / Decrease in Inventories	(23,338,683)		-	
(Increase) / Decrease in Short term Loans and Advances	(163,780,485)		(50,437,513)	
(Increase) / Decrease in Other Current Assets	(156,127,615)	(1,308,638,423)	(47,927,451)	(215,979,286)
Cash generated from operations		1,119,462,574		1,512,228,303
Taxes Paid		(439,563,980)		(348,325,915)
Net cash from operating activities		679,898,594		1,163,902,388
B] CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(478,592,654)		(475,422,177)	
Proceeds from Sale of Fixed Assets	2,168,756		1,931,794	
Investment in Equity Shares of Subsidiaries	(1,348,752,500)		(1,749,709,780)	
Investment in Equity Shares of Joint Venture	(50,000,000)		(50,000,000)	
(Purchase)/Sale of Mutual Fund Investments	374,348,306		(1,671,738,475)	
Proceeds from Sale of Business Assets	122,410,304		79,670,113	
Loan (given to) / repaid by subsidiary	(536,167,816)		88,341,216	
Loan (given to) / repaid by Employee Welfare trust	-		(8,004,078)	
Interest received	38,955,965		23,531,466	
Dividend received from Mutual Fund Investments	127,162,953		54,263,116	
Fixed Deposit with banks (net) having maturity over three months	(23,914,128)		(22,120,836)	
Net Cash from /(used in) investing activities		(1,772,380,814)		(3,729,257,641)

Cash Flow Statement

PARTICULARS	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹	₹	₹	₹
CJ CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long term loan from banks	4,382,251		1,090,078,750	
Repayment of Long term loan from banks	(869,082)		(500,295)	
Proceeds from Long term loan from other than banks	4,138,876		106,746,088	
Repayment of Long term loan from other than banks	(38,375,924)		(31,114,766)	
Proceeds from issue of Share Capital and application money	17,254,390		1,705,503,573	
Securities Premium	58,235,731		-	
Share Issue expenses for Preferential Allotment	-		(43,741,841)	
Proceeds from Working Capital loan (Net)	1,129,002,353		212,022,816	
Proceeds from KPIT shares issued by EWT	43,856,839		-	
Dividend paid including corporate dividend tax	(196,727,718)		(144,825,628)	
Interest and finance charges	(122,099,459)		(66,569,034)	
Net cash from/(used in) financing activities		898,798,257		2,827,599,663
DJ Exchange differences on translation of foreign currency cash and cash equivalents		(2,254,690)		10,313,859
Net Increase / (decrease) in cash and cash equivalents (A + B+ C + D)		(195,938,653)		272,558,269
Cash & cash equivalents at close of the year (Refer note 1 below)		528,083,534		664,518,964
Cash & cash equivalents at beginning of the year (Refer note 1 below)		664,518,964		391,960,695
Opening cash balance of Sparta Infotech		51,818,629		-
Opening cash balance of Employee Welfare trust		7,684,594		-
Cash surplus / (deficit) for the year		(195,938,653)		272,558,269
Note 1:				
Cash and cash equivalents include:				
Cash on hand		149,360		51,949
Cheques in Hand		603,735		6,943,564
Balance with banks				
- In current accounts		423,296,504		351,206,599
- In deposit account		101,748,580		304,478,581
- In unpaid dividend account		2,285,355		1,838,271
Total Cash and cash equivalents (also Refer note 18)		528,083,534		664,518,964
Note 2:				
Figures in brackets represent outflows of cash and cash equivalents.				
Note 3:				
The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements				

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Vijay Mathur
Partner
Membership No : 046476

Date: April 28, 2014
Place: Pune

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

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

R. Swaminathan
Company Secretary

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

Kishor Patil
CEO & Managing Director

Date: April 28, 2014
Place: Pune

Notes forming part of the financial statements

Company overview

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

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

1. Significant accounting policies

Basis for preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (‘GAAP’) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of Companies Act, 1956 (‘the Act’) read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The Company has adopted the principles of Accounting Standard (AS 30) “Financial Instruments: Recognition and Measurement” issued by the Institute of Chartered Accountants of India (ICAI) except to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements. The financial statements are presented in Indian rupees and rounded off to the nearest rupee.

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

Use of estimates

The preparation of financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balances of assets and liabilities and

disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year. Actual results could differ from estimates. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

1.1 Revenue recognition

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

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

Interest income is recognized on time proportion basis.

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

1.2 Borrowing costs

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

1.3 Current–non-current classification

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

Assets

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

Notes forming part of the financial statements

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

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

Liability

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

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

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

Operating cycle

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

1.4 Fixed assets

Tangible fixed assets:

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment

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

Intangible fixed assets:

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

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the Statement of Profit and Loss as incurred.

1.5 Depreciation and amortization

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

Type of asset	Rate
Buildings	7.50%
Plant and equipment :	
- Computers	33.33%
- Others	25%
Office Equipment :	
- Electrical equipment	25%
- Others	10%
Furniture and fixtures	12.50%

Notes forming part of the financial statements

Fixed assets individually costing ₹ 5,000 or less are depreciated at 100% over a period of 1 year

Leasehold land and vehicles taken on lease are amortized over the period of the lease. Perpetual Software licenses are amortized over 4 years. However, time-based software licenses are amortized over the license period. Capitalized development costs are amortized over a period of 4 to 5 years.

1.6 Impairment of fixed assets

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

1.7 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified

as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification.

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

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

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

1.8 Inventories

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

1.9 Leases

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

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are classified as Operating Leases. Lease rentals under operating leases are recognised in the Statement of Profit

Notes forming part of the financial statements

and Loss on straight line basis over the term of the lease.

1.10 Earnings per share

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

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

1.11 Foreign currency transactions

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

b. Derivative instruments and hedge accounting
The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" of the Institute of Chartered Accountants of India (ICAI) to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

The use of hedging instruments is governed by the Company's policy approved by the Board of Directors, which provides written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company

does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank.

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

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

Forward exchange contracts outstanding at the Balance Sheet date, other than designated cash flow hedges, are stated at fair values and any gains or losses are recognized in the Statement of Profit and Loss.

c. Translation of foreign operations

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

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

Notes forming part of the financial statements

1.12 Employee benefits

i) Post-employment benefit plans

Defined benefit plan

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

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

Defined contribution plan

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

Compensated absences

The employees of certain locations can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records

an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation carried out at each Balance Sheet date using the Projected Unit Credit Method.

ii) Other employee benefits

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

1.13 Accounting for taxes on income

Income tax

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

Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available

Notes forming part of the financial statements

against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum alternate tax

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

1.14 Provisions, Contingent liabilities and Contingent assets

The Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for –

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

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

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

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

Warranty

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

1.15 Research and development

Costs incurred during the research phase of a project are expensed when incurred. Costs incurred in the development phase are recognized as an intangible asset in accordance with policy defined in 1.4.

1.16 Employee stock option

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

Notes forming part of the financial statements

Note 2 - Share capital

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Authorised:		
375,000,000 equity shares (Previous year 375,000,000) of ₹ 2 each	750,000,000	750,000,000
	750,000,000	750,000,000
Issued subscribed and fully paid up:		
185,494,720 equity shares (Previous year 192,815,199) of ₹ 2 each fully paid up	370,989,440	385,630,398
Total	370,989,440	385,630,398

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount	Number of shares	Amount
Number of shares outstanding at the beginning of the year	192,815,199	385,630,398	177,942,876	355,885,752
Add: Shares issued on exercise of employee stock options	1,257,008	2,514,016	1,912,323	3,824,646
Add: Shares issued on preferential basis	-	-	12,960,000	25,920,000
Less: Shares held by KPIT Technologies Limited Employee Welfare Trust (Refer note 46(5))	8,577,487	17,154,974	-	-
Number of shares outstanding at the end of the year	185,494,720	370,989,440	192,815,199	385,630,398

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

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

Particulars	Number of shares as at 31 March, 2014	% of shares held	Number of shares as at 31 March, 2013	% of shares held
Proficient Finstock LLP	23,109,330	11.91%	17,769,657	9.22%
Warhol Limited	18,858,440	9.72%	16,987,858	8.81%

- (iv) 8,169,543 equity shares (Previous year 10,060,077) of ₹ 2 each are reserved for issuance towards outstanding employee stock options granted (Refer note 45(2) & (3))
- (v) Aggregate number of equity shares allotted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date 88,971,438 (Previous year 88,971,438)
- (vi) Also refer note 27

Notes forming part of the financial statements

Note 3 - Reserves and surplus

	As at 31 March, 2014		As at 31 March, 2013
	₹	₹	₹
Capital reserve			
Opening balance	19,404,500		19,404,500
Add: Additions during the year	-		-
		19,404,500	19,404,500
Amalgamation reserve			
Opening balance	51,398,256		51,398,256
Add: Additions during the year	-		-
		51,398,256	51,398,256
Securities premium account			
Opening balance	3,647,476,747		2,015,341,248
Add : Premium on issue of shares under ESOP scheme	58,235,731		81,797,340
Add : Premium on issue of preferential allotment	-		1,594,080,000
Less : Share issue expenses on preferential allotment	-		43,741,841
		3,705,712,478	3,647,476,747
Employees stock options outstanding			
Opening balance	2,143,155		2,143,155
Add : Amortized during the year	-		-
Less : Amount transferred to securities premium account	-		-
		2,143,155	2,143,155
General reserve			
Opening balance	428,937,333		325,885,333
Add : Transferred from Statement of Profit and Loss	149,500,000		103,052,000
Add : Transfer from Community Foundation Reserve	74,370,096		-
Add : Transfer from Technology Fund	299,321,371		-
Add : Transfer from Employees' Welfare Fund	299,839,922		-
Less : Excess of liabilities over assets adjusted pursuant to the scheme of amalgamation with Sparta Infotech India Private Limited - Refer note 46(3)	216,221,100		-
		1,035,747,622	428,937,333
Hedging reserve			
Opening balance	(240,009,938)		(479,380,362)
Less : Reserves of Sparta Infotech India Private Limited on merger (Refer Note 46(3))	4,237,118		-
Less: Gain/(losses) transferred to the Statement of Profit and Loss on occurrence of forecasted hedge transaction.	240,009,938		(275,456,518)
Add: Change in fair value of effective portion of outstanding cash flow hedges	78,531,517		(36,086,094)
		82,768,635	(240,009,938)

Notes forming part of the financial statements

Note 3 - Reserves and surplus (Contd.)

	As at 31 March, 2014		As at 31 March, 2013
	₹	₹	₹
Surplus in Statement of Profit and Loss			
Opening balance	3,903,221,598		3,387,746,887
Less : Accumulated deficit of Employee Welfare Trust (Refer note 46(5))	304,353,832		-
Add : Balance in Profit and Loss Account of Sparta Infotech India Private Limited acquired pursuant to amalgamation (Refer note 46(3))	476,709,367		-
Add : Profit for the year	1,491,572,539		1,030,512,542
Less : Final dividend paid (Refer note 46(8))	246,716		258,030
Less : Dividend tax on final dividend paid	1,382,294		42,621
Less : Proposed dividend (Refer Note 27)	213,479,428		173,533,679
Less : Dividend tax on proposed dividend (Refer note 27)	36,280,829		28,151,501
Less : Amount transferred to KPIT Cummins Infosystems Limited Community Foundation Reserve	-		10,000,000
Less : Amount transferred to KPIT Cummins Technology Fund	-		100,000,000
Less : Amount transferred to KPIT Employees' Welfare Fund	-		100,000,000
Less : Amount transferred to General reserve	149,500,000		103,052,000
		5,166,260,405	3,903,221,598
KPIT Cummins Infosystems Limited Community Foundation Reserve Account			
Opening balance	74,370,096		64,370,096
Add : Transferred from Statement of Profit and Loss	-		10,000,000
Less : Transferred to General reserve (Refer note 46(1))	74,370,096		-
		-	74,370,096
KPIT Cummins Technology Fund			
Opening balance	299,321,371		199,321,371
Add : Transferred from Statement of Profit and Loss	-		100,000,000
Less : Transferred to General reserve (Refer note 46(1))	299,321,371		-
		-	299,321,371
KPIT Employees' Welfare Fund			
Opening balance	299,839,922		199,839,922
Add : Transferred from Statement of Profit and Loss	-		100,000,000
Less : Transferred to General reserve (Refer note 46(1))	299,839,922		-
		-	299,839,922
Total		10,063,435,051	8,486,103,040

Notes forming part of the financial statements

Note 4 - Long term borrowings

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Term loans		
- From banks (Secured)		
External Commercial Borrowing (ECB) (Refer note i below)	901,497,000	951,812,750
Other loan (Refer note ii below)	3,797,147	2,505,622
- From other than banks (Secured) (Refer note iii below)	4,581,212	41,132,311
Long term maturities of finance lease obligations (Secured)		
(Secured against fixed assets obtained under finance lease arrangements) (Refer note 40(1))	-	1,454,092
Total	909,875,359	996,904,775

Notes:

- (i) The ECB loan is secured by pari pasu charge over Company's Land and Building located at 35, 36 & 45, MIDC area of Rajiv Gandhi Infotech Park, Phase I, Hinjewadi excluding charge over R&D Centre developed in the premises. The term loan carries interest rate of 6 months LIBOR + 300 basis points. The ECB is with the average maturity of 3.25 years, repayable in eight equal semi-annual installments of USD 2,500,000 each, with a moratorium of 1 year.
- (ii) Other term loan from bank is secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 10.25% p.a. and is repayable in equated monthly installments of ₹ 169,060 each upto August 2016.
- (iii) Term loans from other than banks are secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repayable in quarterly equated installments of ₹ 9,593,981 each upto April 2015.

Note 5 - Deferred tax liabilities / (assets) (net)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Break-up of deferred tax liabilities as at the year end		
Nature of timing difference		
Depreciation	124,025,979	36,649,290
Total	124,025,979	36,649,290
Break-up of deferred tax assets as at the year end		
Nature of timing difference		
Doubtful debts and advances	25,517,578	28,344,474
Compensated absences	34,870,914	15,381,755
Gratuity	32,993,223	-
Total	93,381,715	43,726,229
Deferred tax liabilities / (assets) (net)	30,644,264	(7,076,939)

Note 6 - Long term provisions

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Provision for employee benefits		
Compensated absences	33,582,839	16,809,865
Gratuity (Refer note 37)	101,416,673	89,928,245
Other provisions		
Provision for warranty (Refer note 44)	1,243,735	4,475,206
Total	136,243,247	111,213,316

Notes forming part of the financial statements

Note 7 - Short term borrowings

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Loans repayable on demand		
- Working capital loans from banks (Secured)	2,858,574,541	1,616,689,643
Total	2,858,574,541	1,616,689,643

The above loan is secured by way of "First charge by way of hypothecation of Company's entire book debts, both present and future" carrying an average interest rate upto 6 months LIBOR plus 2% per annum.

Note 8 - Trade payables

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade payables (for dues to micro and small enterprises - Refer note 30)	410,442,514	381,550,576
Total	410,442,514	381,550,576

Note 9 - Other current liabilities

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Current maturities of long term debt		
From banks (secured) (Refer note 4 - Term loan from banks for details of security and repayment terms)	302,007,475	136,842,332
From others (secured) (Refer note 4 - Term loan from other than banks for details of security and repayment terms)	36,813,062	34,499,011
Current maturities of finance lease obligations (Secured) (Refer note 40(1))	778,112	2,243,654
Accrued employee costs	282,067,480	252,162,261
Interest accrued and due	2,857,505	1,497,690
Interest accrued and not due	16,747,569	15,562,048
Unearned revenue	58,154,576	14,768,193
Unclaimed dividend	2,128,843	1,838,271
Other payables :		
Dues to subsidiaries (Refer note 39)	112,627,947	142,218,548
Statutory remittances	154,057,929	121,935,321
Payables in respect of fixed assets	33,544,227	38,548,779
Advances from customers	11,707,548	3,308,934
Mark to market loss on cash flow hedges (Refer note 36(1A))	-	240,009,938
Others	18,450,692	19,161,292
Total	1,031,942,965	1,024,596,272

Note 10 - Short term provisions

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Provision for employee benefits		
Compensated absences	60,911,404	54,561,920
Gratuity (Refer note 37)	3,742,638	3,339,657
Provision for tax :		
Current tax (Net of advance tax)	179,511,726	36,225,059
Provision for warranty (Refer note 44)	13,691,945	14,690,874
Proposed dividend (Refer note 27)	213,479,428	173,533,679
Tax on proposed dividend	36,280,829	28,151,501
Total	507,617,970	310,502,690

Notes forming part of the financial statements

Note 11 : Fixed assets - Tangible and intangible fixed assets

Particulars	Gross block		Accumulated depreciation, amortization and diminution				Net block		
	As at 1 April, 2013 ₹	Additions on account of Merger (Refer Note 46(3)) ₹	Disposals/ Adjustments ₹	As at 31 March, 2014 ₹	Up to 31 March, 2013 ₹	For the year ₹	On Disposals/ Adjustments ₹	Up to 31 March, 2014 ₹	As on 31 March, 2014 ₹
A. Tangible fixed assets									
Land (Leasehold)	254,264,444	-	-	258,978,097	6,192,379	-	-	8,929,788	250,048,309
Building	597,826,885	80,086,346	-	754,759,050	243,314,606	25,166,692	-	319,981,437	434,877,613
Plant and equipment	799,449,404	57,815,257	1,190,757	899,819,926	482,653,208	21,801,239	1,150,836	553,392,367	346,427,559
Furniture and fixtures	240,439,884	7,363,438	13,851	257,512,855	184,094,859	5,172,801	13,850	205,755,866	51,756,989
Vehicles									
- Lease / Hire purchase	9,878,549	1,283,523	4,345,109	10,436,457	5,684,494	265,122	3,474,065	6,399,153	4,037,304
- Owned	7,962,869	3,417,393	-	11,380,262	2,259,227	-	597,540	2,856,767	8,523,495
Office equipments	448,960,768	-	144,662,673	557,750,432	247,105,099	19,204,879	35,643,013	362,456,858	195,293,574
Total tangible fixed assets	2,358,782,803	146,548,564	41,422,726	2,750,637,079	1,171,303,872	71,610,733	40,281,764	1,459,672,236	1,290,964,843
Previous year	2,165,626,141	-	56,959,876	2,358,782,803	997,772,155	-	54,801,649	1,171,303,872	1,187,478,931
B. Intangible fixed assets									
Internally generated intangibles									
- Product development costs	175,255,600	-	-	457,751,556	118,081,921	-	29,923,271	148,005,192	309,746,364
Other than internally generated intangible assets									
- Goodwill (Refer note i below)	98,816,531	-	16,928,094	81,888,437	98,816,531	-	16,928,094	81,888,437	-
- Product development costs	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	-
- Softwares	780,053,682	11,407,648	-	919,497,493	596,487,545	9,260,655	112,656,348	718,404,548	201,092,945
Total intangible fixed assets	1,282,461,397	11,407,648	16,928,094	1,687,473,070	1,041,721,581	9,260,655	16,928,094	1,176,633,761	510,839,309
Previous year	1,171,016,781	-	111,444,616	1,282,461,397	894,915,382	-	146,806,199	1,041,721,581	240,739,816

Note :

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

Notes forming part of the financial statements

Note 12 - Non current investments

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade (unquoted)		
Investments in equity instruments of subsidiaries (At cost)		
KPIT Infosystems Limited	631,702,379	631,702,379
A wholly owned subsidiary company incorporated in UK 8,246,266 (Previous year 8,246,266) Equity shares of ₹1/- each fully paid-up.		
KPIT Infosystems Inc.	2,151,848,985	2,151,848,985
A wholly owned subsidiary company incorporated in USA 11,867 (Previous year 11,867) Equity stock at par fully paid-up.		
KPIT Infosystems France SAS	215,968,508	215,968,508
A wholly owned subsidiary company incorporated in France 100,000 (Previous year: 100,000) Equity stock of Euro 1 each fully paid-up.		
SPARTA Infotech India Private Limited	-	271,100,000
A wholly owned subsidiary company incorporated in India Nil (Previous year 5,487,889) Equity shares of ₹ 10/- each fully paid-up. (Refer note 46(3))		
KPIT (Shanghai) Software Technology Co. Limited	69,096,000	69,096,000
A wholly owned subsidiary company incorporated in China 8,222,487 (Previous year 8,222,487) Equity shares of RMB 1 each fully paid up		
KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Private Limited)	2,844,712,715	1,495,960,215
A wholly owned (Previous year : 76%) subsidiary company incorporated in India 9,572,523 (Previous year 7,275,114) Equity shares of ₹ 10 each fully paid up		
KPIT Infosystems Netherlands B.V.	34,300,000	34,300,000
A wholly owned subsidiary company incorporated in Netherlands 5,000 (Previous year 180) Equity shares of Euro 100 each fully paid up		
KPIT Infosystem (Brasil) Servicos De Tecnologia E Participacoes Ltda.	40,666	40,666
A subsidiary of KPIT Infosystems Inc 1,000 (Previous year 1,000) shares of Brazilian Reas 1 each fully paid up		
Investments in equity instruments of Associate (at cost)		
GAIA System Solution Inc. (Refer Note 46(6))	-	98,151,970
Nil (Previous year 550) Equity shares at par fully paid up		
Less : Provision for dimunition in value of Investment	-	(98,151,970)
Investments in equity instruments of Jointly controlled entities (at cost)		
Impact Automotive Solutions Limited	149,049,980	99,049,980
A Jointly controlled entity incorporated in India 14,904,998 (Previous year 9,904,998) Equity shares of ₹ 10 each fully paid-up.		
Investments in equity instruments of other entities (at cost)		
Investment in Sankalp Semiconductors Private Limited	117,554,370	117,554,370
771,000 (Previous year 771,000) shares of ₹ 2 each fully paid up		
Investment in preference shares of subsidiaries (at cost)		
KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Private Limited)	278,130,000	278,130,000
A wholly owned (Previous year : 76%) subsidiary company incorporated in India 2,781,300 (Previous year 2,781,300) 0.01% Cumulative Redeemable Preference shares of ₹ 100 each fully paid up		
Total	6,492,403,603	5,364,751,103

Notes forming part of the financial statements

Note 13 - Long term loans and advances (Unsecured, considered good unless otherwise stated)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Loans to related parties (Refer note 39)		
Loan to KPIT Employee Welfare Trust	-	388,763,431
Loan to KPIT Infosystems Inc. USA	740,383,209	204,215,394
Loans and advances to other than related parties		
Capital advances	-	68,208
Security deposits	78,742,967	71,853,117
Other loans and advances		
- Advance payments against income tax (net of provisions)	323,746,876	182,207,816
- Fringe benefit tax paid in excess of provision (net)	3,321,875	2,341,061
- Balances with government authorities	-	18,261,484
- Prepaid expenses	5,942,105	12,597,884
- MAT Credit entitlement (Refer note 46(3))	65,647,076	-
Total	1,217,784,108	880,308,395

Note 14 - Other non current assets (Unsecured, considered good)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Others :		
Balance in Group Gratuity Trust Account	14,972,572	13,362,848
Fixed deposits with banks (under lien)	615,093	15,011,361
Other fixed deposits	-	2,483,108
Interest accrued on fixed deposits	74,718	1,013,733
Total	15,662,383	31,871,050

Notes forming part of the financial statements

Note 15 - Current investments

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Investments in Mutual funds (Unquoted) (Non trade)		
(At cost or fair value whichever is lower)		
Nil units (Previous year 855,486 units) - Birla Sun Life Savings Fund - Regular Plan - Daily Dividend	-	85,629,659
Nil units (Previous year 912,196 units) - Birla Sun Life Short Term Fund - Regular Plan - Daily Dividend	-	91,269,794
3,537,446 units (Previous year 2,789,102 units) Birla Sun Life Cash Plus Daily Dividend- Regular Plan	354,434,410	279,454,066
33,173,910 units (Previous year 14,154,921 units) - HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	344,959,409	150,566,949
Nil units (Previous year 27,417,144 units) - HDFC Liquid Fund - Dividend Daily Reinvest	-	279,605,515
68,518 units (Previous year 261,239 units) - Axis Liquid Fund - Daily Dividend	68,539,412	261,267,979
Nil units (Previous year 48,506 units) - IDFC Cash Fund - Daily Dividend - Regular Plan	-	48,517,631
174,854 units (Previous year 182,799 units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option	267,306,628	279,452,500
486,544 units (Previous year 278,668 units) S.B.I. Premier Liquid Fund - Regular Plan Daily Dividend	488,125,526	279,574,012
66,557 units (Previous year 276,348 units) Kotak Floater Short Term- Daily Dividend Reinvestment	67,330,642	279,559,205
69,871 units (Previous year Nil units) DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend	69,852,977	-
Total	1,660,549,004	2,034,897,310

