KPIT

August 6, 2020

**BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

**Scrip ID:** KPITTECH
**Scrip Code:** 542651

**Kind Attn:** The Manager,
Department of Corporate Services

**National Stock Exchange of India Ltd.,**
Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai – 400051.

**Symbol:** KPITTECH
**Series:** EQ

**Kind Attn:** The Manager,
Listing Department

**Subject:-** 3rd Annual Report of KPIT Technologies Limited for FY 2019-20

Dear Sir / Madam,

Pursuant to provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the 3rd Annual Report of KPIT Technologies Limited (Formerly KPIT Engineering Limited) for FY 2019-20 for the 3rd Annual General Meeting to be held on Wednesday, September 2, 2020.

Kindly take the same on your records and acknowledge receipt thereof.

Thanking you,

Yours faithfully,

For **KPIT Technologies Limited**
*(Formerly KPIT Engineering Limited)*

Nida Deshpande
**Company Secretary & Compliance Officer**

Reimagining Mobility
*with YOU*

KPIT

**Annual Report**
2019-20

# Board of Directors

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

**Kishor Patil**
CEO & Managing Director

**Sachin Tikekar**
Whole-time Director

**Anant Talaulicar**
Independent Director

**B V R Subbu**
Independent Director

**Prof. Alberto Sangiovanni Vincentelli**
Independent Director

**Nickhil Jakatdar**
Independent Director

**Shubhalakshmi Panse**
Independent Director

**Rohit Saboo**
Nominee Director (upto February 1, 2020)

**Rafi Maor**
Independent Director (upto June 9, 2020)

**Vinit Teredesai**
Chief Financial Officer (upto June 12, 2020)

**Priyamvada Hardikar**
Chief Financial Officer (w.e.f. June 12, 2020)

**Nida Deshpande**
Company Secretary

**Auditors**
B S R & Co. LLP
Chartered Accountants
8th Floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Annex,
Mundhwa Road, Pune - 411001

**Legal Advisors**
Shardul Amarchand Mangaldas & Co
Advocates & Solicitors
Express Towers, 23rd Floor,
Nariman Point,
Mumbai – 400021, India.

**Financial Institutions**
- HDFC Bank Limited
- The Hongkong & Shanghai Banking Corporation Limited
- Citibank N.A.
- Axis Bank Limited
- Kotak Mahindra Bank Limited
- State Bank of India
- ICICI Bank Limited
- The IDBI Bank Limited
- DBS Bank Limited
- HSBC Bank (Mauritius) Limited

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# Letter from the Chairman and Group CEO

Dear Fellow KPITians,

FY2020 was the first complete year of KPIT post the restructuring leading to an independent technology company, focused only on the mobility sector.

I am personally very happy with the way we have shaped up over the year in terms of our strategy, focus, technology orientation, alignment with customer requirements and nurturing of talent.

**The year that went by:**

We started the year with the following primary focus areas:

1. Customers
2. People
3. Delivery Excellence
4. Profitable Growth

Our strategy of focus on select strategic customers yielded good results with majority of the growth contributed by these customers. Our strategic customers contributed more than 80% of the total revenues. Autonomous driving and electric powertrain were the fastest growing practices for us during the year.

We want to be a net talent creator and envision KPIT to be a 'Great Place to Grow' for all our employees. During the year we focussed on multi-level interactions with our employees to ensure our Vision and Strategy is understood by one and all and every employee believes to be a vital link in the organization. Leadership and technical training across the board helped upskill the employees. Last but not the least, we ensured our people, especially technical roles are compensated commensurate with the best in the industry and the increments were accordingly higher. All these factors helped us in reducing attrition to a great extent and the year saw one of the lowest attrition levels in our history.

Zero Defect delivery is one of our prime goals. It is more of a culture than an arithmetic number. Defect free software delivery and ongoing productivity improvement are the two main areas under delivery excellence. Enhanced customer and team communication, ongoing quality control and reporting, weekly rigor in tracking of projects, individual level, project level and program level productivity tools deployment and tracking and succession planning are some of the areas we worked upon and improved during the year. We will continue to pursue delivery excellence as one of our foremost focus areas.

FY2020 was a good year for KPIT with annual revenues of USD 303.81 Million, registering an industry leading organic growth of 14%+ on a constant currency comparable basis. The operating margin (EBITDA) stood at around 13.7% for the year, a healthy growth in margins as compared to last year. The Net Profit (PAT