Note 16 - Inventories

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(Valued at the lower of cost and net realisable value)		
Raw materials (Refer note (i) below)	20,235,954	-
Work-in-progress (Refer Note (iii) below)	13,100	-
Finished goods (Refer note (ii) below)	3,011,215	-
Stores and spares	78,414	-
Total	23,338,683	-
Note :		
i) Breakup of raw material		
Single control unit	5,344,075	-
Camera	1,596,004	-
Bus driver console	1,925,000	-
Others	11,370,875	-
Total	20,235,954	-
ii) Breakup of finished goods		
Intelligent transport system	3,011,215	-
Total	3,011,215	-
iii) Breakup of work in progress		
Intelligent transport system	13,100	-
Total	13,100	-

Notes forming part of the financial statements

Note 17 - Trade receivables

(Unsecured unless otherwise stated)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered good	22,503,635	363,916,159
Considered doubtful	96,976,328	81,512,020
	119,479,963	445,428,179
Other trade receivables		
Considered good	3,545,524,390	1,861,176,555
Considered doubtful	91,111	1,878,606
	3,545,615,501	1,863,055,161
Less: Provision for doubtful trade receivables	97,067,439	83,390,626
Total	3,568,028,025	2,225,092,714

Note 18 - Cash and bank balances

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Cash and cash equivalents		
- Cash on hand	149,360	51,949
- Cheques in hand	603,735	6,943,564
Balances with banks -		
- In current account	423,296,504	351,206,599
- In deposit account (with original maturity of 3 months or less)	101,748,580	304,478,581
- In unpaid dividend account	2,285,355	1,838,271
	528,083,534	664,518,964
Other bank balances - in current account	49,223,072	25,308,944
Total	577,306,606	689,827,908
Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	527,330,439	657,523,451
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	49,223,072	25,308,944
Bank deposits due to mature after 12 months of the reporting date included under "Other non-current assets" (Refer note 14)	615,093	17,494,469
	577,168,604	700,326,864

Notes forming part of the financial statements

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

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Loans and advances to related parties (Refer note 39)		
- Dues from subsidiaries	76,830,175	121,529,855
- Dues from joint venture	4,264,528	4,091,758
Other loans and advances		
- Employee advances		
- Considered good	20,162,221	19,859,047
- Considered doubtful	7,245,000	3,500,000
	27,407,221	23,359,047
Less: Provision for doubtful advances	7,245,000	3,500,000
	20,162,221	19,859,047
- Prepaid expenses	99,995,485	55,409,308
- Balances with Government authorities	43,972,606	28,265,476
- Other receivables	37,106,494	89,978,273
- Security deposits	14,844,026	8,692,932
- Advance to suppliers	315,296,633	22,388,514
Total	612,472,168	350,215,163

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

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Unbilled revenue	257,262,912	101,135,297
Interest accrued on fixed deposits	3,020,013	179,983
Mark to market gain on cash flow hedges	82,768,635	-
Total	343,051,560	101,315,280

Notes forming part of the financial statements

Note 21 - Revenue from operations

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Income from software services	8,876,178,962	7,152,407,149
Sale of products		
Finished goods	27,389,788	-
Sale of products (Gross)	27,389,788	-
Less : Excise duty	2,716,983	-
Sale of products (Net)	24,672,805	-
Total	8,900,851,767	7,152,407,149
Break-up of revenue from sale of products (net)		
Intelligent transport system	21,566,900	-
Others	3,105,905	-
Total	24,672,805	-

Note 22 - Other income

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Interest income	40,856,980	23,179,410
Dividend income from current investments (Non trade)	127,162,953	54,263,116
Profit on sale of fixed assets (net)	1,027,794	-
Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income)	1,611,999	4,134,899
Total	170,659,726	81,577,425

Note 23 - Cost of materials consumed

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Inventory of materials at the beginning of the year	-	-
Purchases	48,978,240	-
Inventory of materials at the end of the year	20,235,954	-
	28,742,286	
Less : Changes in inventories of finished goods and work in progress		
Inventory of finished goods at the end of the year	3,011,215	-
Inventory in work in progress at the end of the year	13,100	-
Total	25,717,971	-
Break-up of cost of materials consumed		
Single control unit	10,292,442	-
Bus driver console	4,697,000	-
Camera	2,297,643	-
Others	11,455,201	-
	28,742,286	-

Note 24 - Employee benefits expense

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Salaries, wages and incentives	4,308,758,846	3,626,930,378
Contribution to provident and other funds (Refer note 37)	132,153,063	106,946,678
Staff welfare expenses	17,808,463	12,326,715
Total	4,458,720,372	3,746,203,771

Notes forming part of the financial statements

Note 25 - Finance costs

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Interest expense	124,644,794	80,540,836
Net loss on foreign currency transactions and translations (considered as finance costs)	75,694,290	1,582,250
Total	200,339,084	82,123,086

Note 26 - Other expenses

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
₹	₹	₹
Travel and overseas expenses (net)	310,045,166	196,715,924
Travelling and conveyance	82,215,583	74,204,221
Cost of service delivery (net)	297,794,941	180,985,032
Cost of professional sub-contracting (net)	324,358,912	233,373,504
Recruitment and training expenses	30,629,786	34,272,576
Power and fuel	51,670,140	52,807,096
Rent	71,048,768	77,663,020
Repairs and maintenance -		
Buildings	1,271,835	1,109,927
Plant and equipment	84,826,250	75,247,767
Others	24,169,907	16,585,101
	110,267,992	92,942,795
Insurance	32,575,015	20,739,530
Rates and taxes	2,874,547	1,837,958
Communication expenses (net)	38,800,171	38,099,546
Professional and legal expenses	105,909,884	67,513,519
Marketing expenses	22,565,517	37,773,767
Foreign exchange loss (net)	540,394,458	411,954,509
Printing and stationery	7,117,824	6,381,551
Auditors remuneration (net of service tax)		
- Audit fees	7,050,000	6,200,000
- Limited review of quarterly results	1,200,000	-
- Fees for other services	810,000	680,000
- Taxation matters	-	2,330,229
- Out of pocket expenses reimbursed	497,968	403,197
	9,557,968	9,613,426
Bad debts written off	-	44,086,188
Provision for doubtful debts and advances (net)	13,676,813	6,512,520
Loss on sale of fixed assets	-	226,433
Miscellaneous expenses (net)	84,855,412	81,426,979
Total	2,136,358,897	1,669,130,094

Notes :

Payment to auditors for the previous year pertains to fees paid to the erstwhile auditors of the Company. Certain expenses are net of recoveries/reimbursements from customers

Notes forming part of the financial statements

27. The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 213,479,428 i.e ₹ 1.10 per share. (Previous year – ₹ 173,533,679 i.e ₹ 0.90 per share). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive a share in the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

28. As at 31 March, 2014 the Company has received an amount of ₹ 14,844,492 (Previous year ₹ 935,432) towards share application money for 325,438 shares (Previous year 32,898 shares) at a premium of ₹ 14,193,616 (Previous year ₹ 869,636). The share application money was received for proposed issue under the Employee Stock Option Plan of 2004 and 2006 at fair market value. The Company has sufficient authorized share capital to cover the allotment of these shares.

29. Contingent liabilities and Commitments

(i) Contingent liabilities

Sr. No.	Particulars	As at 31 March, 2014	As at 31 March, 2013
1	Outstanding bank guarantees in routine course of business	191,719,175	137,371,181
2	Corporate guarantee provided by the Company for loan availed by KPIT Infosystems Inc. USA	961,440,000	870,228,800
3	Income tax matters	64,552,955	65,387,760
4	VAT matters	-	4,741,566
5	Service tax matters*	343,766,261	309,605,627

*The amount does not include interest and penalty.

(ii) Commitments

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

- Tangible assets – ₹ 8,274,858 (Previous year ₹ 14,396,377).
- Intangible assets – ₹ 75,345,325 (Previous year ₹ 3,536,853).

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

- Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31 March 2014 is ₹ Nil (Previous year – ₹ 508,732) including unpaid amounts of ₹ 59,562 (Previous year – ₹ 59,562) outstanding for more than 30 days. Estimated interest due thereon is ₹ 15,188 (Previous year - ₹ 15,188).
- Amount of payments made to suppliers beyond the appointed date during the year is ₹ Nil (Previous year – ₹ 4,370). Interest paid thereon is ₹ Nil (Previous year – ₹ Nil) and the estimated interest due and payable thereon is ₹ Nil (Previous year - ₹ 127).
- The amount of estimated interest accrued and remaining unpaid as at 31 March 2014 is ₹30,503 (Previous year – ₹ 15,315)
- The amount of estimated interest due and payable for the period from 1 April 2014 to actual date of payment or 20 April 2014 (whichever is earlier) is Nil

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

Notes forming part of the financial statements

Name of party	FY 2013-14		FY 2012-13	
	Balance	Maximum amount outstanding	Balance	Maximum amount outstanding
KPIT Infosystems Inc., USA (including interest)	740,383,209	740,383,209	204,215,394	281,360,750
KPIT Systems Limited Employee Welfare Trust (Refer note 46(5))	-	-	388,763,431	388,763,431

32. CIF value of imports

Particulars	FY 2013-14	FY 2012-13
Capital goods	112,125,834	86,171,775

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

Particulars	FY 2013-14	FY 2012-13
Salaries and wages	119,364,099	139,828,234
Cost of service delivery	31,654,212	12,454,106
Travelling expenses	134,704,751	73,568,892
Marketing expenses	13,948,142	6,135,862
Professional expenses	20,865,456	27,648,881
Rent	1,323,099	58,843
Financial charges	44,789,134	7,666,546
Other expenses	13,417,167	7,870,740
	380,066,060	275,232,104

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

34. Earnings in foreign currency (on accrual basis)

Particulars	FY 2013-14	FY 2012-13
Export of software services	5,936,322,802	5,873,581,958
Interest on fixed deposits	1,532	1,305
Interest from inter-company loans	19,353,870	11,923,034
	5,955,678,204	5,885,506,297

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

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

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

Particulars	FY 2013-14	FY 2012-13
Year to which the dividend relates	FY 2012-13	FY 2011-12
Number of non-resident shareholders to whom remittance was made	6	5
Number of shares on which remittance was made	10,817,691	10,659,914
Amount remitted (in ₹)	9,735,922	7,461,940

36. (1) Details of Derivative Instruments (for hedging)

A) Cash flow hedges: In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than in Indian rupees. The counter party

Notes forming part of the financial statements

to the Company's foreign currency contracts is a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments and highly probable forecast transactions. The Management has assessed the effectiveness of its hedging contracts outstanding as on 31 March 2014 as required by AS-30 'Financial Instruments : Recognition and Measurement' and accordingly recognized a mark - to - market profit of ₹ 82,768,635 (Previous year loss of ₹ 240,009,938) in the Hedging Reserve.

- B) The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges as on 31 March, 2014:

Type of cover	Forward exchange contracts outstanding at the year-end in foreign currency	Forward exchange contracts outstanding at the year-end in ₹	Exposure to Buy/Sell
Forward	EUR 4,050,000	347,655,645	Sell
	EUR [6,900,000]	[484,742,565]	
Forward	USD 37,200,000	2,363,631,000	Sell
	USD [51,000,000]	[2,595,937,500]	
Forward	GBP 1,200,000	124,999,000	Sell
	GBP [3,000,000]	[238,910,000]	

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

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

Particulars	FY 2013-14		FY 2012-13	
	Amount in Foreign Currency	Equivalent amount in ₹	Amount in Foreign Currency	Equivalent amount in ₹
Trade payables / dues to subsidiaries including payables for purchase of fixed assets.				
GBP	14,996	1,494,359	11,882	978,137
EUR	731,827	60,431,568	2,055,538	142,949,954
USD	1,429,874	85,935,146	574,708	31,257,972
JPY	1,660,000	976,578	1,024,900	591,982
AUD	5,277	291,955	13,320	751,994
SEK	26,806	246,888	12,790	106,487
SGD	Nil	Nil	1,000	43,717
CHF	380	25,640	Nil	Nil
PLN	Nil	Nil	6,022	100,298
AED	27,200	443,469	Nil	Nil
CAD	4,500	243,405	Nil	Nil

Notes forming part of the financial statements

Particulars	FY 2013-14		FY 2012-13	
	Amount in Foreign Currency	Equivalent amount in ₹	Amount in Foreign Currency	Equivalent amount in ₹
Trade receivables / dues from subsidiaries				
AUD	183,163	10,133,663	323,144	18,243,418
SGD	19,088	907,100	32,897	1,438,158
CAD	Nil	Nil	8,614	459,994
EUR	1,974,731	163,065,965	7,604	528,780
GBP	2,693,355	268,930,918	182,255	15,003,390
SEK	Nil	Nil	129,340	1,076,859
CNY	160,768	1,559,561	10,958	94,863
USD	960,315	57,714,741	1,916,169	104,219,087
NZD	Nil	Nil	22,191	1,008,137
AED	29,924	487,883	Nil	Nil
PCFC loans				
USD	44,018,238	2,645,526,033	26,654,995	1,449,781,045
EUR	2,580,080	213,048,508	2,400,025	166,908,598
EEFC accounts				
USD	753,832	45,305,166	2,445,960	133,031,862
GBP	196,721	19,642,518	95,698	7,877,922
EUR	464,958	38,394,515	208,572	14,504,884
Bank deposits				
GBP	76,132	7,601,762	76,117	6,265,999
Loans - Granted to subsidiaries				
KPIT Infosystems Inc. USA.				
USD	12,319,237	740,383,209	3,754,698	204,215,394
External commercial borrowing				
USD	20,000,000	1,201,996,000	20,000,000	1,087,786,000

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

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

1. Defined contribution plan – Provident fund

Amount recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹132,153,063 (Previous year ₹ 106,946,678)

2. Defined benefit plan

- i) Actuarial gains and losses in respect of defined benefit plans are recognized in the Statement of Profit and Loss.
- ii) The defined benefit plan comprises of gratuity, which is un-funded.

Notes forming part of the financial statements

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

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

Particulars	FY 2013-14	FY 2012-13
Present value of defined benefit obligation at the beginning of the year	92,700,950	67,440,844
Adjustment on account of merger of Sparta Infotech India Private Limited	5,574,233	Nil
Adjustment on transfer of employees	Nil	Nil
Current service cost	19,091,756	14,324,549
Interest cost	8,093,767	5,732,472
Actuarial loss / (gain)	(10,630,301)	16,468,809
Benefits paid	(9,671,094)	(11,265,724)
Present value of defined benefit obligation at the end of the year	105,159,311	92,700,950

Analysis of defined benefit obligation	FY 2013-14	FY 2012-13
Present value of obligation as at the end of the year	105,159,311	92,700,950
Net (asset) / liability recognized in the Balance Sheet	105,159,311	92,700,950

Components of employer expenses recognized in the statement of Profit and Loss	FY 2013-14	FY 2012-13
Current service cost	19,091,756	14,324,549
Interest cost	8,093,767	5,732,472
Actuarial loss / (gain)	(10,630,301)	16,468,809
Expenses recognized in the Statement of Profit and Loss	16,555,222	36,525,830

Assumptions	FY 2013-14	FY 2012-13
Discount rate	9.33%	8.25%
Salary Escalation	5.00%	5.00%
Attrition Rate		
- 4 years and below	20%	20%
- 5 years and above	2%	2%

- The discount rate is based on prevailing yields of Indian Government Securities as at the balance sheet date for the estimated terms of the obligations.
- Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustments on plan assets & liabilities

	Year ended 31 March				
	2014	2013	2012	2011	2010
Defined benefit obligation	105,159,311	92,700,950	67,440,844	49,610,607	39,173,178
Surplus / (deficit)	(105,159,311)	(92,700,950)	(67,440,844)	(49,610,607)	(39,173,178)
Experience adjustments on plan liabilities (Gain)/Loss	4,241,017	13,887,718	(1,213,370)	3,916,149	(6,453,016)

Notes forming part of the financial statements

38. Segment information

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

39. Related party disclosures

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

Relationship	Name of related party
Subsidiary Companies (Direct Holding)	KPIT Infosystems Ltd. UK
	KPIT Infosystems Inc. USA
	KPIT Infosystems France SAS, France
	KPIT (Shanghai) Software Technology Co. Ltd., China
	KPIT Infosystems Netherlands B.V.
	KPIT Global Solutions Limited (formerly known as SYSTIME Global Solutions Private Limited), India
Subsidiary Companies (Indirect Holding)	KPIT Technologies GmbH, Germany
	CPG Solutions, LLC USA
	Sparta Consulting Inc., USA
	Systeme Computer Corporation, USA
	KPIT Infosystems ME FZE, United Arab Emirates
	SYSTIME Global Solutions Ltd, Brazil
	SYSTIME Global Solutions, Inc. Canada
	IKV++ Technologies AG, Germany
KPIT Infosystem (Brasil) Servicos De Technolgia e Participacoes Ltda.	

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

Relationship	Name of related party
Associate Company	GAIA System Solution Inc (till 12 March, 2014)
Joint Venture	Impact Automotive Solutions Limited (Jointly controlled entity)
Key Management Personnel (KMP)	Mr.S.B.(Ravi) Pandit
	Mr. Kishor Patil
	Mr. Sachin Tikekar
Relative of KMP	Mr. Chinmay Pandit
	Mrs. Jayada Pandit
Enterprise over which KMP has significant influence	KP Corporate Solutions Limited
	Kirtane & Pandit (Chartered Accountants)

Notes forming part of the financial statements

C. Transactions with related parties

S r. No.	Name of related party	FY 2013-14		FY 2012-13	
		Amount of transactions during the year (₹)	Balance as on 31.03.2014 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)
1	KPIT Infosystems Ltd. UK				
	Investment in equity	Nil	631,702,379	149,649,500	631,702,379
	Sales	591,327,658	424,666,865	462,165,576	204,271,151
	Reimbursement of expenses (net)	11,281,278	10,945,523	36,946,246	15,003,390
2	KPIT Infosystems France SAS, France				
	Investment in equity	Nil	215,968,508	Nil	215,968,508
	Sales	301,938,538	126,308,504	138,879,864	69,667,566
	Reimbursement of expenses (net)	3,937,634	(14,379,684)	2,128,990	(84,912,815)
3	KPIT Infosystems GmbH, Germany				
	Sales	653,728,057	330,855,751	716,138,869	443,642,692
	Reimbursement of expenses (net)	17,265,042	(44,715,269)	13,618,273	(51,393,475)
4	KPIT Infosystems Inc., US				
	Investment in equity	Nil	2,151,848,985	840,975,000	2,151,948,985
	Sales	3,582,746,916	1,460,642,017	3,155,250,889	942,262,616
	Reimbursement of expenses (net)	167,844,521	56,551,994	204,873,652	104,219,087
	Loan granted to subsidiary	504,223,000	707,027,260	Nil	190,213,315
	Repayment of loan granted to subsidiary	14,389,981	Nil	111,500,000	Nil
	Interest on Loan	19,353,870	33,355,949	11,630,720	14,002,079
5	CPG Solutions LLC				
	Sales	Nil	Nil	20,136,000	Nil
6	KPIT SolvCentral.Com				
	Reimbursement of expenses (net)	Nil	Nil	340,399	Nil
7	Sparta Consulting Inc				
	Purchase of equity shares of Sparta Infotech India Pvt Ltd	Nil	Nil	271,000,000	Nil
	Sales	131,327,040	124,232,171	4,970,941	Nil
	Reimbursement of expenses (net)	6,691,672	6,625,690	Nil	Nil
8	KPIT (Shanghai) Software Technology Co. Ltd.				
	Investment in equity	Nil	69,096,000	57,854,000	69,096,000
	Sales	8,659,981	1,567,310	Nil	Nil
	Reimbursement of expenses (net)	1,257	(1,214)	512	94,863
9	KPIT Global Solutions Limited				
	Investment of equity	1,348,752,500	2,844,712,715	405,965,614	1,495,960,215
	Investment in Preference Shares	Nil	278,130,000	Nil	278,130,000
	Sales	Nil	Nil	178,288	178,228
	Reimbursement of expenses (net)	Nil	Nil	414,685	(414,685)
	Advance received	20,811,649	(501,649)	310,000	310,000
	Software consultancy charges	Nil	Nil	14,702,601	(51,371,902)
10	SYSTIME Global Solutions INC				
	Sales	Nil	Nil	258,442	258,442
	Reimbursement of expenses (net)	52,896,391	(52,896,391)	Nil	Nil

Notes forming part of the financial statements

S r. No.	Name of related party	FY 2013-14		FY 2012-13	
		Amount of transactions during the year (₹)	Balance as on 31.03.2014 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)
11	KPIT Infosystems ME FZE, United Arab Emirates				
	Reimbursement of expenses (net)	508,710	487,883	Nil	Nil
12	KPIT Infosystems ME FZE, United Arab Emirates (Australia Branch)				
	Reimbursement of expenses (net)	394,502	392,178	Nil	Nil
13	KPIT Infosystems Netherlands B.V.				
	Investment in equity shares	Nil	34,300,000	24,325,000	34,300,000
	Sales	104,494,074	29,583,891	49,804,928	20,335,555
	Reimbursement of expenses (net)	1,074,887	411,583	Nil	Nil
14	KPIT Infosystem (Brasil) Servicos De Tecnologiae Participacoes Ltda				
	Investment in equity	Nil	40,666	40,666	40,666
15	KPIT Infosystems Limited Filial UK (Sweden)				
	Sales	60,115,984	45,980,933	Nil	Nil
	Reimbursement of expenses	118,160	(107,077)	Nil	Nil
16	GAIA System Solution Inc.				
	Investment in equity	Nil	Nil	Nil	98,151,970
	Sales	39,935,693	26,475,618	25,229,567	19,554,527
	Commission expenses	7,914,979	7,914,979	Nil	Nil
17	KP Corporate Solutions Limited				
	Sales	3,258,440	1,629,220	3,932,600	Nil
	Professional Fees	1,786,616	15,874	910,049	(99,136)
18	Kirtane & Pandit : Chartered Accountants				
	Sales	Nil	Nil	Nil	Nil
	Professional fees	Nil	Nil	291,850	Nil
19	Mr. S. B. (Ravi) Pandit				
	Management services fees	13,077,729	Nil	17,402,177	Nil
	Reimbursement of expenses (net)	1,425,047	Nil	522,960	Nil
20	Impact Automotive Solutions Limited				
	Investment in equity	50,000,000	149,049,980	50,000,000	99,049,980
	Share application money	20,000,000	20,000,000	Nil	Nil
	Reimbursement of expenses (net)	19,129,633	4,264,528	14,583,731	4,091,758
	Purchase of components	5,084,208	5,886,741	79,183	(50,773)
	Customization fees	Nil	Nil	19,000,000	Nil
	Sales	309,440	309,440	Nil	Nil
21	Mr. Kishor Patil				
	Salary	9,191,903	Nil	9,016,401	Nil
	Reimbursement of expenses (net)	2,329,924	Nil	2,949,187	(22,879)
22	Mr. Sachin Tikekar				
	Salary	9,573,810	Nil	8,637,181	Nil
	Reimbursement of expenses (net)	4,061,081	Nil	2,881,473	Nil

Notes forming part of the financial statements

S r. No.	Name of related party	FY 2013-14		FY 2012-13	
		Amount of transactions during the year (₹)	Balance as on 31.03.2014 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31.03.2013 Debit/(Credit) (₹)
23	Mr. Chinmay Pandit				
	Salary	3,419,835	Nil	2,399,678	Nil
	Reimbursement of expenses (net)	301,440	(12,658)	396,307	Nil
24	Mrs. Jayada Pandit				
	Salary	1,439,442	Nil	1,403,983	Nil
	Reimbursement of expenses (net)	1,762	Nil	47,999	Nil

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

40. Lease transactions

1) Finance leases

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

Reconciliation between future minimum lease payments and their present values under finance lease as at the year-end is as follows.

Particulars	FY 2013-14	FY 2012-13
Minimum lease payments		
- Not later than one year	802,785	2,496,324
- Later than one year and not later than five years	Nil	1,503,217
- Later than five years	Nil	Nil
Total minimum lease payments	802,785	3,999,541
Amount representing future interest	24,673	301,795
Present value of minimum lease payments	778,112	3,697,746
- Not later than one year	778,112	2,243,654
- Later than one year and not later than five years	Nil	1,454,092
- Later than five years	Nil	Nil

2) Operating leases

Obligations towards non-cancellable operating leases:

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

Particulars	FY 2013-14	FY 2012-13
Minimum lease payments		
- Not Later than one year	100,347,895	95,883,501
- Later than one year and not later than five years	82,817,460	135,443,099
- Later than 5 years	Nil	Nil
Total	183,165,355	231,326,600

Notes forming part of the financial statements

Rental expenses (net of recoveries / reimbursements) of ₹ 71,048,768 (Previous year ₹ 77,663,020) in respect of obligation under operating leases have been recognized in the Statement of Profit and Loss.

41. Basic and diluted earnings per share

Particulars		FY 2013-14	FY 2012-13
Nominal value per equity share	₹	2.00	2.00
Profit for the year after tax	₹	1,491,572,539	1,030,512,542
Profit attributable to equity shareholders	₹	1,491,572,539	1,030,512,542
Weighted average number of equity shares	No. of shares	187,194,012	183,189,306
Earnings per share – Basic	₹	7.97	5.63
Effect of dilutive potential equity shares -			
Employee stock options	No. of shares	5,061,958	5,289,875
Weighted average number of diluted equity shares	No. of shares	192,255,970	188,479,181
Earnings per share – Diluted	₹	7.76	5.47

42. Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 61,312,373 (Previous year ₹ 55,225,455) has been incurred by the Company and disclosed under appropriate account heads.

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

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

Particulars	FY 2013-14	FY 2012-13
R&D expenditure debited to statement of Profit and Loss	61,312,373	55,225,455
R&D Project- Revolo(Capital expenditure incurred during the year)	68,198,501	26,131,680
R&D Project- Infotainment(Capital expenditure incurred during the year)	51,621,106	43,926,206

43. Disclosure of interest in joint venture

The Company has the following joint ventures as on 31 March, 2014 and its percentage holding is given below:

Name of the Company	Country of incorporation	% voting power held	
		As at 31 March, 2014	As at 31 March, 2013
Impact Automotive Solutions Limited (JV with Bharat Forge Limited)	India	50%	50%

Notes forming part of the financial statements

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
Reserves and surplus	(72,796,290)	(37,552,636)
Non-current liabilities		
(a) Long term provisions	37,823	14,330
Current liabilities		
(a) Trade payables	4,164,981	676,035
(b) Other current liabilities	24,555,098	2,583,632
(c) Short term provisions	67,172	42,708
Total liabilities	28,825,074	3,316,705
Non-current assets		
(a) Fixed assets	26,410,016	31,235,976
(b) Long-term loans and advances	13,389,762	12,089,885
Current assets		
(a) Inventories	10,921,084	8,391,249
(b) Trade receivables	2,943,371	25,367
(c) Cash and cash equivalents	46,538,718	12,656,259
(d) Short-term loans and advances	4,875,834	415,333
Total assets	105,078,785	64,814,069

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Revenue from operations	2,766,992	90,112
Other income	2,153,162	1,947,012
Total revenue	4,920,154	2,037,124
Expenses		
Cost of material consumed	3,425,165	2,462,615
Depreciation and amortization expense	7,191,370	5,723,806
Employee benefit expenses	5,585,096	2,776,968
Other expenses	23,871,677	18,130,966
Tax expense	90,500	75,500
Total expenses	40,163,808	29,169,855
Contingent liabilities	Nil	Nil
Capital commitments	682,413	483,818

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

Warranty

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

Particulars	FY 2013-14	FY 2012-13
Carrying amount as at the beginning of the year	19,166,080	11,552,000
Additional provision made during the year	7,783,200	19,166,080
Amount paid/utilized during the year	Nil	11,552,000
Unused amount reversed during the year	12,013,600	Nil
Carrying amount at the end of the year	14,935,680	19,166,080

Notes forming part of the financial statements

45. Stock option plans

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

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

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

Particulars	FY 2013-14	FY 2012-13
Options granted, beginning of the year	500	500
Granted during the year	-	-
Exercised during the year	300	-
Cancelled / lapsed during the year	-	-
Options granted, end of year	200	500

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

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

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

Particulars	FY 2013-14	FY 2012-13
Options granted, beginning of the year	2,780,277	3,814,024
Granted during the year	-	-
Exercised during the year	455,359	696,207
Cancelled / lapsed during the year	191,677	337,540
Options granted, end of year	2,133,241	2,780,277

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

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

Notes forming part of the financial statements

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

Particulars	FY 2013-14	FY 2012-13
Options granted, beginning of the year	7,279,800	7,768,658
Granted during the year	400,000	1,046,000
Exercised during the year	1,229,094	1,181,528
Cancelled / lapsed during the year	414,404	353,330
Options granted, end of year	6,036,302	7,279,800

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

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black Scholes Options Pricing Model), the Company's Profit after Tax would be lower by ₹ 50,064,078 (Previous Year ₹ 99,312,292) and earnings per share as reported would be lower as indicated below:

Particulars	FY 2013-14	FY 2012-13
Net profit after tax	1,491,572,539	1,030,512,542
Add: Total stock based compensation expense determined under intrinsic value based method	Nil	Nil
Less: Total stock based compensation expense determined under fair value based method	50,064,078	99,312,292
Adjusted net profit	1,441,508,461	931,200,250
Basic earnings per share (in ₹)		
- As reported	7.97	5.63
- Adjusted	7.70	5.08
Diluted earnings per share (in ₹)		
- As reported	7.76	5.47
- Adjusted	7.50	4.94

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

Particulars	FY 2013-14	FY 2012-13
ESOP 2006 scheme		
1. Risk free interest rate (%)	7.54%	8.35%
2. Expected life	3.60 years	3.60 years
3. Expected volatility (%)	45.97%	53.03%
4. Dividend yield (%)	0.95%	0.73%

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

46. Other disclosures and explanatory notes

- During the year the Company has approved to transfer KPIT Cummins Infosystems Limited Community Foundation Reserve, KPIT Cummins Technology Fund and KPIT Employee's Welfare Fund to General Reserves.
- During the year the Company has acquired the balance stake of 24% in KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Limited), world's largest J D Edwards solution provider and Oracle Platinum Partner under the share purchase agreement entered into with the Sellers. In effect, KPIT Global Solutions Limited is now 100% subsidiary of the Company.

Notes forming part of the financial statements

3. The Hon'ble High Court of Delhi has approved the Scheme of Amalgamation of Sparta Infotech India Private Limited, a wholly owned subsidiary with the Company, vide Order dated 30 January 2014 and therefore, Sparta Infotech India Private Limited has ceased to exist as a separate company.

Name	Sparta Infotech India Private Limited
General Nature of Business	Providing software consulting, system designing, enterprise application and computer programming services
Effective date of amalgamation for accounting purposes	1 April 2012
Method of accounting used to reflect the amalgamation	Pooling of interests method.
Particulars of Scheme	Refer note 'a' below
Description and number of shares issued	Nil
% of Company's equity shares exchanged	Nil
Treatment of difference between consideration and value of net identifiable assets acquired	Refer note 'a' below

a) Details of the scheme

- i. With effect from the appointed date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required by the law, all the assets and liabilities including reserves, if any, of the Transferor Company shall be recorded in the books of the Transferee Company at the book values as recorded in the books of the Transferor Company.
- ii. The balance in reserves and surplus account of the Transferor Company as on the Appointed Date shall be transferred to the corresponding reserves in the Transferee Company. In other words, identity of reserves of the Transferor Company shall be preserved.
- iii. The balance of the Profit and Loss Account of the Transferor Company should be aggregated with the balance of the Profit and Loss Account of the Transferee Company.
- iv. The difference between the value of the investment in the books of the Transferee Company for the equity shares in the Transferor Company and the amount recorded as Share Capital in the books of the Transferor Company will be debited to the general reserve.
- v. In case of any difference in the accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

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

Assets	Amount (₹)
Fixed assets	89,184,036
Trade receivables	199,631,672
Cash & bank balances	80,374,731
Loans & advances	67,297,636
Deferred tax asset	2,426,763
Total	438,914,838

Notes forming part of the financial statements

Liabilities	Amount (INR)
Current liabilities	81,981,541
Provisions	30,237,104
Total	112,218,645
Difference between cost of investment and equity capital as adjusted	216,221,100
Adjusted in General reserves	216,221,100

As mentioned above, the Hon'ble High Court of Delhi has approved the Scheme of Amalgamation of Sparta Infotech India Private Limited with the Company, vide Order dated 30 January 2014. Accordingly, the figures for the current year include the annual figures of Sparta Infotech India Private Limited and as such are not comparable the previous year figures.

4. The Company has filed a scheme of amalgamation with Hon'ble Bombay High Court for amalgamation which will comprise all assets and liabilities including intangible assets of KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Limited) with the Company. The appointed date of the amalgamation would be 1 April 2013 and would be effected in financial statements of the Company post approval from Hon'ble Bombay High Court.
5. During the year the Company has consolidated the KPIT Technologies Limited Employee Welfare Trust.
6. During the year the Company has disinvested its 20% stake in GAIA System Solutions Inc for ₹ 122,410,304 and the provision for diminution in value of investments ₹ 98,151,970 made in the previous year has been reversed and disclosed as an exceptional item. The balance of ₹ 24,258,334 has been recorded as gain on sale of investment and also disclose as an exceptional item.
7. The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act 1961. The Company is in the process of updating the documentation for the Financial Year 2013-2014.

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

8. Final dividend

The Company allotted 271,608 equity shares against exercise of options by the employees, after 31 March, 2013 and before the Book closure for the Annual General Meeting held for FY 2012-13. The Company paid dividend of ₹ 246,716 on these shares as approved by the shareholders at the Annual General Meeting held on 12 July 2013.

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

Particulars	Amount as per audited financial statement as on 31 March, 2013	Amount regrouped in the current year	Regrouping details
Note 8 - Trade payables	633,712,837	252,162,261	Included in 'Accrued employee costs' under note 9 – Other Current Liabilities
Note 10 – Short term provisions	313,883,982	3,381,292	Included in 'Other payables' under note 9 – Other Current Liabilities
Note 24 – Employee benefit expenses	3,536,677,167	(209,526,604)	Included in Note 26 – Other Expenses

Notes forming part of the financial statements

10. During the previous year, the Company had allotted equity shares on preferential basis. The proceeds of ₹ 1,620,000,000 out of the issue were unutilized and invested in mutual funds at the end of the previous year. In the current year, out of the above, ₹ 1,418,752,500 was utilized for investment in subsidiaries and jointly controlled entity. The unutilized balance still remains invested in mutual funds.
11. During the previous year, the Company has transferred a division and also entered into a business partnership with certain parties. Pursuant to the agreements entered with the respective parties, the Company had recognized ₹ 79,670,113 as exceptional items.
12. Previous year's financial statements have been audited by a firm other than B S R & Co. LLP.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm Registration Number : 101248W

Vijay Mathur

Partner

Membership No : 046476

Date: April 28, 2014

Place: Pune

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

Anil Patwardhan

Sr. Vice President & Head - Corporate
Finance & Governance

R. Swaminathan

Company Secretary

S.B. (Ravi) Pandit

Chairman & Group CEO

Kishor Patil

CEO & Managing Director

Date: April 28, 2014

Place: Pune

Independent Auditors' Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KPIT Technologies Limited (erstwhile KPIT Cummins Infosystems Limited) ('the Company'), its subsidiaries and a jointly controlled entity (collectively referred to as 'the Group') which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the separate financial statements and other financial information of a subsidiary and jointly controlled entity referred to below in the Other matter paragraph, the accompanying 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 31 March 2014;
- ii. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other matter

We did not audit the financial statements of a subsidiary and a jointly controlled entity whose financial statements reflect total assets of ₹ 292,855,841 as at 31 March 2014 and total revenues of ₹ 67,790,591 and net cash inflows of ₹ 25,712 for the year then ended.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and the jointly controlled entity is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

Vijay Mathur
Partner
Membership No: 046476

Place : Pune
Date : 28 April 2014

Consolidated Balance Sheet

	Notes	As at 31 March, 2014		As at 31 March, 2013
		₹	₹	₹
EQUITY AND LIABILITIES				
Shareholders' funds				
(a) Share capital	2	370,989,440		385,630,398
(b) Reserves and surplus	3	12,365,379,442		9,975,375,194
			12,736,368,882	10,361,005,592
Share application money pending allotment	29		14,844,492	1,410,211
Minority interest				-
Non-current liabilities				270,242,037
(a) Long-term borrowings	4	1,300,524,059		1,459,213,825
(b) Other long term liabilities	6	-		820,210
(c) Long term provisions	7	233,158,560		142,254,314
			1,533,682,619	1,602,288,349
Current liabilities				
(a) Short-term borrowings	8	3,089,338,277		1,753,353,477
(b) Trade payables	9	1,020,568,060		1,199,181,762
(c) Other current liabilities	10	2,258,948,484		1,948,891,886
(d) Short-term provisions	11	580,363,402		695,169,871
			6,949,218,223	5,596,596,996
Total			21,234,114,216	17,831,543,185
ASSETS				
Non-current assets				
(a) Fixed assets				
(i) Tangible fixed assets	12A	1,418,182,738		1,384,944,737
(ii) Intangible fixed assets	12B	719,999,821		377,289,323
(iii) Capital work-in-progress		22,672,509		58,780,216
(iv) Intangible assets under development		-		183,596,580
		2,160,855,068		2,004,610,856
(b) Goodwill (on consolidation)		5,994,097,598		4,423,426,343
(c) Non-current investments	13	117,554,370		117,554,370
(d) Deferred tax assets (net)	5	289,249,560		69,171,008
(e) Long term loans and advances	14	671,869,539		1,138,122,822
(f) Other non-current assets	15	103,146,260		36,815,341
			9,336,772,395	7,789,700,740
Current assets				
(a) Current investments	16	1,741,294,664		2,036,463,365
(b) Inventories	17	34,259,768		-
(c) Trade receivables	18	6,743,008,536		4,672,802,818
(d) Cash and bank balances	19	1,907,893,486		1,920,948,309
(e) Short-term loans and advances	20	743,943,857		593,471,671
(f) Other current assets	21	726,941,510		818,156,282
			11,897,341,821	10,041,842,445
Total			21,234,114,216	17,831,543,185
Significant accounting policies	1			
Notes referred to above form an integral part of the consolidated financial statements	2 -41			

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm Registration Number : 101248W

Vijay Mathur

Partner

Membership No : 046476

Anil Patwardhan

Sr. Vice President & Head - Corporate
Finance & Governance

R. Swaminathan

Company Secretary

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

S.B. (Ravi) Pandit

Chairman & Group CEO

Kishor Patil

CEO & Managing Director

Date: April 28, 2014

Place: Pune

Date: April 28, 2014

Place: Pune

Consolidated Statement of Profit and Loss

	Notes	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Revenue from operations	22		
Sale of services		26,915,724,548	22,386,283,394
Sale of products		27,389,788	-
Less: Excise duty		2,716,983	-
Sale of products (net)		24,672,805	-
Other income	23	328,965,841	117,381,597
Total revenue		27,269,363,194	22,503,664,991
Expenses			
Cost of materials consumed	24	25,717,971	-
Employee benefits expense	25	13,804,030,240	11,408,062,059
Finance costs	26	257,686,196	141,512,415
Depreciation and amortization	12	539,534,621	471,505,750
Other expenses	27	9,334,479,041	7,622,302,241
Total expenses		23,961,448,069	19,643,382,465
Profit before exceptional items and tax		3,307,915,125	2,860,282,526
Exceptional items	41(3)	122,410,304	(13,049,034)
Profit before tax and minority interest		3,430,325,429	2,847,233,492
Tax expenses:			
(1) Current tax		1,159,416,505	859,216,112
(2) Excess provision in respect of earlier years		-	(7,872,388)
(3) MAT credit entitlement		-	(39,949,068)
(4) Deferred tax charge		(218,593,570)	(45,789,833)
		940,822,935	765,604,823
Profit after tax, but before minority interest and share of profit in associate		2,489,502,494	2,081,628,669
Less: Profit attributable to minority interests (Refer note 41(2))		-	86,141,414
Add : Share of Loss in associate (Refer note 41(3))		-	(5,432,823)
Profit for the year		2,489,502,494	1,990,054,432
Earnings per equity share (face value per share ₹2 each)	37		
(1) Basic		13.30	10.86
(2) Diluted		12.95	10.56
Significant accounting policies	1		
Notes referred to above form an integral part of the consolidated financial statements	2- 41		

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Vijay Mathur
Partner
Membership No : 046476

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

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

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

Kishor Patil
CEO & Managing Director

Date: April 28, 2014
Place: Pune

Date: April 28, 2014
Place: Pune

Consolidated Cash Flow Statement

PARTICULARS	For the year ended on 31 March, 2014		For the year ended on 31 March, 2013	
	₹	₹	₹	₹
AJ CASH FLOW FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		3,430,325,429		2,847,233,492
Adjustments for				
(Profit) / loss on sale of fixed assets (net)	(452,604)		653,681	
Depreciation / Amortization / Diminution	539,534,621		471,505,750	
Expense on Employee Stock Option Schemes	-		-	
Interest paid	181,991,906		141,512,415	
Interest income	(30,023,855)		(17,913,960)	
Dividend income	(127,886,159)		(54,263,116)	
Provision for diminution in value of investments	-		94,477,426	
Exchange differences on translation of foreign currency cash and cash equivalents	3,627,752		(4,483,680)	
Unrealised foreign exchange (Gain) / Loss	176,524,320		(113,217,415)	
Profit on sale of Business Assets	(122,410,304)	620,905,677	(81,428,392)	436,842,709
Operating Profit before working capital changes		4,051,231,106		3,284,076,201
Adjustments for changes in working capital:				
Increase / (Decrease) in Other Long Term Liabilities	-		(2,153,300)	
Increase / (Decrease) in Long Term Provisions	90,904,246		39,025,982	
Increase / (Decrease) in Trade Payables	(178,749,856)		147,498,698	
Increase / (Decrease) in Other Current Liabilities	417,226,920		21,232,346	
Increase / (Decrease) in Short Term Provisions	(11,356,140)		30,678,213	
(Increase) / Decrease in Long term Loans and Advances	57,692,361		(80,210,261)	
(Increase) / Decrease in Other Non Current Asset	(69,827,760)		4,927,611	
(Increase) / Decrease in Inventories	(34,259,768)		-	
(Increase) / Decrease in Trade Receivables	(2,048,598,473)		(440,231,961)	
(Increase) / Decrease in Short term Loans and Advances	(142,742,193)		(143,948,474)	
(Increase) / Decrease in Other Current Assets	189,659,816	(1,730,050,847)	(659,660,601)	(1,082,841,747)
Cash generated from operations		2,321,180,259		2,201,234,454
Contribution to / (Utilisation from) Community Foundation Reserve and Employee Welfare Fund				
Taxes Paid		(1,291,344,024)		(997,771,898)
Net cash from operating activities		1,029,836,235		1,203,462,556
BJ CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(689,043,771)		(700,672,179)	
Proceeds from Sale of Fixed Assets	5,133,333		2,852,026	
Investment in Equity Shares of Subsidiaries	(1,461,887,448)		(1,113,395,476)	
Purchase of shares from minority shareholders	(270,242,037)		(141,905,161)	
(Purchase)/Sale of Mutual Fund Investments	295,125,761		(1,671,765,576)	
Proceeds from Sale of Business Assets	122,410,304		81,428,392	
Loan (given to) / repaid by Employee Welfare trust	-		(8,004,080)	
Interest received	27,367,861		18,079,525	
Dividend received from Mutual Fund Investments	127,886,159		54,263,116	
Fixed Deposit with banks (net) having maturity over three months	(64,776,683)		(23,957,136)	
Net Cash from / (used in) investing activities		(1,908,026,521)		(3,503,076,549)

Consolidated Cash Flow Statement

PARTICULARS	For the year ended on 31 March, 2014		For the year ended on 31 March, 2013	
	₹	₹	₹	₹
C] CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long term loan from banks	191,246,500		1,090,078,749	
Repayment of Long term loan from banks	(181,168,482)		(111,943,395)	
Proceeds from Long term loan from other than banks	(100,231,244)		106,746,088	
Repayment of Long term loan from other than banks	(38,375,924)		(31,114,766)	
Proceeds from issue of Share Capital and application money	75,015,341		1,705,978,352	
Share Issue expenses for Preferential Allotment	-		(43,741,841)	
Proceeds from Working Capital loan (net)	1,176,019,617		278,686,650	
Proceeds from KPIT shares issued by EWT	43,856,839		-	
Dividend paid including corporate dividend tax	(196,760,256)		(144,825,628)	
Interest and finance charges	(178,927,018)		(128,241,083)	
Net cash from / (used in) financing activities		790,675,373		2,721,623,126
D] Exchange differences on translation of foreign currency cash and cash equivalents		(3,627,752)		4,483,680
Net Increase / (Decrease) in Cash and cash equivalents (A + B+ C+ D)		(91,142,665)		426,492,813
Cash & cash equivalents at close of the year (Refer note No. 1 below)		1,812,787,833		1,893,102,447
Cash & cash equivalents at beginning of the year (Refer note no.1 below)		1,893,102,447		1,466,609,634
Add : Cash & cash equivalents on acquisition of subsidiaries		10,828,051		-
Cash Surplus / (deficit) for the year		(91,142,665)		426,492,813
Note 1 :				
Cash and cash equivalents include:				
Cash on hand		210,782		173,371
Cheques in Hand		23,678,725		33,909,779
Balance with banks				
- In current accounts		1,684,864,391		1,541,821,949
- In deposit account		101,748,580		315,202,565
- In unpaid dividend account		2,285,355		1,994,783
Total Cash and cash equivalents (also Refer note 19)		1,812,787,833		1,893,102,447
Note 2:				
Figures in brackets represent outflows of cash and cash equivalents.				
Note 3:				
The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on cash flow statements				

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Vijay Mathur
Partner
Membership No : 046476

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

R. Swaminathan
Company Secretary

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

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

Kishor Patil
CEO & Managing Director

Date: April 28, 2014
Place: Pune

Date: April 28, 2014
Place: Pune

Notes forming part of the consolidated financial statements

1. Significant accounting policies

1.1 Basis of consolidation

The Consolidated Financial Statements relate to KPIT Technologies Limited ('the Company'), its subsidiary companies and joint venture which constitutes 'the Group'.

a. Basis of preparation of financial statements

- i. The financial statements of the subsidiary companies / joint venture, used in the consolidation, have been aligned with the parent company and are drawn up to the same reporting date as of the Company, i.e. year ended 31 March 2014
- ii. The Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The Group has adopted the principles of Accounting Standard (AS 30) "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India (ICAI) except to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements. The financial statements are presented in Indian rupees and rounded off to the nearest rupee.

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

Use of estimates

The preparation of financial statements requires the management of the Group to make judgments, estimates and assumptions

that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year. Actual results could differ from estimates. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

b. Principles of consolidation:

The Consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company, its subsidiary companies and a joint venture have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.
- ii. Interest in a joint venture ('jointly controlled entity') is reported using proportionate consolidation.
- iii. Until the previous year, the consolidated financial statements include the share of profit/loss of an associate company which was accounted as per the 'Equity method', and accordingly, the share of profit/loss was added to the cost of investments. The investment has been disposed off in the current year.
- iv. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investment in the subsidiary companies are made, is recognized as 'Goodwill on Consolidation' being an asset in the Consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the Consolidated Financial Statements.

Notes forming part of the consolidated financial statements

v. Minority interest in the net assets of the consolidated subsidiary companies consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further

movements in their share in the equity, subsequent to the dates of investments as stated above.

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

% voting power held

Sr. No.	Name of the subsidiary	Country of Incorporation	As at 31 March, 2014	As at 31 March, 2013
Direct subsidiaries				
1.	KPIT Infosystems Limited.	United Kingdom	100.00	100.00
2.	KPIT Infosystems Inc.	United States of America	100.00	100.00
3.	KPIT Infosystems France SAS	France	100.00	100.00
4.	KPIT (Shanghai) Software Technology Co. Limited.	China	100.00	100.00
5.	KPIT Global Solutions Limited (Erstwhile SYSTIME Global Solutions Private Limited)	India	100.00	76.00
6.	KPIT Infosystems Netherlands B.V.	Netherlands	100.00	100.00
7.	Sparta Infotech India Private Limited (merged)- Refer note below	India	Nil *	100.00
Indirect subsidiaries				
8.	KPIT Technologies GmbH (Erstwhile KPIT Infosystems GmbH) (Subsidiary of KPIT Infosystems Limited., UK)	Germany	100.00	100.00
9.	CPG Solutions LLC (Subsidiary of KPIT Infosystems Inc., USA)	United States of America	100.00	100.00
10.	KPIT Infosystem (Brasil) Servicos De Tecnologia E Participcoes Ltda. (Subsidiary of KPIT Infosystems Inc., USA)	Brazil	100.00	100.00
11.	Sparta Consulting Inc. (Subsidiary of KPIT Infosystems Inc., USA)	United States of America	100.00	100.00
12.	SYSTIME Computer Corporation. (Subsidiary of KPIT Global Solutions Limited., India)	United States of America	100.00	100.00
13.	KPIT Infosystems ME FZE, United Arab Emirates (Formerly known as SYSTIME ME FZCO) (Subsidiary of KPIT Global Solutions Limited, India)	United Arab Emirates	100.00	100.00
14.	SYSTIME Global Solutions Limited. (Subsidiary of SYSTIME Computer Corporation. USA)	Brazil	100.00	100.00
15.	SYSTIME Global Solutions, Inc. (Subsidiary of SYSTIME Computer Corporation. USA)	Canada	100.00	100.00
16.	IKV++ Technologies AG (Subsidiary of KPIT Technologies GmbH)	Germany	100.00	Nil

*During the year Sparta Infotech Private Limited was merged with KPIT Technologies Limited.

d. The joint venture, which is included in the consolidated financial statements along with Company's holding therein, is as under:

% voting power held

Sr. No.	Name of the Company	Country of Incorporation	As at 31 March, 2014	As at 31 March, 2013
1	Impact Automotive Solutions Limited (JV with Bharat Forge Limited.)	India	50.00	50.00

Notes forming part of the consolidated financial statements

1.2 Revenue recognition

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

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

Interest income is recognized on time proportion basis. Dividend income is recognized when the right to receive dividend is established.

1.3 Borrowing costs

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

1.4 Current–non-current classification

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

Assets

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

- a. it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b. it is held primarily for the purpose of being traded;

- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liability

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

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

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

Operating cycle

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

1.5 Fixed assets

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of

Notes forming part of the consolidated financial statements

bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Tangible fixed assets under construction are disclosed as capital work-in-progress.

Intangible fixed assets

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

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the Statement of Profit and Loss as incurred.

1.6 Depreciation and amortization

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

Type of asset	Rate/Period
Buildings	7.50%/Lease Period of Land
Plant and equipment :	
- Computers	33.33%
- Others	20% / 25%, as applicable
Office Equipment :	
- Electrical equipment	25%
- Others	10%

Type of asset	Rate/Period
Furniture and fixtures	10% to 100% as applicable 20%
Vehicles	

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

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

Capitalized development costs are amortized over a period of 4 to 5 years.

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

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

1.7 Impairment of fixed assets

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

Notes forming part of the consolidated financial statements

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

1.8 Investments

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

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

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

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

1.9 Inventories

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

fixed production overheads are allocated on the basis of normal capacity of production facilities.

1.10 Leases

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

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

1.11 Earnings per share:

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

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

1.12 Foreign currency transactions

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

b. Derivative instruments and hedge accounting

The Group uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to

Notes forming part of the consolidated financial statements

certain firm commitments and forecast transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" of the Institute of Chartered Accountants of India (ICAI) to the extent the adoption of AS 30 does not conflict with the existing accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

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

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

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

Forward exchange contracts outstanding at the balance sheet date, other than designated cash flow hedges, are stated

at fair values and any gains or losses are recognized in the Statement of Profit and Loss.

c. Translation of foreign operations

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

The financial statements of an integral foreign operation are translated into Indian Rupees as if the transactions of the foreign operation were those of the Company itself. In the case of a non-integral foreign operation, the assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rate and income and expense items are translated at average exchange rates for the month in which the transactions occur. The resulting exchange differences are accumulated in 'foreign currency translation reserve'. On the disposal of a non-integral foreign operation, the cumulative amount of foreign currency translation reserve which relates to that operation is recognised as income or as expense.

1.13 Employee benefits

i) Post-employment benefit plans

Defined benefit plan

The Group's gratuity scheme is a defined benefit plan. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested or amortised on a straight-line basis over the average period until the benefits become vested.

Notes forming part of the consolidated financial statements

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

Defined contribution plan

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

Compensated absences

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

ii) Other employee benefits

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

1.14 Accounting for taxes on income

Income tax

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

Deferred tax

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

Minimum alternate tax

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against

Notes forming part of the consolidated financial statements

the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

1.15 Provisions, Contingent liabilities and Contingent assets

The Group recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for –

- (a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) Present obligations that arise from past events but are not recognized because-
 - 1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - 2) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic

benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

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

Warranty

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

1.16 Research and development:

Costs incurred during the research phase of a project are expensed when incurred. Costs incurred in the development phase are recognized as an intangible asset in accordance with policy defined in 1.7.

1.17 Employee stock option

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

Notes forming part of the consolidated financial statements

Note 2- Share capital

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Authorised:		
375,000,000 equity shares (Previous year 375,000,000) of ₹ 2 each.	750,000,000	750,000,000
	750,000,000	750,000,000
Issued subscribed and fully paid up:		
185,494,720 equity shares (Previous year 192,815,199) of ₹2 each fully paid up	370,989,440	385,630,398
Total	370,989,440	385,630,398

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount	Number of shares	Amount
Number of shares outstanding at the beginning of the year	192,815,199	385,630,398	177,942,876	355,885,752
Add: Shares issued on exercise of employee stock options	1,257,008	2,514,016	1,912,323	3,824,646
Add : Issue of bonus shares	-	-	-	-
Add: Shares issued on preferential basis	-	-	12,960,000	25,920,000
Less: Shares held by KPIT Technologies Limited Employee Welfare Trust (Refer note 41(5))	8,577,487	17,154,974	-	-
Number of shares outstanding at the end of the year	185,494,720	370,989,440	192,815,199	385,630,398

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

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

Particulars	Number of shares as at 31 March, 2014	% of shares held	Number of shares as at 31 March, 2013	% of shares held
Proficient Finstock LLP	23,109,330	11.91%	17,769,657	9.22%
Warhol Limited	18,858,440	9.72%	16,987,858	8.81%

(iv) 8,169,543 equity shares (Previous year 10,060,077) of ₹ 2 each are reserved for issuance towards outstanding employee stock options granted (Refer note 40(2) & (3)).

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

(vi) Also refer note 28

Notes forming part of the consolidated financial statements

Note 3 - Reserves and surplus

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Capital reserve		
Opening balance	23,861,417	21,023,691
Add: Additions during the year	-	2,837,726
	23,861,417	23,861,417
Amalgamation reserve		
Opening balance	51,398,256	51,398,256
Add: Additions during the year	-	-
	51,398,256	51,398,256
Securities premium account		
Opening balance	3,647,476,747	2,015,341,248
Add : Premium on issue of shares under ESOP scheme	58,235,731	81,797,340
Add : Premium on issue of preferential allotment	-	1,594,080,000
Less : Share issue expenses on preferential allotment	-	43,741,841
	3,705,712,478	3,647,476,747
Employees stock options outstanding		
Opening balance	2,143,155	2,143,155
Add : Amortized during the year	-	-
Less : Amount transferred to securities premium	-	-
	2,143,155	2,143,155
General reserve		
Opening Balance	78,686,335	325,885,333
Add : Transferred from Statement of Profit and Loss	149,500,000	103,052,000
Add : Transfer from Community Foundation Reserve	74,370,096	-
Add : Transfer from Technology Fund	299,321,371	-
Add : Transfer from Employees' Welfare Fund	299,839,922	-
Add/(Less) : Adjustment under the scheme of amalgamation	35,239,772	(350,250,998)
	936,957,496	78,686,335
Hedging reserve		
Opening balance	(260,411,657)	(477,263,394)
Less : Gain/(losses) transferred to the Statement of Profit and Loss on occurrence of forecasted hedge transaction.	260,411,657	(275,456,518)
Add : Change in fair value of effective portion of outstanding cash flow hedges	92,437,062	(58,604,781)
	92,437,062	(260,411,657)
Surplus in Statement of Profit and Loss		
Opening balance	5,782,646,658	4,307,630,057
Add: Profit for the year	2,489,502,494	1,990,054,432
Less : Final dividend paid (Refer note 41(7))	274,529	258,030
Less : Dividend tax on final dividend paid	1,387,019	42,621
Less : Proposed dividend (Refer note 28)	213,479,428	173,533,679
Less : Dividend tax on proposed dividend	36,280,829	28,151,501
Less : Accumulated deficit of Employee Welfare Trust (Refer note 41(5))	304,353,832	-
Less : Amount transferred to KPIT Cummins Infosystems Limited Community Foundation Reserve	-	10,000,000
Less : Amount transferred to KPIT Cummins Technology Fund	-	100,000,000
Less : Amount transferred to KPIT Employees' Welfare Fund	-	100,000,000
Less : Amount transferred to General reserve	149,500,000	103,052,000
	7,566,873,515	5,782,646,658
KPIT Cummins Infosystems Limited Community Foundation Reserve		

Notes forming part of the consolidated financial statements

Note 3 - Reserves and surplus

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Opening balance	74,370,096	64,370,096
Add :Contribution received from employees	-	-
Add : Transferred from Statement of Profit and Loss	-	10,000,000
Less : Transferred to General reserve (Refer note 41(1))	74,370,096	-
	-	74,370,096
KPIT Cummins Technology Fund		
Opening balance	299,321,371	199,321,371
Add : Transferred from Statement of Profit and Loss	-	100,000,000
Less : Transferred to General Reserve (Refer note 41(1))	299,321,371	-
	-	299,321,371
KPIT Employees' Welfare Fund		
Opening balance	299,839,922	199,839,922
Add : Transferred from Statement of Profit and Loss	-	100,000,000
Less : Transferred to General Reserve (Refer note 41(1))	299,839,922	-
	-	299,839,922
Foreign currency translation reserve		
Opening balance	(23,957,106)	58,786,176
Add : Foreign exchange gain/(loss) during the year	9,953,169	(82,743,282)
	(14,003,937)	(23,957,106)
Total	12,365,379,442	9,975,375,194

Note 4 - Long term borrowings

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Term loans		
- From banks (Secured)		
External Commercial Borrowing (ECB) (Refer note i below)	901,497,000	951,812,750
Other loan (Refer note ii below)	3,797,147	2,505,622
- From other than banks (Secured) (Refer note iii below)	4,581,212	41,132,311
- From banks (Unsecured)	390,648,700	462,309,050
(Against corporate guarantee issued by the holding company) (Refer Note iv below)		
Long term maturities of finance lease obligations (Secured)	-	1,454,092
(Secured against fixed assets obtained under finance lease arrangements) (Refer note 36(1))		
Total	1,300,524,059	1,459,213,825

Notes:

- (i) The ECB loan is secured by pari pasu charge over Company's Land and Building located at 35,36 & 45, MIDC area of Rajiv Gandhi Infotech Park, Phase I, Hinjewadi excluding charge over R&D Centre developed in the premises. The term loan carries interest rate of 6 months LIBOR + 300 basis points. The ECB is with the average maturity of 3.25 years, repayable in eight equal semi-annual installments of USD 2,500,000 each with a moratorium of 1 year.
- (ii) Other term loans from bank is secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 10.25 % p.a. and is repayable in equated monthly installments of ₹ 169,060 each upto August 2016.
- (iii) Term loans from other than banks are secured by way of first and exclusive charge on fixed assets acquired under the loan arrangement. The loan is repayable in quarterly equated installments of ₹ 9,593,981 each upto April 2015.
- (iv) The term loan from Bank availed by one of the subsidiary carries interest rate of 6 months LIBOR + 150 basis points and is repayable over a period of 5 years and is availed against the Corporate guarantee issued by the Company.

Notes forming part of the consolidated financial statements

Note 5 - Deferred tax

Major components of deferred tax arising on account of timing differences

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(i) Break-up of deferred tax liabilities as at the year end		
Nature of timing difference		
Depreciation	143,027,062	37,689,188
Others	2,322,461	-
Total	145,349,523	37,689,188
(ii) Break-up of deferred tax assets as at the year end		
Nature of timing difference		
Doubtful debts and advances	136,552,563	61,309,873
Leave encashment	87,040,540	30,137,922
Gratuity	44,625,534	-
Others	166,380,446	15,412,401
Total	434,599,083	106,860,196
(iii) Deferred tax asset (net)	289,249,560	69,171,008

Note 6 - Other long term liabilities

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(i) Break-up of deferred tax liabilities as at the year end		
Other than trade payables :		
Mark to market loss on cash flow hedges	-	820,210
Total	-	820,210

Note 7 - Long term provisions

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Provision for employee benefits		
Compensated absences	105,482,273	16,809,865
Gratuity (Refer note 33)	126,432,552	120,969,243
Other provisions		
Provision for warranty (Refer note 39)	1,243,735	4,475,206
Total	233,158,560	142,254,314

Note 8 - Short term borrowings

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Loans repayable on demand		
- Working capital loans from banks (Secured) (Secured by hypothecation of trade receivables)	3,062,913,861	1,616,689,643
- Working capital loans from banks (Secured) (Secured by local charge on current assets of subsidiary)	26,424,416	135,973,250
Other loans and advances		
- Term Loans from banks (Secured) (Secured by hypothecation of respective vehicle obtained under the loan arrangement)	-	690,584
Total	3,089,338,277	1,753,353,477

Working capital loan from banks includes loan of ₹ 2,858,574,541 in US Dollars which is secured by way of 'First charge by way of hypothecation of Company's entire book debts, both present and future' carrying an average interest rate upto 6 months LIBOR plus 2% per annum.

Notes forming part of the consolidated financial statements

Note 9 - Trade payables

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade payables	1,020,568,060	1,199,181,762
Total	1,020,568,060	1,199,181,762

Note 10 - Other current liabilities

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Current maturities of long term debt		
- From banks (Secured) (Refer note 4 - Term loan from banks for details of security and repayment terms)	302,007,475	136,842,332
- From others (Secured) (Refer note 4 Term loan from other than banks for details of security and repayment terms)	45,070,692	34,499,011
- From banks (Unsecured) (Refer note 4 - Term loan from banks for repayment terms)	210,349,300	244,751,850
- Current maturities of finance lease obligations (Refer note 36(1))	778,112	2,243,654
Accrued employee costs	928,744,326	684,854,265
Interest accrued and due	4,261,613	1,497,690
Interest accrued and not due	16,810,046	16,509,080
Unearned revenue	129,852,161	56,371,441
Unclaimed dividend	2,128,843	1,838,271
Other payables :		
Statutory remittances	541,469,740	396,890,628
Payables in respect of fixed assets	37,054,164	39,654,575
Advances from customers	21,038,515	3,326,734
Mark to market loss on cash flow hedges	-	259,591,447
Others (Disputed matters, etc)	19,383,497	70,020,908
Total	2,258,948,484	1,948,891,886

Note 11 - Short - term provisions

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Provision for employee benefits		
Compensated absences	202,120,996	213,931,373
Gratuity (Refer note 33)	4,771,694	4,137,307
Provision for taxes:		
For Current Tax (net of advance tax)	100,088,372	251,745,173
Other Provisions		
Service tax (net of tax paid under protest)	3,541,034	3,541,034
Provision for warranty (Refer note 39)	19,949,654	20,129,804
Proposed dividend	213,606,098	173,533,679
Tax on proposed dividend	36,285,554	28,151,501
Total	580,363,402	695,169,871

Notes forming part of the consolidated financial statements

Note 12 : Fixed assets- Tangible and Intangible fixed assets

Particulars	Gross block			Accumulated depreciation, amortization and diminution				Net block	
	As at 1 April, 2013 ₹	Additions on account of acquisitions ₹	Deletions on account of foreign exchange translations ₹	As at 31 March, 2014 ₹	Up to 1 April, 2013 ₹	For the year ₹	On disposals ₹	Up to 31 March, 2014 ₹	As at 31 March, 2014 ₹
A. Tangible fixed assets									
Land (leasehold)	271,670,372	-	67,730	285,021,628	10,973,947	-	70,730	18,944,630	266,076,998
Building	685,325,352	-	-	762,171,171	276,051,517	-	-	327,451,656	434,719,515
Plant and equipment	967,481,714	7,420,637	21,566,510	1,039,099,342	583,079,185	6,487,088	7,982,110	658,614,747	380,484,595
Furniture and fixtures	32,183,740	328,323	3,569,780	339,840,261	225,585,865	144,467	1,633,943	245,677,021	94,163,240
Vehicles									
- Lease / Hire purchase	11,232,717	-	56,462	3,107,181	6,342,795	-	8,985,935	1,641,649	1,465,532
- Owned	16,741,713	-	-	21,341,346	7,703,891	-	-	8,520,164	12,821,182
Office equipments	523,572,148	-	502,511	634,959,243	310,826,812	-	495,495	408,178,560	226,780,683
Leasehold improvements	13,666,658	-	-	13,666,658	11,995,665	-	-	11,995,665	1,670,993
Total tangible fixed assets	2,817,504,414	7,748,960	9,528,029	3,099,206,830	1,432,559,677	6,631,555	70,471,445	1,681,024,092	1,418,182,738
Previous year	2,538,267,485	-	10,311,981	2,817,504,414	1,199,439,856	-	63,402,222	1,432,559,677	1,384,944,737
B. Intangible fixed assets									
Internally generated									
- Product development costs	286,687,181	-	16,557,432	594,347,323	128,764,019	-	4,999,124	199,960,031	394,387,292
Other than internally generated									
- Goodwill (Refer Note (i) below)	150,002,970	-	4,090,343	279,807,152	110,534,556	-	(584,791)	140,029,084	139,778,068
- Product development costs	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	-
- Softwares	852,661,370	-	985,019	977,610,388	672,763,623	-	708,240	791,775,927	185,834,461
Total intangible fixed assets	1,517,687,105	-	21,632,794	2,080,100,447	1,140,397,782	-	5,122,573	1,360,100,626	719,999,821
Previous year	1,284,113,803	-	364,672	1,517,687,105	955,305,168	-	(467,158)	1,140,397,782	377,289,323

Note :

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

Notes forming part of the consolidated financial statements

Note 13- Non current investments

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade (Unquoted)		
Investments in equity instruments of Associate (At cost)		
Investment in GAIA System Solution Inc. (Refer note 41(3))	-	94,477,426
Nil (Previous year 550) equity shares at par fully paid up		
Less : Provision for diminution in value of investment	-	94,477,426
	-	-
Investments in equity instruments of other entities (At cost)		
Investment in Sankalp Semiconductors Private Limited	117,554,370	117,554,370
771,000 (Previous Year 771,000) equity shares of Rs 2 each fully paid up		
Investment in shares of Findant Inc.		
A company incorporated in USA		
1,651,179 (Previous Year 1,651,179) equity shares at par	17,431,829	17,431,829
Less: Provision for diminution in the value of investments	17,431,829	17,431,829
	-	-
Total	117,554,370	117,554,370

Note 14 - Long term loans and advances

(Unsecured, considered good)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Loans and advances to related parties		
Loan to KPIT Systems Limited Employee Welfare Trust	-	388,763,433
Loans and advances to other than related parties		
Capital advances	-	68,208
Security deposits	124,488,209	147,974,599
Other loans and advances		
- Advance payments against taxes (net)	471,020,274	491,730,370
- Fringe benefit tax paid (net of provision for tax)	4,771,875	3,791,061
- MAT credit entitlement	65,647,076	65,647,076
- Balances with government authorities	-	18,261,484
- Prepaid expenses	5,942,105	21,886,591
Total	671,869,539	1,138,122,822

Note 15 -Other non current assets

(Unsecured, considered good)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Others :		
Balance in Group Gratuity Trust Account	14,972,572	13,362,848
Fixed deposits with banks (under lien)	615,093	15,011,361
Margin money deposits	87,558,595	4,944,291
Other fixed deposits	-	2,483,108
Interest accrued on fixed deposits	-	1,013,733
Total	103,146,260	36,815,341

Notes forming part of the consolidated financial statements

Note 16 - Current investments

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Investments in Mutual funds (Unquoted) (Non Trade)		
(At cost or market value whichever is lower)		
Nil units (Previous year 855,486 units) - Birla Sun Life Savings Fund - Regular Plan - Daily Dividend	-	85,629,659
Nil units (Previous year 912,196 units) - Birla Sun Life Short Term Fund - Regular Plan - Daily Dividend	-	91,269,794
3,537,446 units (Previous year 2,789,102 units) Birla Sun Life Cash Plus Daily Dividend- Regular Plan	354,434,409	279,454,066
33,173,910 units (Previous year 14,154,921 units) - HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	344,959,409	150,566,949
Nil units (Previous year 27,417,144 units) - HDFC Liquid Fund - Dividend Daily Reinvest)	-	279,605,515
68,518 units (Previous year 261,239 units) - Axis Liquid Fund - Daily Dividend	68,539,412	261,267,979
NIL units (Previous year 48,506 units) - IDFC Cash Fund - Daily Dividend - Regular Plan	-	48,517,631
174,854 units (Previous year 182,799 units) Reliance Liquid Fund- Treasury Plan- Daily Dividend Option	267,306,628	279,452,500
486,544 units (Previous year 278,668 units) S.B.I. Premier Liquid Fund - Regular Plan Daily Dividend	488,125,526	279,574,012
66,557 units (Previous year 276,348 units) Kotak Floater Short Term- Daily Dividend Reinvestment	67,330,642	279,559,205
69,831 units (Previous year Nil units) DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend	69,852,977	-
806,493 units (Previous year Nil units) ICICI Prudential Liquid - Investment plan-Daily Dividend	80,702,721	
Mutual funds at KPIT Infosystems France SAS, France	42,940	1,566,055
Total	1,741,294,664	2,036,463,365

Note 17 - Inventories

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(Valued at the lower of cost and net realisable value)		
Raw materials (including goods-in-transit - ₹ 2,083,463)	31,151,571	-
Work-in-progress	13,100	-
Finished goods	3,011,215	-
Stores and spares	83,882	-
Total	34,259,768	-
Note :		
i) Breakup of raw material.		
Single control unit	5,344,075	-
Camera	1,596,004	-
Bus driver console	1,925,000	-
Others	22,286,492	-
Total	31,151,571	-
ii) Breakup of finished goods		
Intelligent transport system	3,011,215	-
Total	3,011,215	-
iii) Breakup of work in progress		
Intelligent transport system	13,100	-
Total	13,100	-

Notes forming part of the consolidated financial statements

Note 18 - Trade receivables

(Unsecured unless otherwise stated)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
1) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	71,060,388	32,428,931
Considered doubtful	355,774,510	178,342,132
	426,834,898	210,771,063
2) Other trade receivables		
Considered good	6,671,948,148	4,640,373,887
Considered doubtful	61,365,573	8,897,382
	6,733,313,721	4,649,271,269
Less: Provision for doubtful trade receivables	417,140,083	187,239,514
Total	6,743,008,536	4,672,802,818

Note 19 - Cash and bank balances

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Cash and cash equivalents		
Cash on hand	210,782	173,371
Cheques in hand	23,678,725	33,909,779
Balances with banks		
- In current accounts	1,684,864,391	1,541,821,949
- In deposit accounts(with original maturity of 3 months or less)	101,748,580	315,202,565
- In unpaid dividend account	2,285,355	1,994,783
	1,812,787,833	1,893,102,447
Other bank balances	95,105,653	27,845,862
Total	1,907,893,486	1,920,948,309
Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,788,898,326	1,859,019,297
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	95,105,653	27,845,862
Bank deposits due to mature after 12 months of the reporting date included under "Other non-current assets" (Refer note 15)	88,173,688	22,438,760
	1,972,177,667	1,909,303,919

Notes forming part of the consolidated financial statements

Note 20 - Short term loans and advances

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Other loans and advances		
- Employee advances		
- Considered good	40,289,530	53,594,340
- Considered doubtful	8,870,000	3,500,000
	49,159,530	57,094,340
Less: Provision for doubtful advances	8,870,000	3,500,000
	40,289,530	53,594,340
- Prepaid expenses	155,935,476	114,589,256
- Balances with Government authorities	115,785,109	64,315,379
- Other receivables from customers etc.	70,576,130	151,301,940
- Security deposits	40,371,926	20,114,522
- Claims recoverable	3,908,679	-
- Advance to suppliers	317,077,007	40,621,232
- Advance against other commitments	-	148,935,002
Total	743,943,857	593,471,671

Note 21 - Other current assets

	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Unbilled revenue	929,111,119	817,625,383
Less : Provision for unbilled revenue	298,807,296	-
	630,303,823	817,625,383
Interest accrued on fixed deposits	4,200,625	530,899
Mark to market gain on cash flow hedges	92,437,062	-
Total	726,941,510	818,156,282

Notes forming part of the consolidated financial statements

Note 22 - Revenue from operations

	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Income from software services	26,915,724,548	22,386,283,394
Sale of products		
Finished goods	27,389,788	-
Sale of products (gross)	27,389,788	-
Less : Excise duty	2,716,983	-
Sale of products (net)	24,672,805	-
Total	26,940,397,353	22,386,283,394
Breakup of revenue from sale of products (net)		
Intelligent transport system	21,566,900	-
Others	3,105,905	-
Total	24,672,805	-

Note 23 - Other income

	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Interest income	30,023,855	17,913,960
Dividend income from current investments (non trade)	127,886,159	54,263,116
Profit on sale of fixed assets(net)	452,604	-
Sundry credit balances and accruals no longer required written back	21,290,000	-
Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income)	149,313,223	45,204,521
Total	328,965,841	117,381,597

Note 24 - Cost of materials consumed

	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Inventory of materials at the beginning of the year	-	-
Purchases	59,893,857	-
Inventory of materials at the end of the year	31,151,571	-
	28,742,286	-
Less : Changes in inventories of finished goods and work in progress		
Inventory of finished goods at the end of the year	3,011,215	-
Inventory in work in progress at the end of the year	13,100	-
Total	25,717,971	-
Break-up of cost of materials consumed		
Single control unit	10,292,442	-
Bus driver console	4,697,000	-
Camera	2,297,643	-
Others	11,455,201	-
	28,742,286	-

Note 25 - Employee benefits expense

	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Salaries, wages and incentives	13,604,311,287	11,228,462,292
Contribution to provident and other funds (Refer note 33)	156,019,680	137,211,343
Staff welfare expenses	43,699,273	42,388,424
Total	13,804,030,240	11,408,062,059

Notes forming part of the consolidated financial statements

Note 26 - Finance costs

	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Interest expense	181,991,906	139,930,165
Net (gain)/loss on foreign currency transactions and translations (considered as finance costs)	75,694,290	1,582,250
Total	257,686,196	141,512,415

Note 27 - Other expenses

	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Travel and overseas expenses (net)	1,147,079,117	912,959,455
Travelling and conveyance	201,364,316	160,224,903
Cost of service delivery (net)	432,706,935	355,860,043
Purchases of Licenses	44,120,461	-
Cost of professional sub-contracting (net)	4,625,689,097	3,959,890,934
Recruitment and training expenses	113,389,392	86,793,622
Power and fuel	91,911,516	93,933,103
Rent	253,783,934	229,224,106
Repairs and maintenance -		
Buildings	2,814,152	5,022,995
Plant & equipment	143,204,881	114,727,631
Others	48,256,696	38,700,919
	194,275,729	158,451,545
Insurance	58,921,171	90,768,172
Rates & taxes	45,281,376	12,426,190
Communication expenses (net)	123,145,913	140,458,689
Professional and legal expenses	275,014,582	197,495,468
Marketing expenses	651,698,644	544,938,735
Foreign exchange loss (net)	406,576,719	285,521,710
Printing & stationery	12,608,936	11,793,939
Auditors remuneration (net of service tax)		
- Audit fees	8,500,000	6,200,000
- Limited review of quarterly results	1,200,000	-
- Fees for other services	810,000	780,000
- Taxation matters	-	2,605,229
- Other matters	27,636	3,000,000
- Out of pocket expenses reimbursed	532,232	420,131
	11,069,868	13,005,360
Bad debts written off	21,482,223	208,299,608
Provision for doubtful debts, unbilled revenue and advances (net)	528,707,864	(88,641,285)
Loss on sale of fixed assets (net)	-	653,681
Miscellaneous expenses (net)	95,651,248	248,244,263
Total	9,334,479,041	7,622,302,241

Notes forming part of the consolidated financial statements

28. The Company declares and pays dividends in Indian rupees. The dividend proposed to be distributed to equity shareholders for the period is ₹ 213,479,428 i.e ₹ 1.10 per share. (Previous year – ₹ 173,533,679 i.e ₹ 0.90 per share). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive a share in the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

29. As at 31 March 2014 the Company has received an amount of ₹ 14,844,492 (Previous year ₹935,432) towards share application money for 325,438 shares (Previous year 32,898 shares) at a premium of ₹ 14,193,616 (Previous year ₹ 869,636). The share application money was received for proposed issue under the Employee Stock Option Plan of 2004 and 2006 at fair market value. The Company has sufficient authorized share capital to cover the allotment of these shares.

30. Contingent liabilities and commitments:

(i) Contingent liabilities

Sr. No.	Particulars	As at 31 March, 2014	As at 31 March, 2013
1	Outstanding bank guarantees in routine course of business	197,089,396	142,290,751
2	Corporate guarantee provided by the Company for loan availed by KPIT Infosystems Inc. USA	961,440,000	870,228,800
3	Income tax matters	75,725,667	66,793,419
4	VAT matters	-	4,741,566
5	Service Tax matters*	434,239,023	399,575,581

*The amount does not include interest and penalty.

ii) Commitments:

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

- Tangible fixed assets – ₹ 87,225,343 (Previous Year ₹ 93,346,862)
- Intangible fixed assets – ₹ 75,345,325 (Previous Year ₹ 3,536,853)

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

Name of party	FY 2013-14		FY 2012-13	
	Balance	Maximum amount outstanding	Balance	Maximum amount outstanding
KPIT Systems Ltd. Employee Welfare Trust (Refer note 41(5))	-	-	388,763,431	388,763,431

32. (1) Details of Derivative Instruments (for hedging)

- A) Cash flow hedges: In accordance with its risk management policy and business plan the Group has hedged its cash flows. The Group enters into Derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than in Indian rupees. The counter party to the Group's foreign currency contracts is a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments and highly probable forecast transactions. The Management has assessed the effectiveness of its hedging contracts outstanding as on 31 March, 2014 as required by AS-30 'Financial Instruments : Recognition and Measurement' and accordingly recognized a mark-to-market profit of ₹ 92,437,062 (Previous year loss of ₹ 260,411,657) in the Hedging Reserve.

Notes forming part of the consolidated financial statements

- B) The following are the outstanding GBP/USD/EUR: INR Currency Exchange Contracts entered into by the Group which has been designated as Cash Flow Hedges as on 31 March 2014:

Type of cover	Forward exchange contracts outstanding at the year end in foreign currency	Forward exchange contracts outstanding at the year end in ₹	Exposure to Buy/ Sell
Forward	EUR 4,050,000 EUR [6,900,000]	347,655,645 [484,742,565]	Sell
Forward	USD 42,300,000 USD [69,760,000]	3,010,669,435 [3,632,201,200]	Sell
Forward	GBP 1,200,000 GBP [3,000,000]	124,999,000 [238,910,000]	Sell

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

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

Particulars	FY 2013-14		FY 2012-13	
	Amount in Foreign Currency	Equivalent amount in ₹	Amount in Foreign Currency	Equivalent amount in ₹
Trade payables including payables for purchase of fixed assets.				
AUD	13,077	723,498	13,471	760,519
AED	27,200	443,469	NIL	NIL
CAD	6,000	324,540	355,093	18,962,215
EUR	195,018	16,103,867	140,416	9,765,093
GBP	19,017	1,898,851	380,412	31,315,858
JPY	1,660,000	976,578	1,024,900	591,982
MYR	18,818	345,480	34,995	626,061
NZD	NIL	NIL	285	12,785
SEK	16,000	147,360	12,790	106,487
SGD	4,580	217,651	9,632	421,082
USD	544,428	32,720,018	1,248,068	67,881,551
PLN	NIL	NIL	6,022	100,298
Trade receivables				
AUD	176,032	9,739,161	323,144	18,243,418
CAD	NIL	NIL	85,550	4,568,430
CHF	NIL	NIL	4,657	266,134
EURO	1,969,543	162,637,564	1,289,712	89,691,473
JPY	NIL	NIL	45,403,160	26,224,865
NZD	NIL	NIL	22,191	1,008,137
SGD	19,088	907,100	39,879	1,743,390
GBP	2,583,735	257,985,395	NIL	NIL
CNY	160,768	1,559,561	NIL	NIL

Notes forming part of the consolidated financial statements

Particulars	FY 2013-14		FY 2012-13	
	Amount in Foreign Currency	Equivalent amount in ₹	Amount in Foreign Currency	Equivalent amount in ₹
PCFC loans				
USD	44,918,238	2,591,436,213	2,400,025	166,908,598
EURO	2,580,080	213,048,508	26,654,995	1,449,781,045
EEFC accounts				
USD	1,081,240	64,982,290	3,701,090	201,299,722
GBP	196,721	19,642,518	95,698	7,877,922
EUR	491,722	40,604,550	230,236	16,011,503
Bank deposits				
GBP	76,132	7,601,762	76,117	6,265,999
External Commercial Borrowings				
USD	20,000,000	1,201,996,000	20,000,000	1,087,786,000
Provisions				
USD	125,000	7,512,475	NIL	NIL
GBP	12,298	1,227,911	NIL	NIL
EUR	17,050	1,407,926	NIL	NIL
AUD	1,100	60,859	NIL	NIL

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

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

1. Defined contribution plan – Provident fund

Amount recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 156,019,680 (Previous Year ₹ 137,211,343)

2. Defined benefit plan

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

ii) The defined benefit plans comprises of gratuity, which is unfunded.

Gratuity is a benefit to an employee in India based on 15 days of last drawn salary for each completed year of service with a vesting period of 5 years.

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

Particulars	FY 2013-14	FY 2012-13
Present value of defined benefit obligation at the beginning of the year	124,568,326	92,121,476
Current service cost	22,740,092	19,605,943
Interest cost	10,197,291	7,869,457
Actuarial loss / (gain)	(12,339,093)	21,290,626
Benefits paid	(13,962,370)	(16,333,544)
Present value of defined benefit obligation at the end of the year	131,204,246	124,553,958

Notes forming part of the consolidated financial statements

Analysis of defined benefit obligation	FY 2013-14	FY 2012-13
Present value of obligation as at the end of the year	131,204,246	124,553,958
Net (asset) / liability recognized in the Balance Sheet	131,204,246	124,553,958
Components of employer expenses recognized in the statement of Profit and Loss		
Current service cost	22,740,092	19,605,943
Interest cost	10,197,291	7,869,457
Actuarial loss / (gain)	(12,339,093)	21,290,626
Expenses recognized in the Statement of Profit and Loss	20,598,290	48,766,026
Assumptions:	FY 2013-14	FY 2012-13
For Sparta Infotech India Private Limited		
Discount rate	-	8.00%
Salary escalation	-	5.50%
Attrition Rate (age related)	-	3.00%
- upto 30 years	-	2.00%
- between 31-44 years	-	1.00%
- above 44 years		
For KPIT Global Solutions Limited		
Discount rate	8.00%	8.00%
Salary escalation	5.00%	5.00%
Attrition Rate	20.00%	25.00%
- 4 years and below	2.00%	2.00%
- 5 years and above		
For Impact Automotive Solutions Limited		
Discount rate	8.25%	8.25%
Salary escalation	5.00%	5.00%
Attrition Rate	5.00%	5.00%
- 4 years and below	2.00%	2.00%
- 5 years and above		
KPIT Technologies Limited		
Discount rate	9.33%	8.25%
Salary escalation	5.00%	5.00%
Attrition Rate	20.00%	20.00%
- 4 years and below	2.00%	2.00%
- 5 years and above		

- The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated terms of the obligations.
- Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustments on plan assets & liabilities

	Year ended 31 March				
	2014	2013	2012	2011	2010
Defined benefit obligation	131,204,246	124,553,958	92,121,476	51,231,660	41,697,354
Surplus / (Deficit)	(131,204,246)	(124,553,958)	(92,121,476)	(51,231,660)	(41,697,354)
Experience adjustments on plan liabilities (gain) / loss	7,085,395	9,800,959	(10,827,636)	3,825,998	(6,173,621)

Notes forming part of the consolidated financial statements

34. Segment information

The Company is engaged in providing software and IT enabled services globally. The Company has identified geographical segments as its primary segment and business segments as its secondary segment. The information on geographical segments is given below:-

A) Primary segment – Geographical segments

Segment information is based on geographical location of customers.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses incurred in India on behalf of other segments which are not directly identifiable to each reportable segment have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

	31 March, 2014				31 March, 2013					
	USA ₹	UK & Europe ₹	Rest of World ₹	Total ₹	USA ₹	UK & Europe ₹	Rest of World ₹	Total ₹		
a) Segment Revenue										
Revenue from External customers	19,539,067,764	3,884,401,930	3,516,927,659	26,940,397,353	16,995,128,766	2,899,636,198	2,491,518,430	22,386,283,394		
Inter Segment Revenue	-	-	-	-	-	-	-	-		
Total Segment Revenue	19,539,067,764	3,884,401,930	3,516,927,659	26,940,397,353	16,995,128,766	2,899,636,198	2,491,518,430	22,386,283,394		
b) Segment Results	4,699,165,273	1,194,050,349	1,068,412,649	6,961,628,271	4,569,820,432	987,162,367	539,715,637	6,096,698,436		
Unallocated Corporate expenses (Net)				(3,553,936,964)				(3,167,080,571)		
Finance Cost				(257,686,196)				(141,512,415)		
Interest income				30,023,855				17,913,960		
Dividend income				127,886,159				54,263,116		
Exceptional Items				122,410,304				(13,049,034)		
Profit / (Loss) before tax				3,430,325,429				2,847,233,492		
Income Tax				(1,159,416,505)				(811,394,656)		
Deferred Tax				218,593,570				45,789,833		
Profit / (Loss) after Tax				2,489,502,494				2,081,628,669		
c) Segment Assets	4,944,772,484	1,199,848,659	1,228,702,199	7,373,323,342	4,036,508,074	776,121,252	677,798,875	5,490,428,201		
Unallocated Segment Assets				997,242,839 *				1,058,884,014 *		
Unallocated Corporate Assets				12,863,548,035				11,298,689,935		
Total Assets				21,234,114,216				17,848,002,150		
d) Segment Liabilities	66,328,210	14,700,343	69,862,124	150,890,677	39,697,262	1,905,987	18,094,926	59,698,175		
Unallocated Segment Liabilities				3,383,942,250 *				2,324,143,400 *		
Unallocated Corporate Liabilities				4,948,067,915				5,103,154,983		
Total Liabilities				8,482,900,842				7,486,996,558		
e) Cost incurred during the period to acquire Segment Fixed Assets				- #				585,906,474 #		
f) Depreciation / Amortisation / Diminution				539,534,621 #				471,505,750 #		
g) Non cash expenses other than Depreciation / Amortisation / Diminution				- #				94,477,426 #		
B) Secondary segment - Business segments										
	31 March, 2014				31 March, 2013					
	Auto ₹	IES ₹	SAP ₹	Others ₹	Total ₹	Auto ₹	IES ₹	SAP ₹	Others ₹	Total ₹
a) Segment Revenue	10,758,838,170	6,662,232,158	6,657,434,876	2,861,892,149	26,940,397,353	5,400,151,715	9,966,771,605	6,453,942,456	565,417,618	22,386,283,394
b) Segment Assets	-	-	-	-	8,370,566,181 *	-	-	-	-	6,549,312,215 *

*These segment assets and liabilities are not identifiable separately to any reportable segment as these are used interchangeably between segments.

#The cost incurred during the year to acquire Segment fixed assets, Depreciation / Amortisation / Diminution and non-cash expenses are not attributable to any reportable segment.

Notes forming part of the consolidated financial statements

35. Related party disclosures

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

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

Associate company	GAIA System Solution Inc (till 12 March 2014)
Joint venture	Impact Automotive Solutions Ltd. (Jointly controlled entity)
Key Management Personnel ('KMP')	Mr.S.B.(Ravi) Pandit
	Mr.Kishor Patil
	Mr.Sachin Tikekar
Relative of KMP	Mr.Chinmay Pandit
	Mrs.Jayada Pandit
Enterprise over which KMP have significant influence	KP Corporate Solutions Ltd. Kirtane & Pandit (Chartered Accountants) KPIT Technologies Limited Employee Welfare Trust (Refer note 41(5))

C. Transactions with related parties:

Sr. No.	Name of related party	FY 2013-14		FY 2012-13	
		Amount of transactions during the year (₹)	Balance as on 31 March, 2014 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31 March, 2013 Debit/(Credit) (₹)
1	Mr. S. B. (Ravi) Pandit				
	Management services fees	13,077,729	Nil	17,402,177	Nil
	Reimbursement of expenses	1,425,047	Nil	639,577	Nil
2	Mr. Kishor Patil				
	Salary	11,468,120	Nil	9,108,467	Nil
	Reimbursement of expenses	5,150,230	Nil	4,880,837	(22,879)
3	Mr. Sachin Tikekar				
	Salary	9,573,810	Nil	8,637,181	Nil
	Reimbursement of expenses	4,368,088	Nil	3,213,864	Nil
4	Mr. Chinmay Pandit				
	Salary	3,419,835	Nil	2,399,678	Nil
	Reimbursement of expenses	301,440	(12,658)	437,995	Nil
5	Mrs. Jayada Pandit				
	Salary	1,439,442	Nil	1,403,983	Nil
	Reimbursement of expenses	1,762	Nil	47,999	Nil
6	KP Corporate Solutions Limited				
	Sales	3,258,440	1,629,220	3,932,600	Nil
	Professional expenses	1,786,616	15,874	910,049	(99,136)
7	Kirtane & Pandit : Chartered Accountants				
	Sales	Nil	Nil	Nil	Nil
	Reimbursement of expenses	Nil	Nil	Nil	Nil
	Professional Fees	Nil	Nil	291,850	Nil

Notes forming part of the consolidated financial statements

Sr. No.	Name of related party	FY 2013-14		FY 2012-13	
		Amount of transactions during the year (₹)	Balance as on 31 March, 2014 Debit/(Credit) (₹)	Amount of transactions during the year (₹)	Balance as on 31 March, 2013 Debit/(Credit) (₹)
8	GAIA System Solution Inc.				
	Investment in Equity	Nil	Nil	Nil	98,151,970
	Sales	39,935,693	29,228,731	25,229,567	19,554,527
	Commission	7,914,979	7,914,979	Nil	Nil

Notes:

1. Managerial remuneration excludes provision for gratuity and leave encashment as separate actuarial valuation for the directors is not available.

36. Lease transactions

1) Finance leases

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

Reconciliation between future minimum lease payments and their present values under finance lease as at year end is as follows.

Particulars	FY 2013-14	FY 2012-13
Minimum lease payments		
- Not later than one year	802,785	2,496,324
- Later than one year and not later than five years	Nil	1,503,217
- Later than five years	Nil	Nil
Total minimum lease payments	802,785	3,999,541
Amount representing future Interest	24,673	301,795
Present value of minimum lease payments	778,112	3,697,746
- Not later than one year	778,112	2,243,654
- Later than one year and not later than five years	Nil	1,454,092
- Later than five years	Nil	Nil

2) Operating leases

Obligations towards non-cancellable operating leases:-

The Group has taken facilities and office premises on lease. The future lease payments for these facilities are as under:

Particulars	FY 2013-14	FY 2012-13
Minimum lease payments		
- Not Later than one year	135,251,339	147,376,735
- Later than one year and not later than five years	119,322,313	186,574,577
- Later than five years	Nil	Nil
Total	254,573,652	333,951,312

Rental expenses of ₹ 253,783,934 (Previous year ₹ 229,224,106) in respect of obligation under operating leases have been recognized in the Statement of Profit and Loss.

Notes forming part of the consolidated financial statements

37. Basic and diluted earnings per share

Particulars		FY 2013-14	FY 2012-13
Nominal value per equity share	₹	2.00	2.00
Profit for the year	₹	2,489,502,494	1,990,054,432
Profit attributable to equity shareholders	₹	2,489,502,494	1,990,054,432
Weighted average number of equity shares	No. of Shares	187,194,012	183,189,306
Earnings per share – basic	₹	13.30	10.86
Effect of dilutive potential equity shares -			
Employee stock options	No. of shares	5,061,958	5,289,875
Weighted average number of diluted equity shares	No. of shares	192,255,970	188,479,181
Earnings per share – diluted	₹	12.95	10.56

38. Disclosure of interest in joint venture:

The Group has the following joint ventures as on 31 March 2014 and its percentage holding is given below:
% voting power held

Sr. No.	Name of the Company	Country of Incorporation	As at 31 March, 2014	As at 31 March, 2013
1.	Impact Automotive Solutions Limited (JV with Bharat Forge Limited.)	India	50%	50%

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
Reserves and surplus	(72,796,290)	(37,552,636)
Non – current liabilities		
(a) Long term provisions	37,823	14,330
Current Liabilities		
(a) Trade payables	4,164,981	676,035
(b) Other current liabilities	24,555,098	2,583,632
(c) Short term provisions	67,172	42,708
Total liabilities	28,825,074	3,316,705
Non-current assets		
(a) Fixed assets	26,410,016	31,235,976
(b) Long-term loans and advances	13,389,762	12,089,885
Current assets		
(a) Inventories	10,921,084	8,391,249
(b) Trade receivables	2,943,371	25,367
(c) Cash and cash equivalents	46,538,718	12,656,259
(d) Short-term loans and advances	4,875,834	415,333
Total assets	105,078,785	64,814,069

Notes forming part of the consolidated financial statements

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Revenue from operation	2,766,992	90,112
Other Income	2,153,162	1,947,012
Total revenue	4,920,154	2,037,124
Expenses :		
Cost of Material Consumed	3,425,165	2,462,615
Depreciation and amortization expense	7,191,370	5,723,806
Employee Benefit Expenses	5,585,096	2,776,968
Other expenses	23,871,677	18,130,966
Tax Expense	90,500	75,500
Total expenses	40,163,808	29,169,855
Contingent Liabilities	Nil	Nil
Capital Commitments	682,413	438,818

39. Details of provisions and movements in each class of provisions as required by the Accounting Standard AS 29 on Provisions, Contingent Liabilities and Contingent Assets

Warranty

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

Particulars	FY 2013-14	FY 2012-13
Carrying amount as at the beginning of the year	24,605,010	18,212,141
Additional provision made during the year	8,601,979	24,605,010
Amount paid/utilized during the year	NIL	18,212,141
Unused amount reversed during the year	12,013,600	NIL
Carrying amount at the end of the year	21,193,389	24,605,010

40. Stock option plans

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

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

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

Particulars	FY 2013-14	FY 2012-13
Options granted, beginning of the year	500	500
Granted during the year	-	-
Exercised during the year	300	-
Cancelled / lapsed during the year	-	-
Options granted, end of year	200	500

Notes forming part of the consolidated financial statements

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

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

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

Particulars	FY 2013-14	FY 2012-13
Options granted, beginning of the year	2,780,277	3,814,024
Granted during the year	-	-
Exercised during the year	455,359	696,207
Cancelled / lapsed during the year	191,677	337,540
Options granted, end of year	2,133,241	2,780,277

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

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

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

Particulars	FY 2013-14	FY 2012-13
Options granted, beginning of the year	7,279,800	7,768,658
Granted during the year	400,000	1,046,000
Exercised during the year	1,229,094	1,181,528
Cancelled / lapsed during the year	414,404	353,330
Options granted, end of year	6,036,302	7,279,800

Notes forming part of the consolidated financial statements

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

Had the compensation cost for the Company's stock based compensation plan been determined as per fair value approach (calculated using Black Scholes Options Pricing Model), the Company's Profit after Tax would be lower by ₹50,064,078 (Previous Year ₹ 99,312,292) and earnings per share as reported would be lower as indicated below:

Particulars	FY 2013-14	FY 2012-13
Net profit after tax	2,489,502,494	1,990,054,432
Add: Total stock based compensation expense determined under intrinsic value based method	NIL	NIL
Less: Total stock based compensation expense determined under fair value based method	50,064,078	99,312,292
Adjusted net profit	2,439,438,416	1,890,742,140
Basic earnings per share (in ₹)		
- As reported	13.30	10.86
- Adjusted	13.03	10.32
Diluted earnings per share (in ₹)		
- As reported	12.95	10.56
- Adjusted	12.69	10.03

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

Particulars	FY 2013-14	FY 2012-13
ESOP 2006 scheme		
1. Risk free interest rate (%)	7.54%	8.35%
2. Expected life	3.60 years	3.60 years
3. Expected volatility (%)	45.97%	53.03%
4. Dividend yield (%)	0.95%	0.73%

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

41. Other disclosures and explanatory notes

- During the year the Company has approved to transfer KPIT Cummins Infosystems Limited Community Foundation Reserve, KPIT Cummins Technology Fund and KPIT Employee's Welfare Fund to General Reserves.
- During the year the Company has acquired the balance stake of 24% in KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Limited), world's largest J D Edwards solution provider and Oracle Platinum Partner under the share purchase agreement entered into with the Sellers. In effect, KPIT Global Solutions Limited is now 100% subsidiary of the Company.
- During the year the Company has disinvested its 20% stake in GAIA System Solutions Inc for ₹ 122,410,304 and the provision for diminution in value of investments ₹ 98,151,970 made in the previous year has been reversed and disclosed as an exceptional item. The balance of ₹ 24,258,334 has been recorded as gain on sale of investment and also disclose as an exceptional item.
- The Company has filed a scheme of amalgamation with Hon'ble Bombay High Court for amalgamation which will comprise all assets and liabilities including intangible assets of KPIT Global Solutions Limited (erstwhile SYSTIME Global Solutions Limited) with the Company. The appointed date of the amalgamation would be 1 April 2013 and would be effected in financial statements of the Company post approval from Hon'ble Bombay High Court.
- During the year the Group has consolidated the KPIT Technologies Limited Employee Welfare Trust.

Notes forming part of the consolidated financial statements

6. The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act 1961. The Company is in the process of updating the documentation for the Financial Year 2013-2014.

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

7. Final dividend

The Company allotted 271,608 equity shares against exercise of options by the employees, after 31 March, 2013 and before the Book closure for the Annual General Meeting held for FY 2012-13. The Company paid dividend of ₹ 246,716 on these shares as approved by the shareholders at the Annual General Meeting held on 12 July, 2013.

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

Particulars	Amount as per audited financial statement as on 31 March, 2013	Amount regrouped in the current year	Regrouping details
Note 9 - Trade payables	1,904,036,027	684,854,266	Included in 'Accrued employee costs' under note 10 - Other Current Liabilities
		20,000,000	Included in 'Other Provisions' under note 11 - Short term provisions
Note 10 - Short term provisions	695,936,957	4,308,120	Included in 'Other payables' under note 10 - Other Current Liabilities
Note 14 - Long term loans and advances	1,154,581,788	16,458,966	Included in 'Other Provisions' under note 11 - Short term provisions
Note 21 - Other Current Assets	823,100,572	4,944,291	Included in 'Margin Money deposit' under note 15 - Other Non current assets

9. During the previous year, the Group had allotted equity shares on preferential basis. The proceeds of ₹ 1,620,000,000 out of the issue were unutilized and invested in mutual funds at the end of the previous year. In the current year, out of the above, ₹ 1,418,752,500 was utilized for investment in subsidiaries and jointly controlled entity. The unutilized balance still remains invested in mutual funds.

10. During the previous year, the Group has transferred a division and also entered into a business partnership with certain parties. Pursuant to the agreements entered with the respective parties, the Group had recognized ₹ 79,670,113 as exceptional items.

11. Previous year's financial statements have been audited by a firm other than B S R & Co. LLP.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm Registration Number : 101248W

Vijay Mathur

Partner

Membership No : 046476

Anil Patwardhan

Sr. Vice President & Head - Corporate Finance & Governance

R. Swaminathan

Company Secretary

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

S.B. (Ravi) Pandit

Chairman & Group CEO

Kishor Patil

CEO & Managing Director

Date: April 28, 2014

Place: Pune

Date: April 28, 2014

Place: Pune

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	KPIT Infosystems Limited, UK	KPIT Infosystems Inc., USA	KPIT Technologies GmbH, Germany	KPIT Infosystems (Formerly Pivolis SAS)	Sparta Consulting Inc., USA	CPG Solutions LLC, US	KPIT (Shanghai) Software Technology Co. Ltd.	KPIT Infosystems Netherlands B.V.	KPIT Infosystem (Brazil) Services De Tecnologia E Participacoes Ltda.	IKV++ Technologies AG, Germany	KPIT Global Solutions Ltd.	KPIT Infosystems ME FZE	SYSTIME Computer Corporation USA	SYSTIME Global Solutions Inc. Canada	SYSTIME Global Solution Brazil
Financial Year of the Subsidiary Company	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014	Ended on March 31, 2014
Holding Company's Interest	100%	100%	100%(through KPIT Infosystems Ltd,UK)	100%	100%(through KPIT Infosystems Inc.,USA)	100%(through KPIT Infosystems Inc.,USA)	100%	100%	100% (99.91 % through KPIT Infosystems Inc.,USA)	100% (through KPIT Technologies GmbH, Germany)	100%	100% (through KPIT Global Solutions Limited)	100% (through KPIT Global Solutions Limited)	100% (through SYSTIME Computer Corporation, USA)	100% (through SYSTIME Computer Corporation, USA)
Number of Shares held by KPIT Technologies Limited in the Subsidiary Company	8,246,266 Ordinary shares of 1/- GBP each fully paid up	11,867 Ordinary Stock at 1/- per fully paid up	2 Share of Nominal Value Euro 20,000 & Euro 30,000 respectively through KPIT Infosystems Ltd., UK)	100,000 Shares of Nominal value of Euro 1 each fully paid up	5,105,200 Equity shares of Nominal Value USD 1 each (held through KPIT Infosystems Inc., USA)	780,000 shares of USD 1 each (through KPIT Infosystems Inc., USA)	8,222,487 Shares of Nominal value of RMB 1 each fully paid up	5000 Shares of Nominal value of Euro 100 each fully paid up	1,000 shares of Brazilian Reas 1 each fully paid up (through KPIT Infosystems Inc., USA)	89,800 ordinary shares and 272,250 Preferred shares of EUR 1 each (through KPIT Technologies GmbH, Germany)	9,572,523 Equity shares of Nominal Value ₹ 10 each fully paid up	1 share of AED 1,000,000 (through SYSTIME Global Solutions Pvt Ltd)	204,082 shares of USD 1 each (through KPIT Global Solutions Ltd)	1 common share of CAD 1 each (through SYSTIME Computer Corporation, USA)	1000 shares of BRL 1 each (through SYSTIME Computer Corporation)
The net aggregate of Profit/(Loss) for the current financial year of Subsidiary Company, so far it concerns to the members of the Company.	Profit: GBP 376,099	Profit : USD 12,308,993	Profit : EUR 118,044	Profit : EUR 854,322	Loss : USD 16,119,345	Loss : USD 92,866	Loss : RMB 5,021,384	Loss : EUR 139,154	Profit : BRL 98,908	Profit : EUR 229,953	Profit : INR 493,700,902	Loss : AED 3,102,329	Profit : USD 6,815,491	Profit : CAD 2,192,189	Loss : BRL 84,653
Dealt with in accounts of Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Not dealt with in the accounts of Holding Company	Profit: GBP 138,594	Profit : USD 2,476,396	Loss : EUR 383,538	Profit : EUR 301,505	Profit : USD 5,330,892	Profit : USD 2,067,776	Profit : RMB 334,309	Profit : EUR 8,722	Loss : BRL 41,718	NA	Profit : INR 237,004,758	Loss : AED 1,560,571	Profit : USD 2,939,928	Profit : CAD 291,786	Profit : BRL 278,385
The net aggregate of Profit/(Loss) for the previous financial years of the Subsidiary Company, so far it concerns to the members of the Holding Company.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil
Dealt with in the accounts of Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil
Not dealt with in the accounts of Holding Company	Profit: GBP 138,594	Profit : USD 2,476,396	Loss : EUR 383,538	Profit : EUR 301,505	Profit : USD 5,330,892	Profit : USD 2,067,776	Profit : RMB 334,309	Profit : EUR 8,722	Loss : BRL 41,718	NA	Profit : INR 237,004,758	Loss : AED 1,560,571	Profit : USD 2,939,928	Profit : CAD 291,786	Profit : BRL 278,385

Statement pursuant to general exemption under section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

Srl No.	Name of the Subsidiary	% of Holding	Share Capital	Reserves & Surplus	Total Assets	Total liabilities [excl. (3) & (4)]	Investment (except in case of investment in subsidiaries)	Sales	Other Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend (incl. dividend tax)
1		2	3	4	5	6	7	8	9	10	11	12	13
1	KPIT Infosystems Limited, UK*	100%	631.70	23.73	1,252.11	596.68	-	1,380.42	62.88	98.04	-	98.04	-
2	KPIT Infosystems Inc., USA	100%	2,151.85	853.85	6,180.54	3,174.84	-	8,153.98	181.71	929.10	(5.44)	934.54	-
3	KPIT Infosystems France SAS (Formerly Pivolis SAS)	100%	8.26	112.39	395.04	274.39	-	591.43	5.75	104.69	34.79	69.90	-
4	KPIT Infosystems GmbH, Germany (a)	100%	356.59	16.77	870.98	497.62	-	1,335.66	89.11	112.13	32.23	79.90	-
5	Sparta Consulting Inc., USA (b)	100%	306.82	(662.96)	1,906.80	2,262.94	-	4,203.92	(10.89)	(981.03)	(0.05)	(980.98)	-
6	CPG Solutions LLC, USA (b)	100%	46.88	392.87	964.29	524.55	-	1,843.38	1.61	(5.65)	-	(5.65)	-
7	KPIT (Shanghai) Software Technology Co. Ltd.	100%	80.42	(57.27)	33.85	10.69	-	43.21	(2.78)	(49.36)	-	(49.36)	-
8	KPIT Infosystems Netherlands B.V.	100%	41.29	(10.77)	76.42	45.90	-	165.20	0.00	(11.38)	-	(11.38)	-
9	KPIT INFOSYSTEM (BRASIL) SERVIÇOS DE TECNOLOGIA E PARTICIPAÇÕES LTDA., Brazil (f)	100%	29.43	24.67	140.42	86.32	-	352.79	(0.98)	41.24	14.94	26.30	-
10	IKV++ Technologies AG, Germany (e)	100%	9.67	(9.70)	55.62	55.70	0.04	143.43	1.98	18.81	-	18.81	-
11	KPIT Global Solutions Ltd.	100%	373.86	1,382.71	2,306.81	630.95	80.70	1,670.60	34.88	733.30	239.60	493.70	-
12	KPIT Infosystems ME FZE (formerly known as SYSTIME ME FZE) (c)**	100%	19.33	(37.81)	162.14	180.61	-	62.24	(0.99)	(51.56)	-	(51.56)	-
13	SYSTIME Global Solutions Inc. Canada (d)	100%	0.00	175.80	215.31	39.50	-	357.52	14.70	180.36	54.64	125.72	-
14	SYSTIME Global Solution Brazil (d)	100%	0.03	55.98	56.00	-	-	119.47	1.79	(2.27)	-	(2.27)	-
15	SYSTIME Computer Corporation USA (c)	100%	6.61	453.39	1,867.66	1,407.66	-	4,782.60	133.96	503.20	88.43	414.77	-

a. 100% owned by KPIT Infosystems Limited, UK

b. 100% owned by KPIT Infosystems Inc., USA

c. 100% owned by KPIT Global Solutions Ltd.

d. 100% owned by SYSTIME Computer Corporation, USA

e. 100% owned by KPIT Technologies GmbH, Germany

f. 99.91% owned by KPIT Infosystems Inc., USA

* includes branch KPIT Infosystems Limited Filial UK, Sweden

** includes branch KPIT Infosystems ME FZE Australia branch

KPIT Technologies Limited

Registered Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjewadi, Pune – 411 057, India.
Tel.: +91–20–6652 5000. www.kpit.com

Subject: Green Initiative in Corporate Governance - Shareholders' Consent to receive communication in Electronic Form

Dear Shareholder,

Your Company is a firm believer of and has always fostered green and inclusive growth. Your Company has been taking major initiatives across its business and offerings as well as in its operations, to further its commitment to sustainability. For last several years KPIT has been publishing its Corporate Sustainability Report, and is now taking the 'Green Initiative in Corporate Governance' in accordance with the agenda promoted by the Ministry of Corporate Affairs (MCA).

The MCA has started a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies. Through its circular Nos. 17/2011 dt. 21-04-2011 & 18/2011 dt. 29-04-2011 propagating "Green Initiative", MCA has encouraged companies to serve various notices/ documents such as notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., to shareholders of the Company through electronic mode, to the registered e- mail addresses of the shareholders. The Companies Act, 2013, also permits electronic delivery of documents.

Following MCA's campaign, it is now proposed that your Company will send all future shareholders' correspondence like Annual Reports, Notices, etc. through electronic mode to your registered email address.

In the light of the same and to enable us to e-mail the Annual Reports, Notices, etc. to you, we request you to register your e-mail address with our Registrar and Share Transfer Agent, Link Intime India Private Limited at: bhagavant.sawant@linkintime.co.in. Alternatively, you may register your e-mail address with the Company by writing an email to investorassist@kpit.com with the subject line - 'Green Initiative'. If you have already registered your e-mail address, you are not required to re-register the same unless there is a change in your e-mail address.

We request you to join us in this noble initiative and look forward to your consent to receive the documents as stated above in electronic format. Please use the following format to send your consent to any of the two e-mail addresses mentioned above.

Dear Sir,

Subject: Consent to receive communication in Electronic Form.

Name: _____

Folio No. / DP ID: _____

Client ID: _____

Email ID: _____

Kindly note that members are entitled to be furnished with a printed copy of all the shareholder communication and reports and the company undertakes to provide the same at no extra cost to you, upon request.

We believe that by subscribing to this green initiative, you would be contributing towards the protection of our environment. We request your concurrence so as to enable us to e-mail the Annual Reports, Notices, etc. to you.

Thanking you,
For KPIT Technologies Limited

R. Swaminathan
Company Secretary

Registered office, Corporate Office and Software Development Centre

35 & 36,
Rajiv Gandhi Infotech Park,
Phase - I, MIDC, Hinjewadi,
Pune – 411057, India.
Phone: +91-20-6652 5000.
Fax: +91-20-6652 5001.

Software Development Centres

Customs Wings,
SEEPZ - SEZ, Andheri (E),
Mumbai – 400096, India.
Phone: +91-22-6729 1200.
Fax: +91-22-2829 0126.

155, Millenium Business Park,
MIDC, Mahape,
Navi Mumbai – 400710.
Phone : +91-22-2778 3110.
Fax : +91-22-2778 2291.

8th floor, Annexe – 1 Building,
Guna Complex No. 443 (304),
Anna Salai, Teynampet,
Chennai – 600018, India.
Phone: +91-44-2431 1279.

No. 20 & 21, RMZ Ecoworld Infrastructure Private Limited
- SEZ,
Sarjapur Outer Ring Road, Deverabeesanahalli,
Bangalore – 560103.
Phone: +91-80-6606 7400
Fax: +91-80-3028 7439

GGR TOWERS, Unit – II, Ground Floor,
Sy#18/2b, Ambalipura Village,
Sarjapur Road, Bellandur gate,
Bangalore East Taluk,
Bangalore – 560103.

1st Floor, Raghuma Towers,
Plot No. 3, 4 & 5, Survey No. 58 & 59,
Guttala Begumpet Village,
Serilingampally mandal, RR Dist.
Hyderabad – 560018.

34 & 35, Noida Special Economic Zone,
Phase II, Noida 201305,
Uttar Pradesh, India.
Phone: +91-120-3073555.

SEZ Premises

IT-3 Building, 3rd Floor,
Neopro Technologies Pvt. Ltd.
Blue Ridge SEZ, Survey No.154/6, Plot No. 2,
Nr. Rajiv Gandhi Infotech Park, Phase - I,
Hinjewadi, Pune - 411057.
Phone: +91-20-4203 7000.

OVERSEAS OFFICES

USA

33, Wood Avenue South,
Suite 720, Iselin, NJ 08830, USA.
Phone: 732-321-0921.
Fax: 732-312-0922.

1266 Washington Street,
Columbus, IN 47201,
USA.
Phone: +812-379 1811/1816/1308/1319.
Fax: +812-379-1812.

9720 Cypresswood Dr, Suite # 226,
Houston, TX 77070.
Phone: +1-281-241-6240.
Fax: +1-281-720-0293.
28970 Cabot DR,
Novi, MI 48377.

111 Woodmere Road, Suite 200,
Folsom, California 95630,
USA.
Phone: +1-916-985-0300.

1515 S. Federal Hwy,
Suite 200,
Boca Raton, FL 33432.
USA.
Phone: +1-561-988-8611.
Fax: +1-877-201-7402.

Canada

8120-128 Street,
Surrey BC V3W 1R1,
Canada.
Phone: 732-321-0921.
Fax: 732-321-0922.

Brazil

726, Avenida Paulista,
Cj 809, 8th Floor,
São Paulo,
CEP 01310 – 100.
Phone: +55-11-975435591.

UK

Ground Floor,
The Annexe Hurst Grove,
Sandford Lane, Hurst,
Berkshire RG10 0SQ,
United Kingdom.
Phone: +44-118-934-5656.
Fax: +44-118-934-1165.

Sweden

Box 1208,
164 28 Kista,
Sweden.

Germany

Adams-Lehmann Strasse 109,
80797, Munich, Germany.
Phone: +49-89-322 99 60.
Fax: +49-89-322 99 66 999.

ikv++ office,
Dessauer Straße 28/29, 10963,
Berlin.

France

50, avenue des Champs-Élysées,
75008 Paris,
France.
Phone: +33 (0) 1 47 17 81 90.
Fax: +33 (0) 1 47 17 81 97.

Netherlands

Oranje Nassualaan 55-1,
1075 AK Amsterdam,
The Netherlands.
Phone: +31-20-6702005.

China

17A, Zhao Feng World Trade Building,
No. 369 Jiangsu Road,
Shanghai 200050, PRC.
Phone: +86-21-5631 3620.
Fax: +86-21-5631 3925.

Japan

Muromachi CS Bldg. 5F, 4-6-5,
Nihonbashi-Muromachi Chuo-ku,
Tokyo, Japan 103-0022.
Phone: 03-6913-8501.
Fax: 03-5205-2434.

Singapore

9, Temasek Boulevard,
#09-01, Suntec Tower Two,
Singapore 038989.
Phone: +65 6407 1497.
Fax: +65 6407 1501.

South Africa

C/o R W Irish - Alliot Inc.
Fernridge Office Park,
5 Hunter Street,
Ferndale, Randburg,
Johannesburg,
Gauteng 2194,
South Africa.
Phone: +27 (11) 886-0018.
Fax: +27 (11) 886-0151.

South Korea

B – 1001, USPACE2, Sampyeong-dong,
Bundang-gu, Seongnam-si,
Gyeonggi-do 463-400, Korea.
Phone: +82-10-3675-1401.

Dubai

Dubai Airport Free Zone Area,
West wing 2, Office 2W113,
P.O. Box: 54931, Dubai,
United Arab Emirates.

Australia

Level 2, 333 George Street,
Sydney NSW, 2000,
Australia.

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KPIT Technologies Limited
(erstwhile KPIT Cummins Infosystems Limited)

CIN: L72200PN1990PLC059594

Registered & Corporate Office: 35 & 36, Rajiv Gandhi Infotech Park,
Phase – I, MIDC, Hinjewadi, Pune – 411 057.
Tel.: +91 20 6652 5000 | Fax No.: +91 20 66525001 | Website: www.kpit.com

Notice

NOTICE is hereby given that the Twenty Third Annual General Meeting of KPIT Technologies Limited will be held on Friday, the 25th day of July, 2014, at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjewadi, Pune – 411 057, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements and Consolidated Financial Statements for the financial year that ended on March 31, 2014, together with the reports of the Auditors thereon and the report by the Board of Directors for the financial year that ended on that date.
2. To declare dividend for the financial year that ended on March 31, 2014.
3. To appoint a Director in place of Mr. S. B. (Ravi) Pandit, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Elizabeth Carey, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint statutory auditors to hold office from the conclusion of this annual general meeting till the conclusion of the annual general meeting to be held in the year 2019.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 "RESOLVED THAT pursuant to Section 149 and Section 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and Clause 49 of the Listing Agreement, Mr. Adi Engineer (DIN: 00016320) be and is hereby appointed as an Independent Director of the Company for a period of three years from April 1, 2014, not liable to retire by rotation.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 149 and Section 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, Dr. R. A. Mashelkar (DIN: 00074119) be and is hereby appointed as an Independent Director of the Company for a period of three years from April 1, 2014, not liable to retire by rotation.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 149 and Section 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, Ms. Lila Poonawalla (DIN: 00074392) be and is hereby appointed as an Independent Director of the Company for a period of three years from April 1, 2014, not liable to retire by rotation.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Section 149 and Section 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, Prof. Alberto Sangiovanni Vincentelli (DIN: 05260121) be and is hereby appointed as an Independent Director of the Company for a period of three years from April 1, 2014, not liable to retire by rotation.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and the Articles of Association of the Company, commission be paid to the Non-Executive Directors of the Company, for a period of five years commencing from the financial year 2014-15, of such an aggregate amount not exceeding 1% of the net profits of the Company for the relevant financial year computed in the manner laid down under Section 198 of the Companies Act, 2013, as may, from time to time, be determined by the Board of Directors, and that such aggregate amount of commission shall be divided amongst the non-executive Directors in such proportion and in such manner as may be decided by the Board of Directors in that behalf.

RESOLVED FURTHER THAT the Board of Directors and the key managerial personnel be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 196, Section 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the

time being in force, approval be and is hereby accorded for the appointment of Mr. S. B. (Ravi) Pandit (DIN: 00075861) as a Whole-time Director of the Company for a period of five years with effect from April 1, 2014, on the terms and conditions specified in the Agreement entered into between the Company and Mr. S. B. (Ravi) Pandit.

RESOLVED FURTHER THAT Mr. S. B. (Ravi) Pandit shall continue to be liable to retire by rotation and this appointment shall be subject to his continuance as a director of the Company during his tenure and shall ipso facto terminate, if he ceases to be director of the Company for any reason whatsoever.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 196, Section 197, Section 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force, approval be and is hereby accorded for the appointment of Mr. Kishor Patil (DIN: 00076190) as Chief Executive Officer and Managing Director of the Company for a period of five years with effect from July 2, 2014, on the terms and conditions specified in the Agreement entered into between the Company and Mr. Kishor Patil.

RESOLVED FURTHER THAT Mr. Kishor Patil shall be liable to retire by rotation and this appointment shall be subject to his continuance as a director of the Company during his tenure and shall ipso facto terminate, if he ceases to be director of the Company for any reason whatsoever.

RESOLVED FURTHER THAT Mr. S. B. (Ravi) Pandit, Chairman of the Board of Directors, Mr. Anil Patwardhan, Sr. Vice President and Head – Corporate Finance and Governance and the Company Secretary, be and are hereby severally authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 196, Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, approval be and is hereby accorded for the revision of the terms and conditions of appointment of Mr. Sachin Tikekar (DIN: 02918460), Whole-time Director, with effect from April 1, 2014, as per the revised Agreement entered into between the Company and Mr. Sachin Tikekar.

RESOLVED FURTHER THAT Mr. Sachin Tikekar shall be liable to retire by rotation and his appointment as Whole-time Director shall be subject to his continuance as a director of the Company during his tenure and shall ipso facto terminate, if he ceases to be director of the Company for any reason whatsoever.

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 188 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force, approval of the Company be and is hereby accorded to the Board of Directors for entering into a contract and renewing such contract, from time to time, with Eurofinance Training Pvt Ltd (“Eurofinance”), a related party of the Company, for availing marketing consultancy services of Eurofinance, on the following terms and conditions:

- (i) Such initial fees not exceeding 5% of the total amount received by the Company as technology license fees, technology transfer fees or payments of similar nature, from any customer directly as a result of the services provided by Eurofinance, as may be agreed between the Company and Eurofinance, shall be paid to Eurofinance and
- (ii) Such additional fees not exceeding 10% of the total amount received by the Company as royalties or payments of similar nature, from any customer directly as a result of the services provided by Eurofinance, as may be agreed between the Company and Eurofinance, shall be paid to Eurofinance.

RESOLVED FURTHER THAT the Board of Directors and persons authorized by the Board of Directors, be and are hereby authorized to finalize the other terms and conditions of the contract with Eurofinance and do all such acts, deeds, matters or things as may be necessary or incidental to give effect to this resolution.”

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 14, Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force, the maximum number of directors of the Company be increased from fifteen (15) to eighteen (18) and consequently, article 113 of the Articles of Association of the Company be altered to read as below:

“113. Until otherwise determined by a General Meeting, the number of Directors shall not be less than 3 (three) and more than 18 (Eighteen).”

RESOLVED FURTHER THAT each of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.”

16. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of the Foreign Exchange Management Act, 1999, in particular, the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time and other applicable provisions of law and in supersession of the earlier resolution passed in this regard, approval of the Company be and is hereby accorded for Foreign Institutional Investors (FIIs) and Securities and Exchange Board of India approved sub accounts of FIIs, to collectively hold not more than 80 per cent of the equity shares of the Company.

RESOLVED FURTHER THAT the key managerial personnel of the Company, be and are hereby severally authorised to all such acts, deeds, matters and things as may be necessary to give effect to this resolution, including but not limited to, providing a certified copy of this resolution to Reserve Bank of India and such other persons as may be required.”

By Order of the Board of Directors
For **KPIT Technologies Limited**

Place : Pune
Date : June 6, 2014

R. Swaminathan
Company Secretary

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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 19, 2014 to July 25, 2014 (both days included).
4. Members holding shares in physical form are requested to communicate immediately any change in address to the Registrar & Share Transfer agents of the Company. Members holding shares in dematerialized form are requested to notify change in address, if any, to their respective Depository Participants (DPs).
5. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Sr. Vice President & Head–Corporate Finance and Governance at anil.patwardhan@kpit.com or to the Company Secretary at Swaminathan.r@kpit.com so as to reach them at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
6. SEBI has made it mandatory to distribute dividends through National Electronic Clearing System (NECS). Members holding shares in electronic form may kindly note that their Bank account details, as furnished by their DPs to the Company, will be printed on their dividend warrants as per the applicable regulations of the DPs. Members are requested to notify change in their Bank account details, if any, to their DPs immediately and not to send the requests for the change in their Bank account details directly to the Company or to its Registrar & Share Transfer Agent.

Members holding shares in physical form are requested to intimate to the Registrar & Share Transfer Agent of the Company under the signature of the sole/ first joint holder(s), the

following information to be incorporated on dividend warrants.

- i. Name of the sole/first joint holder(s) and the folio number.
 - ii. Particulars of Bank account like name of the bank, name of branch, bank account number allotted by the bank and complete address of the bank with pin code.
7. Members are requested to:
 - quote their Registered Folio number in case of shares in physical form and DP ID and Client ID in case of shares in demat form, in their correspondence(s) to the Company.
 - direct all correspondence related to shares including consolidation of folios, if shareholdings are under multiple folios, to the Registrar and Share Transfer Agent of the Company at Link Intime India Private Limited (Attention Mr. Bhagavant Sawant) Block No. 202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Temple, Pune - 411 001. Telefax: 91- 20-26163503 E-mail: bhagavant.sawant@linkintime.co.in or to the Registered Office of the Company.
 - bring copies of the Annual Report and the Attendance Slip duly filled in at the Annual General Meeting.
 - take note that SEBI 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.
 - Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the resolution of the Board authorizing their representative to attend and vote on their behalf at the meeting.
 8. The certificate from Auditors of the Company certifying that the Company's Employee Stock Option Scheme 1998, Employee Stock Option Plan 2004 and Employee Stock Option Plan 2006 are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time and in accordance with the resolution passed at the general meeting(s) will be placed before the members at the meeting.

9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary at Swaminathan.r@kpit.com or at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer of the dividend to the Company's Unpaid Dividend Account, will, as per section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF).
10. ₹81,708/-, being the unclaimed dividend required to be transferred to the Investor Education and Protection Fund under Section 205A (5) of the Companies Act, 1956, during the year 2013-14, was transferred to said Fund.
11. All documents referred to in any item of business hereinabove will be available for inspection at the Company's registered office on all working days, except holidays, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
12. Members interested in availing transport facility (within Pune) for attending the Annual General Meeting are requested to register themselves at least five days before the meeting by contacting at vishal.parekh@kpit.com or at +91 20 6652 5245.
13. Pursuant to the provisions of Section 108 of the Companies Act, 2013, the rules made thereunder and Clause 35B of the listing agreement entered into with the stock exchanges, the Company is providing an option to the shareholders to exercise their right to vote by electronic means (e-voting). Instructions for e-voting are attached to this notice.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Clause 49.IV(G) of Listing Agreement with Stock Exchanges]

Item No. 3

Mr. S. B. (Ravi) Pandit is a gold medalist and fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost and Works Accountants of India. With a Masters' degree from Sloan School of Management, MIT, Cambridge, USA, he has extensive experience of over three decades in the fields of information technology, corporate strategy, corporate finance, accounting and audit. From his accounting roots, Mr. Pandit, along with his team, built KPIT into a global technology company, with leadership in sharply defined focus areas.

The details of his directorship and membership of committees in other Indian companies are as follows:

Name of Company	Designation
Finolex Cables Limited	Director
K & P Capital Services Ltd.	Director
KP Corporate Solutions Ltd.	Director
Proficient Trading & Investment Pvt. Ltd	Director
Kirtane & Pandit Consulting Pvt. Ltd.	Director
Kirtane Pandit Foundation Pvt. Ltd.	Director
Impact Automotive Solutions Ltd.	Director
Aga Khan Rural Support Programme (India)	Director
Pune Restoration & Navigation Co. Ltd	Director
K & P Management Services Pvt Ltd	Director

Name of Company	Name of the Committee	Member/Chairman
Impact Automotive Solutions Limited	Audit Committee	Chairman
KPIT Technologies Limited	Audit Committee	Member
KPIT Technologies Limited	Equity Stakeholders' Relationship (Investors Grievance) Committee	Member
KPIT Technologies Limited	HR & Compensation (Nomination & Remuneration) Committee	Member
KPIT Technologies Limited	Innovation Council	Member
KPIT Technologies Limited	Share Transfer Committee	Member
KPIT Technologies Limited	ESOP Allotment Committee	Chairman
KPIT Technologies Limited	CSR Committee	Chairman

As on March 31, 2014, Mr. S. B. (Ravi) Pandit holds 324,000 equity shares in the Company.

Mr. S. B. (Ravi) Pandit is not related to any other director of the Company.

Item No. 4

Ms. Elizabeth Carey is the Chief Technical Officer of Cummins Inc's Power Generation business unit. She is also presently the Sponsor of Cummins Power Generation business unit's Corporate Social Responsibility (CSR) initiatives where she draws on her long personal history of volunteerism to guide Cummins Power Generation business unit's CSR focus. Ms. Elizabeth Carey is also the Sponsor of the Women's Affinity Group at Cummins Power Generation business unit. She started her engineering career with the Aerospace Corporation in California where she served for eight years, followed by five years with TRW Space and Defense. She joined Cummins Inc. in 1993 as the Director of Electronic Controls. She has done B.S. in Mathematics and Statistics from the California Polytechnic State University, San Luis Obispo and completed M.S in 1990 in Electrical Engineering with emphasis on controls from the California State University, Long Beach.

Ms. Carey is a member of the HR & Compensation (Nomination & Remuneration) Committee and Innovation Council of the Company.

Ms. Carey does not hold any directorship or membership of committees in any other Indian company.

She does not hold any shares in the Company as on March 31, 2014.

Ms. Elizabeth Carey is not related to any other director of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 6

Mr. Adi Engineer was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 with effect from October 22, 2013 to hold office up to this annual general meeting.

Prior to joining KPIT board, Mr. Adi Engineer was associated with Tata group of companies for nearly three decades. Mr. Engineer was Managing Director of Tata Power Limited. In that role, he transformed Tata Power by successfully launching various new initiatives which led to improved profitability. Tata Power also received "Good Corporate Citizen" award during his tenure.

Before joining the Tata Group, Mr. Engineer had a successful 20 years stint with the ICI group where he held senior positions in the management team for setting up large Chemical plant projects and later into operations and general management. Mr. Engineer has served as a Director on the board of several companies in the field of energy infrastructure and engineering. Reckoned for his varied and differentiating experience, Mr. Engineer till recently was the non-executive Chairman of Tata Power Delhi Distribution Limited, Tata BP Solar Limited and Chemical Terminal Trombay Limited. The Confederation of Indian Industry (CII) had also appointed him as the Chairman of the Committee on Power for the year 2006. He has been a preferred and insightful spokesperson for the Power sector for many media interactions.

The details of his directorship and membership of committees in other Indian companies are as follows:

Name of Company	Designation
Finolex Cables Limited	Independent Director

At KPIT, Mr. Adi Engineer is the Chairman of HR & Compensation (Nomination & Remuneration) committee and a member of the Audit committee.

Mr. Adi Engineer does not hold any shares in the Company as on March 31, 2014.

Mr. Adi Engineer is not related to any other director of the Company.

According to the provisions of the Companies Act, 2013, the appointment of independent director(s) of the Company shall be approved at the meeting of shareholders. Accordingly, it is proposed to

approve the appointment of Mr. Adi Engineer as an Independent Director in the annual general meeting for a period of three years from April 1, 2014.

The Company has received a notice in writing from a member along with a deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing Mr. Adi Engineer's candidature for the office of a Director of the Company.

Mr. Adi Engineer has submitted a declaration of his independent status as required under Section 149 of the Companies Act, 2013, which has been taken on record by the Board of Directors of the Company. In the opinion of the Board of Directors, Mr. Adi Engineer fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as an Independent Director and Mr. Adi Engineer is independent of the management.

Considering the qualifications, experience, expertise and the accomplishments of Mr. Adi Engineer, the Board of Directors is of the view that appointment of Mr. Adi Engineer as an Independent Director will benefit the Company and recommends the ordinary resolution set forth as Item No. 6 of the Notice for the approval of the shareholders.

Mr. Adi Engineer will be deemed to be concerned or interested in the proposed resolution to the extent of the remuneration that the office of an independent director may carry. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 7

Dr. R. A. Mashelkar has been hugely instrumental in propagating a culture of innovation and balanced intellectual property rights regime for over a decade. He is the Chancellor of Academy of Scientific & Innovative Research. He was the third Indian engineer to have been elected as a Fellow of Royal Society (FRS), London, the first Indian President of the Institute of Chemical Engineers, UK and the first Indian to be the Foreign Fellow of Australian Technological Science and Engineering Academy (2008). Twenty-eight universities have honoured him with honorary doctorates, which include Universities of London, Salford, Pretoria, Wisconsin and Delhi. Dr. Mashelkar served as the Director General of Council of Scientific and Industrial Research (CSIR). He was also the President of Indian National Science Academy (2005-2007). Dr. Mashelkar has won over 50 awards and medals at national and international levels and was honoured by the President of India with Padma Vibushan award recently. Earlier, he was conferred

Padma Shri award (1991) and Padma Bhushan award (2000), in recognition of his contribution to nation building.

The details of his directorship and membership of committees in other Indian companies are as follows:

Name of Company	Designation
Reliance Industries Limited	Independent Director
Thermax India Limited	Independent Director
Tata Motors Limited	Independent Director
Sakal Paper Limited	Independent Director
Piramal Enterprises Limited	Independent Director
Vyome Bioscience Pvt. Ltd.	Independent Director
ICICI Knowledge Park	Independent Director
IKP Centre for Technologies in Public Health (Sec 25 company)	Independent Director
International longevity Centre (section 25 company)	Director
Gharda scientific research foundation (section 25 company)	Director
Invictus Oncology Private Limited	Promoter Director

Name of the Company	Name of the Committee	Member/Chairman
KPIT Technologies Limited	Innovation committee	Chairman
KPIT Technologies Limited	Equity Stakeholder relationship committee	Chairman
Piramal Enterprises Limited	Audit & risk committee	Member
Tata Motors Ltd.	Audit committee, CSR Committee	Member
Tata Motors Ltd.	Safety, Health and Environment (SHE) committee	Chairman
Reliance Industries Ltd	Audit committee, Remuneration Committee, CSR Committee	Member

As on March 31, 2014, Dr. Mashelkar holds 40,000 equity shares in the Company.

Dr. R.A. Mashelkar is not related to any other director of the Company.

According to the provisions of the Companies Act, 2013, the appointment of independent director(s) of the company shall be approved at the meeting of shareholders. Accordingly, it is proposed to approve the appointment of Dr. R.A. Mashelkar as an Independent Director in the annual general meeting for a period of three years from April 1, 2014.

Dr. R.A. Mashelkar has submitted a declaration of his independent status as required under Section 149 of the Companies Act, 2013, which has been taken on record by the Board of Directors of the Company. In the opinion of the Board of Directors, Dr. R.A. Mashelkar fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as an Independent Director and Dr. R.A. Mashelkar is independent of the management.

Considering the qualifications, experience, expertise and the accomplishments of Dr. R. A. Mashelkar, the Board of Directors is of the view that appointment of Dr. Mashelkar as an Independent Director will benefit the Company and recommends the ordinary resolution set forth as Item No. 7 of the Notice for the approval of the shareholders.

Dr. R.A. Mashelkar will be deemed to be concerned or interested in the proposed resolution to the extent of the remuneration that the office of an independent director may carry. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 8

Ms. Lila Poonawalla, was awarded the Padmashree in 1989 in recognition of her exemplary contribution to the world of Engineering and Industry. She was the Chairman and Managing Director of Alfa Laval-Tetra Pak India and was the first woman to hold the post of Managing Director in the Alfa Laval group. She is currently a Director on the Board of Pragati Leadership Institute Private Limited, Noble Tek PLM Solutions Private Limited, Fila Rozil Exports Private Limited and Blossom Industries Limited. She has been on the governing body of organizations like the CII (Confederation of Indian Industries) and TIFAC (Technology Information Forecasting and Assessment Council formed by the Government of India). She was a member of the Scientific Advisory board of the Central Cabinet (SAC-C) and Chairperson of the Herbal and Floriculture Taskforce of SAC-C. Actively involved in social initiatives, she is on the board

of trustees of two Pune-based NGOs. In 1994, she started the 'Lila Poonawalla Foundation' to promote education among women.

The details of her directorship and membership of committees in other Indian companies are as follows:

Name of Company		Designation
Pragati Leadership Institute Pvt. Ltd.		Director
Noble Tek PLM Solutions Pvt. Ltd.		Director
Fila Rozil Exports Pvt Ltd		Director
Blossom Industries ltd		Director

Name of the company	Name of the committee	Member/Chairman
KPIT Technologies Limited	Audit committee	Chairperson
KPIT Technologies Limited	Innovation committee	Member
KPIT Technologies Limited	Quality council committee	Member
KPIT Technologies Limited	HR and compensation committee	Member
KPIT Technologies Limited	Share transfer committee	Chairperson
Noble Tek PLM solutions Pvt. Ltd.	Audit committee	Member
Blossom Industries Limited	Remuneration committee	Member

As on March 31, 2014, Ms. Lila Poonawalla holds 102,000 equity shares in the Company.

Ms. Lila Poonawalla is not related to any other director of the Company.

According to the provisions of the Companies Act, 2013, the appointment of independent director(s) of the company shall be approved at the meeting of shareholders. Accordingly, it is proposed to approve the appointment of Ms. Lila Poonawalla as an Independent Director in the annual general meeting for a period of three years from April 1, 2014.

Ms. Lila Poonawalla has submitted a declaration of her independent status as required under Section 149 of the Companies Act, 2013, which has been taken on record by the Board of Directors of the Company. In the opinion of the Board of Directors, Ms. Lila Poonawalla fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as an Independent Director and Ms. Lila Poonawalla is independent of the management.

Considering the qualifications, experience, expertise and the accomplishments of Ms. Lila Poonawalla, the Board of Directors is of the view that appointment of Ms. Lila Poonawalla as an Independent Director will benefit the Company and recommends the ordinary resolution set forth as Item No. 8 of the Notice for the approval of the shareholders.

Ms. Lila Poonawalla will be deemed to be concerned or interested in the proposed resolution to the extent of the remuneration that the office of an independent director may carry. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 9

Prof. Alberto Sangiovanni Vincentelli, was a co-founder of Cadence and Synopsys, two leading companies in the area of Electronic Design Automation. He is the Chief Technology Adviser of Cadence. Prof. Alberto is a member of the Board of Directors of Cadence. He was a member of the HP Strategic Technology Advisory Board. He is currently a member of the Science and Technology Advisory Board of General Motors, as well as a member of the Technology Advisory Council of United Technologies Corporation. He is also a Professor with University of California, Berkeley, and Department of Electrical Engineering & Computer Sciences.

Prof. Alberto is a member of Quality Council Committee and Innovation Council of the Company. He does not hold any directorship in any other Indian company.

Prof. Alberto does not hold any shares in the Company as on March 31, 2014.

Prof. Alberto is not related to any other director of the Company.

According to the provisions of the Companies Act, 2013, the appointment of independent director(s) of the company shall be approved at the meeting of shareholders. Accordingly, it is proposed to approve the appointment of Prof. Alberto Sangiovanni

Vincentelli as an Independent Director in the annual general meeting for a period of three years from April 1, 2014.

Prof. Alberto Sangiovanni Vincentelli has submitted a declaration of his independent status as required under Section 149 of the Companies Act, 2013, which has been taken on record by the Board of Directors of the Company. In the opinion of the Board of Directors, Prof. Alberto Sangiovanni Vincentelli fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as an Independent Director and Prof. Alberto Sangiovanni Vincentelli is independent of the management.

Considering the qualifications, experience, expertise and the accomplishments of Prof. Alberto, the Board of Directors is of the view that appointment of Prof. Alberto as an Independent Director will benefit the Company and recommends the ordinary resolution set forth as Item No. 9 of the Notice for the approval of the shareholders.

Prof. Alberto Sangiovanni Vincentelli will be deemed to be concerned or interested in the proposed resolution to the extent of the remuneration that the office of an independent director may carry. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 10

To acknowledge the contribution of Non-Executive Directors to the growth of the Company, the Company has been paying commission not exceeding 1% of the net profit, to the Non-Executive Directors every year. The shareholders, in the annual general meeting held on July 10, 2009, had approved payment of commission not exceeding 1% of the profits, to Non-Executive Directors of the Company for a period of five years from financial year 2009-2010. It is proposed to continue the payment of commission to Non-Executive Directors as per the current practice for a period of five more years starting with the financial year 2014-15. Under the provisions of section 197 of the Companies Act, 2013, payment of remuneration to Non-Executive Directors shall be approved by the Company in general meeting. Accordingly, this resolution is being proposed for the approval of the members.

The Board of Directors recommends the ordinary resolution set forth as Item No. 10 of the Notice for the approval of the shareholders.

All the Non-Executive Directors of the Company will be deemed to be concerned or interested

in the proposed resolution to the extent of the remuneration that the Non-Executive Directors may be paid pursuant to the resolution. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 11

Mr. S. B. (Ravi) Pandit holds a MS (Management) degree from Sloan School of Management, MIT, Cambridge, USA. He is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost Accountants of India. He possesses extensive experience of over three decades in the fields of IT, Corporate Strategy Formulation and Management Consulting. Mr. S. B. (Ravi) Pandit was an Audit Professional at Alexander Grant & Co., USA, after which he became a partner at Kirtane & Pandit, Chartered Accountants from 1975 to 1990. He was President of Maharashtra Chamber of Commerce, Industries and Agriculture during 2004-2006. Mr. S. B. (Ravi) Pandit is also a frequent speaker at various national and international seminars.

Mr. S. B. (Ravi) Pandit is a founder of the Company and he has been the Chairman of the Company from its inception. Under his stewardship and guidance, the Company has grown from scratch to a global technology organization with nearly half-billion dollar revenues. The Company proposes to continue to draw on his visionary leadership qualities and towards this end, the Board of Directors of the Company appointed him as a Whole-time Director of the Company for a period of five (5) years with effect from April 1, 2014 and Mr. Pandit continues to be the Chairman of the Board of Directors.

Brief terms and conditions of appointment of Mr. S. B. (Ravi) Pandit are given below:

- (a) Mr. S. B. (Ravi) Pandit shall be paid basic salary and allowances in the range of ₹ 101.25 lakhs for the year 2014-15 to a maximum of ₹ 177.00 lakhs for the year 2018-19. Within this range, the aggregate of basic salary and allowances may be revised by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time, subject to a maximum annual increase of 15% over the basic salary and allowances for the previous year.
- (b) The following perquisites shall be allowed to Mr. S. B. (Ravi) Pandit, in addition to basic salary and allowances mentioned above:
 - i. Company's contribution to Provident Fund,

- ii. Gratuity as per the policy of the Company in force from time to time,
 - iii. Encashment of leave as per the rules of the Company in force from time to time,
 - iv. Use of company-provided cars (2 Nos),
 - v. Company-provided security staff at residence,
 - vi. Group medical insurance and group personal accident insurance as per the policy of the Company in force from time to time.
- (c) Variable incentive of such amount as may be decided by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time.
- (d) The aggregate of basic salary, allowances, perquisites and variable incentive of Mr. S. B. (Ravi) Pandit, shall not exceed 5% of the net profits of the Company subject to the condition that the total remuneration payable to Mr. S. B. (Ravi) Pandit along with the total remuneration payable to the managing director(s) and other whole-time director(s) together shall not exceed 10% of the net profits of the Company.

If the Company incurs a loss or its profits are inadequate in any financial year during the tenure of Mr. S. B. (Ravi) Pandit, he may be paid such minimum remuneration as determined by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, within the limits laid down in Part II of Schedule V of the Companies Act, 2013.

The agreement entered into between the Company and Mr. S. B. (Ravi) Pandit will be available for inspection at the registered office of the Company on all working days, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

Please refer to additional information on Item No. 3 for details of his directorships and memberships of committees in other Indian companies and shareholding in the Company.

As per the provisions of Section 196 of the Companies Act, 2013, the appointment of a Whole-time Director shall be approved by the members at a general meeting of the Company.

Particulars as per Section II of Part II of Schedule V of the Companies Act, 2013 are given below:

I. General Information:

1. Nature of industry:

The Company is in the business of providing services and products in technology consulting and product engineering space.

2. Financial performance based on given indicators

Please refer to Financial Statements attached to this notice.

3. Foreign investments or collaborations, if any: Nil.

II. Information about the appointee:

1. Background details:

Please refer to opening paragraphs in this item for these details.

2. Past remuneration:

During the financial year 2013-14, the Company paid ₹130.78 lakhs to Mr. S. B. (Ravi) Pandit towards professional services rendered by him to the Company.

3. Recognition or awards:

- a) Honored with Maharashtra Corporate Excellence (MAXELL) Award 2014 for Excellence in Entrepreneurship.
- b) Honored with the J Irwin Miller Award of Excellence by Cummins for his commitment to conducting business in an ethical manner and for the value KPIT partnership has brought to Cummins.
- c) Conferred with the prestigious Samata Award by the Akhil Bhartiya Mahatma Phule Samata Parishad for his contribution to the economic and industrial development of Pune City.
- d) Awarded the prestigious Rotary Excellence Award for exemplary leadership and outstanding performance, by a chapter in Pune.

4. Job profile and his suitability:

It is proposed to appoint Mr. S. B. (Ravi) Pandit as a Whole-time Director and Mr. Pandit will be responsible for the general oversight of the business of the Company and oversight of the board processes. The previous paragraphs contain information on the suitability of Mr. S. B. (Ravi) Pandit for the appointment.

5. Remuneration proposed:

Fixed remuneration: Range of ₹ 101.25 lakhs for the year 2014-15 to ₹ 177.00 lakhs over the tenure.

Variable remuneration: As fixed by the Board of Directors or the HR & Compensation (Nomination & Remuneration) committee of the Board.

Total remuneration: Not to exceed 5% of the profits of the Company subject to an overall ceiling of 10% for all the whole-time directors and managing director(s).

Perquisites and other details: Please refer to previous paragraphs in this item of business.

6. Comparative remuneration profile with respect to industry, size of the company, profile of position and person:

The comparative remuneration in the Information Technology (IT) industry for companies with revenues in the range of US \$ 200 mn to US \$ 500 mn for the position of a Whole-time Director-Chairman ranged from ₹ 99.50 lakhs to ₹ 225.50 lakhs for the year 2012-13.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Please refer Note No. 39 to the standalone financial statements attached.

III. Other information:

1. **Reasons of loss or inadequate profits:** Not applicable.
2. **Steps taken or proposed to be taken for improvement:** Not applicable.
3. **Expected increase in productivity and profits in measurable terms:** Not applicable.

The Board of Directors recommends the special resolution set forth as Item No. 11 of the notice for approval of the shareholders.

Mr. S. B. (Ravi) Pandit will be deemed to be concerned or interested in the special resolution to the extent of the remuneration payable to him under the authority of the resolution. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 12

Mr. Kishor Patil is a Fellow member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost Accountants of India.

He has over 25 years of experience in various areas like Information Systems and Design, Marketing, Organization Methods and Systems etc. He is in-charge of the overall management of the Company. He is specifically responsible for all day-to-day operational issues like planning and executing business, reviewing and guiding the country offices, customer delivery units and support functions and ensuring efficient and effective functioning of the organization as a whole. As a promoter of the Company, Mr. Kishor Patil has provided strategic direction and spearheaded KPIT's foray into international markets, especially Europe & USA. He has been instrumental in building strategic partnerships and a strong and prestigious customer base for the Company in a short span of time.

The details of his directorship and membership of committees in other Indian companies are as follows:

Names of the Companies	Designation
Proficient Trading & Investments Pvt. Ltd.	Director
Kirtane Pandit Foundation Pvt. Ltd.	Director
Impact Automotive Solutions Ltd.	Director
KPIT Global Solutions Limited	Director
Sankalp Semiconductor Private Limited	Director
K & P Capital Services Ltd	Director
KP Corporate Solutions Ltd	Director

Name of Company	Name of the Committee	Member/Chairman
KPIT Technologies Limited	Equity Stakeholders' Relationship (Investor Grievance) Committee	Member
KPIT Technologies Limited	Innovation Council	Member
KPIT Technologies Limited	Share Transfer Committee	Member
KPIT Technologies Limited	Quality Council	Member
KPIT Technologies Limited	ESOP Allotment Committee	Member
KPIT Global Solutions Limited	Audit Committee	Member
Impact Automotive Solutions Limited	Audit Committee	Member

As on March 31, 2014, he holds 4,960,800 equity shares in the Company.

Mr. Kishor Patil is a co-founder of the Company and has been its Managing Director from its inception. Under his leadership, the Company has achieved rapid growth, particularly, in the last decade or so. His current term ends on July 1, 2014. The Company intends to continue to benefit from his top notch management skills and the Board of Directors of the Company reappointed him as Chief Executive Officer (CEO) & Managing Director of the Company for a period of five (5) years with effect from July 2, 2014.

Brief terms and conditions of appointment of Mr. Kishor Patil are given below:

- (a) Mr. Kishor Patil shall be paid basic salary and allowances in the range of ₹ 85.25 lakhs for the year 2014-15 to a maximum of ₹ 149.00 lakhs for the year 2018-19. Within this range, the aggregate of basic salary and allowances may be revised by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time, subject to a maximum annual increase of 15% over the basic salary and allowances for the previous year.
- (b) The following perquisites shall be allowed to Mr. Kishor Patil, in addition to basic salary and allowances mentioned above:
 - i. Company's contribution to Provident Fund,
 - ii. Gratuity as per the policy of the Company in force from time to time,
 - iii. Encashment of leave as per the rules of the Company in force from time to time,
 - iv. Use of company-provided cars (2 Nos),
 - v. Company-provided security staff at residence,
 - vi. Group medical insurance and group personal accident insurance as per the policy of the Company in force from time to time.
- (c) Variable incentive of such amount as may be decided by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time.
- (d) The aggregate of basic salary, allowances, perquisites and variable incentive of Mr. Kishor Patil, shall not exceed 5% of the net profits of the Company subject to the condition that the total remuneration payable to Mr. Kishor Patil along with the total remuneration payable to the other

Managing Director(s), if any, and the whole-time director(s) together shall not exceed 10% of the net profits of the Company.

If the Company incurs a loss or its profits are inadequate in any financial year during the tenure of Mr. Kishor Patil, he may be paid such minimum remuneration as determined by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, within the limits laid down in Part II of Schedule V of the Companies Act, 2013.

The agreement entered into between the Company and Mr. Kishor Patil will be available for inspection at the registered office of the Company on all working days, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

As per the provisions of Section 196 of the Companies Act, 2013, the appointment of the Managing Director shall be approved by the members at a general meeting of the Company.

Particulars as per Section II of Part II of Schedule V of the Companies Act, 2013 are given below.

I. General Information:

1. Nature of industry:

The Company is in the business of providing services and products in technology consulting and product engineering space.

2. Financial performance based on given indicators:

Please refer to Financial Statements attached to this notice.

3. Foreign investments or collaborations, if any:

Nil.

II. Information about the appointee:

1. Background details:

Please refer to opening paragraphs in this item for these details.

2. Past remuneration:

During the financial year 2013-2014, the Company paid ₹91.92 lakhs to Mr. Kishor Patil.

3. Recognition or awards:

- a) Honored with Maharashtra Corporate Excellence (MAXELL) Awards 2014 for Excellence in Entrepreneurship.
- b) Selected amongst the 16 finalists for the Ernst & Young Entrepreneur of the Year (EOY) – India 2012 award.

- c) Awarded the prestigious Golden Lotus National Award by the honorable President of India for producing a state-of-the-art internationally acclaimed animation movie.
- d) Awarded the prestigious 2013 Rotary Excellence Award for exemplary leadership and outstanding performance, by a chapter in Pune.

4. Job profile and his suitability:

It is proposed to re-appoint Mr. Kishor Patil as Managing Director for a further period of five (5) years. Mr. Patil will be responsible for the overall operations of the Company. The previous paragraphs give information on the suitability of Mr. Kishor Patil for the re-appointment.

5. Remuneration proposed:

Fixed remuneration: Range of ₹ 85.25 lakhs for the year 2014-15 to ₹ 149.00 lakhs over the tenure.

Variable remuneration: As fixed by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time.

Total remuneration: Not to exceed 5% of the net profits of the Company subject to overall ceiling of 10 % for all the whole-time directors and managing directors.

Perquisites and other details: Please refer to previous paragraphs in this item of business.

6. Comparative remuneration profile with respect to industry, size of the company, profile of position and person:

The comparative remuneration in the Information Technology (IT) industry for companies with revenues in the range of US \$ 200 mn to US \$500 mn for the position of Chief Executive Officer & Managing Director ranged from ₹99.50 lakhs to ₹372.10 lakhs for the year 2012-13.

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Please refer Note No. 39 to the standalone financial statements attached.

III. Other information:

- 1. **Reasons of loss or inadequate profits:** Not applicable.
- 2. **Steps taken or proposed to be taken for improvement:** Not applicable.

3. Expected increase in productivity and profits in measurable terms: Not applicable.

The Board of Directors recommends the special resolution set forth as Item No. 12 of the notice for approval of the shareholders.

Mr. Kishor Patil will be deemed to be concerned or interested in the special resolution to the extent of the remuneration payable to him under the authority of the resolution. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 13

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

He is on the Board of Sanis Estates Private Limited and does not hold membership of any committee of any other Indian company. As on March 31, 2014, he holds 1,103,800 equity shares in the Company.

Over the years, Mr. Sachin Tikekar has played an important part in the growth of the Company by taking on a variety of responsibilities ranging from managing the Company's sales in different geographies, initiating and growing some of the key customer relationships and handling the people operations of the Company. In recognition of his stellar contribution to the growth of the Company, Mr. Sachin Tikekar was appointed as a Whole-time Director of the Company with effect from October 20, 2011, for a period of five (5) years.

In order to align Mr. Sachin Tikekar's remuneration to the industry levels, the Board of Directors has approved revision in the terms of his appointment and the Company has entered into a revised agreement with Mr. Sachin Tikekar with effect from April 1, 2014.

Brief terms and conditions of appointment of Mr. Sachin Tikekar are given below:

- (a) Mr. Sachin Tikekar shall be paid basic salary and allowances in the range of ₹82.63 lakhs for the

year 2014-15 to a maximum of ₹109.28 lakhs for the year 2016-17. Within this range, the aggregate of basic salary and allowances may be revised by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time, subject to a maximum annual increase of 15% over the basic salary and allowances for the previous year.

- (b) The following perquisites shall be allowed to Mr. Sachin Tikekar, in addition to basic salary and allowances mentioned above:
- i. Company's contribution to Provident Fund,
 - ii. Gratuity as per the policy of the Company in force from time to time,
 - iii. Encashment of leave as per the rules of the Company in force from time to time,
 - iv. Use of company-provided car and
 - v. Group medical insurance and group personal accident insurance as per the policy of the Company in force from time to time.
- (c) Variable incentive of such amount as may be decided by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, from time to time.
- (d) The aggregate of basic salary, allowances, perquisites and variable incentive of Mr. Sachin Tikekar, shall not exceed 5% of the net profits of the Company subject to the condition that the total remuneration payable to Mr. Sachin Tikekar along with the total remuneration payable to the Managing Director(s) and other whole-time director(s) together shall not exceed 10% of the net profits of the Company.

If the Company incurs a loss or its profits are inadequate in any financial year during the tenure of Mr. Sachin Tikekar, he may be paid such minimum remuneration as determined by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board of Directors, within the limits laid down in Part II of Schedule V of the Companies Act, 2013.

The revised agreement entered into between the Company and Mr. Sachin Tikekar will be available for inspection at the registered office of the Company on all working days, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

The revised terms of appointment of Mr. Sachin Tikekar are proposed for the approval of the members at the annual general meeting of the Company.

Particulars as per Section II of Part II of Schedule V of the Companies Act, 2013 are given below.

I. General Information:

1. Nature of industry:

The Company is in the business of providing services and products in technology consulting and product engineering space.

2. Financial performance based on given indicators:

Please refer to Financial Statements attached to this notice.

3. Foreign investments or collaborations, if any:

Nil.

II. Information about the appointee:

1. Background details:

Please refer to paragraphs above in this item for these details.

2. Past remuneration:

During the financial year 2013-2014, the Company paid ₹ 95.74 lakhs to Mr. Sachin Tikekar.

3. Job profile and his suitability:

Mr. Sachin Tikekar will be responsible for managing the key customer relationships of the Company. The previous paragraphs give information on the suitability of Mr. Sachin Tikekar.

4. Remuneration proposed:

Fixed remuneration: Range of ₹82.63 lakhs for the year 2014-15 to ₹109.28 lakhs over the remaining tenure (April 1, 2014 to October 19, 2016).

Variable remuneration: As fixed by the Board of Directors or the HR & Compensation (Nomination & Remuneration) Committee of the Board.

Total remuneration: Not to exceed 5% of the profits of the Company subject to an overall ceiling of 10% for all the whole-time directors and managing director(s).

Perquisites and other details: Please refer to previous paragraphs in this item of business.

5. Comparative remuneration profile with respect to industry, size of the company, profile of position and person:

The comparative remuneration in the Information Technology (IT) industry for companies with revenues in the range of US \$ 200 mn to US \$ 500 mn for the position of Whole-time Director ranged from ₹75.60 lakhs to ₹284.23 lakhs for the year 2012-13.

6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Please refer Note No. 39 to the standalone financial statements attached.

III. Other information:

- 1. Reasons of loss or inadequate profits:** Not applicable.
- 2. Steps taken or proposed to be taken for improvement:** Not applicable.
- 3. Expected increase in productivity and profits in measurable terms:** Not applicable.

The Board of Directors recommends the special resolution set forth as Item No. 13 of the notice for approval of the shareholders.

Mr. Sachin Tikekar will be deemed to be concerned or interested in the special resolution to the extent of the remuneration payable to him under the authority of the resolution. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 14

Mr. B V R Subbu, a director of the Company, is a leading automotive industry expert and a thought leader. He has over three decades of experience in the automotive industry, including his association with Tata Motors, Hyundai and other global automotive companies. The Company proposes to draw upon his expertise and experience by availing his consultancy services for launch of its hybrid vehicle system, Revolo, in overseas markets. For this purpose, it is proposed to enter into a contract with Eurofinance Training Private Limited ("Eurofinance"), a Company in which Mr. Subbu and his relatives together hold 100% of the share capital and in which he is a Director, for availing consultancy services for developing customer relationships for launch of Revolo. The initial term of the contract will be five (5) years which may be extended by mutual consent. Eurofinance Training Private Limited is a "related party" as per the definition under the Companies Act, 2013, and consequently, entering into a contract with Eurofinance has to be approved by the members by a special resolution

under section 188 of the Companies Act, 2013, before the contract is entered into with Eurofinance.

The key terms of the proposed contract with Eurofinance are as below:

- Initial fees not exceeding 5% of the total amount received by the Company as technology license fees, technology transfer fees or payments of similar nature, from any customer directly as a result of the services provided by Eurofinance. Within the ceiling of 5%, the exact percentage of initial fees to be paid to Eurofinance will be negotiated between the Company and Eurofinance for each customer contract in relation to which Eurofinance provides consultancy services.
- Additional fees not exceeding 10% of the total amount received by the Company as royalties or payments of similar nature, from any customer directly as a result of the services provided by Eurofinance. Within the ceiling of 10%, the exact percentage of additional fees to be paid to Eurofinance will be negotiated between the Company and Eurofinance for each customer contract in relation to which Eurofinance provides consultancy services.

Other terms and conditions of the proposed contract will be finalized between the Company and Eurofinance after the special resolution is passed.

The Board of Directors recommends the special resolution set forth as Item No. 14 of the notice for approval of the shareholders.

Mr. B V R Subbu will be deemed to be concerned or interested in the special resolution to the extent of the fees payable to Eurofinance under the authority of the resolution. None of the other Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 15

Pursuant to the provisions of Section 149 (1) of the Companies Act, 2013, the Company shall have a Board of Directors consisting of a maximum of fifteen directors and the Company may increase the total number of directors beyond the number of fifteen by passing a special resolution.

In view of the rapid growth of the Company over the last decade and the aggressive growth plans for the future, it may become necessary to induct highly talented professionals and experts in the Company's Board of Directors. Therefore, it is proposed to increase the maximum number of directors to eighteen (18) to enable such induction.

The proposed increase in the maximum number of directors will also necessitate an alteration in the Articles of Association of the Company.

The Board of Directors recommends the special resolution set forth as Item No. 15 of the notice for approval of the shareholders.

None of the Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

Item No. 16

As per the provisions of Foreign Exchange Management Act, 1999 and the regulations made thereunder, the total holding of Foreign Institutional Investors (FIIs) and their sub-accounts in the equity shares of a Company shall not exceed 24% and such limit can be increased upto the sectoral cap prescribed for the Company if the shareholders of the Company pass a special resolution to that effect.

By a resolution passed on February 18, 2005, the shareholders of the Company had increased the limit for total shareholding by FIIs and their sub-accounts

in the equity share capital of the Company to 49%. Since the current shareholding of FIIs and their sub-accounts is nearing this limit, it has become necessary to increase this limit. Further, increasing this limit will increase the liquidity of the equity shares of the Company. The Board of Directors of the Company has approved the increase in the limit to 80%, subject to the passing of a special resolution by the shareholders in this regard.

The Board of Directors recommends the special resolution set forth as Item No. 16 of the notice for approval of the shareholders.

None of the Directors or key managerial personnel or relatives of directors or key managerial personnel is concerned or interested in the proposed resolution.

By Order of the Board of Directors
For **KPIT Technologies Limited**

Place : Pune
Date : June 6, 2014

R. Swaminathan
Company Secretary

INSTRUCTIONS FOR ELECTRONIC VOTING BY MEMBERS

The instructions for members for voting electronically are as under:-

A) In case of members receiving e-mail:

- (i) Log on to the e-voting website:
www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

- PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and last 8 digits of the User ID as mentioned in point (iv) above.
 - In case the User ID is less than 8 digits, then enter the applicable number of 0's before the number, after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with user id 1234 then enter RA 00001234 in the PAN field.

For Members holding shares in Demat Form and Physical Form

- DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
- Dividend Bank Details# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
- #Please enter the DOB or Dividend Bank Details in order to login. If neither the DOB nor the Dividend Bank details are recorded with the depository or company, please enter, number of shares held as on cut-off date in the Dividend Bank details field.
- (viii) After entering these details appropriately, click on "SUBMIT" tab.
 - (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xi) Click on the EVSN (Electronic Voting Sequence No.) of KPIT Technologies Limited i.e. 140624013 to cast your vote.
 - (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates, well in advance of commencement of voting period.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. Thereafter, they will receive their login details by email.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- B) In case of members receiving the physical copy:**
Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

The voting period begins on July 19th, 2014 at 9 a.m IST and ends on July 21st, 2014, at 6 p.m IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 20, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Please note that only those members who have not voted electronically will be allowed to vote in the annual general meeting. However, members voting electronically are otherwise allowed to participate in the proceedings at the annual general meeting.

The Company has appointed Mr. V.S. Khanvalkar, Partner, Kanj & Associates, Practising Company Secretaries, as the scrutiniser to scrutinize the e-voting process and submit his report to the Chairman.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.



KPIT TECHNOLOGIES LIMITED
(erstwhile KPIT Cummins Infosystems Limited)

CIN: L72200PN1990PLC059594

Registered Office: 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC,
Hinjewadi, Pune – 411 057. India.

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No/ Client Id:	
DP ID:	

I/We, being the member (s) of _____ shares of the above named company, hereby appoint:

- 1) Name: _____ Email Id: _____
Address: _____

Signature: _____
or failing him / her
- 2) Name: _____ Email Id: _____
Address: _____

Signature: _____
or failing him / her
- 3) Name: _____ Email Id: _____
Address: _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on the Friday, July 25, 2014 at 10.30 a.m. at KPIT Auditorium, SDB-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase – I, MIDC, Hinjewadi, Pune – 411 057 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions:

- To receive, consider and adopt the Audited Financial Statements and Consolidated Financial Statements for the financial year that ended on March 31, 2014, together with the reports of the auditors thereon and the report by the Board of Directors for the financial year that ended on that date.
- To declare dividend for the financial year ended March 31, 2014.
- To appoint a Director in place of Mr. S. B. (Ravi) Pandit, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Ms. Elizabeth Carey, who retires by rotation and being eligible, offers herself for re-appointment.
- To re-appoint Auditors and fix their remuneration.
- To appoint Mr. Adi Engineer as an independent director.
- To appoint Dr. R. A. Mashelkar as an independent director.
- To appoint Ms. Lila Poonawalla as an independent director.
- To appoint Prof. Alberto Sangiovanni Vincentelli as an independent director.
- To approve payment of commission to Non-Executive Directors.
- To approve appointment of Mr. S. B. (Ravi) Pandit as a Whole-time Director.
- To approve re-appointment of Mr. Kishor Patil as Chief Executive Officer and Managing Director.
- To approve revision in the terms and conditions of appointment of Mr. Sachin Tikekar, Whole-time Director.
- To approve a related party transaction.
- To increase the maximum number of directors of the Company and approve consequent alteration of Articles of Association of the Company.
- To increase the limit of investment by Foreign Institutional Investors (FIIs) in the Company.

Signed this ____ day of _____ 20 ____.

Signature of the shareholder

Signature of Proxy holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





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Hinjewadi, Pune – 411 057. India.

ATTENDANCE SLIP

(Please complete this attendance slip and hand 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 25, 2014 at 10:30 a.m. at KPIT Auditorium, SBD-II, 35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune-411057, India.

Folio No.		Signature
DP ID No.		
Client ID No.		
Full Name of Shareholder (in BLOCK LETTERS)		
Full Name of Proxy(in BLOCK LETTERS)		

NOTES:

1. Interested Joint Members may obtain Attendance Slip from the Registered/Corporate office of the Company.
2. Members/Joint Members/Proxies are requested to bring the Attendance Slip with them. Duplicate Attendance Slip 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
Sachin Tikekar	Whole-time Director, President – Strategic Relationships & Business Transformation
Pawan Sharma	President & Head – Integrated Enterprise Solutions
Pankaj Sathe	Chief People & Operations Officer
Anup Sable	Sr. Vice President & Head, Automotive & Allied Engineering
Anil Patwardhan	Sr. Vice President & Head – Corporate Finance & Governance
Frederic Ramioulle	President – Automotive & Transportation Industry Business Unit (IBU)

www.kpit.com



KPIT Technologies Limited

35 & 36, Rajiv Gandhi Infotech Park, Phase I, MIDC, Hinjewadi, Pune - 411057, India
Phone: +91 - 20 - 6652 5000 | Fax: +91 - 20 - 6652 5001 | connectwithus@kpit.com

FORM – A – Standalone Financial Statements

Covering letter of the annual report to be filed with the stock Exchange as per Clause 31 (a)

1.	Name of the Company	KPIT Technologies Limited
2.	Annual Standalone Financial Statements for the year ended	March 31, 2014
3.	Type of Observations	Unqualified
4.	Frequency of observations	Unqualified, hence not applicable

Refer our Audit Report dated April 28, 2014 on the Standalone financial statements of the Company

For B S R & CO. LLP
Chartered Accountants
Registration No: 101248W


[Signature]
Vijay Mathur
Partner
Membership No: 046476

Pune, June 30, 2014

[Signature]
Kishor Patil
CEO & Managing Director

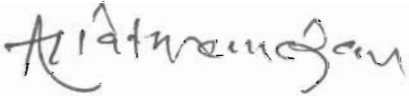

[Signature]
Anil Patwardhan
Sr. Vice President & Head Corporate Finance & Governance

[Signature]
Lila Poonawalla
Chairman - Audit Committee



FORM – A – Consolidated Financial Statements

Covering letter of the annual report to be filed with the stock Exchange as per Clause 31 (a)

1.	Name of the Company	KPIT Technologies Limited
2.	Annual Consolidated Financial Statements for the year ended	March 31, 2014
3.	Type of Observations	Unqualified
4.	Frequency of observations	Unqualified, hence not applicable
Refer our Audit Report dated April 28, 2014 on the Consolidated financial statements of the Company		
For B S R & CO. LLP Chartered Accountants Registration No: 101248W		 Kishor Patil CEO & Managing Director
 Vijay Mathur Partner Membership No: 046476		 Anil Patwardhan Sr. Vice President & Head Corporate Finance & Governance
Pune, June 30, 2014		 Lila Poonawalla Chairman - Audit Committee

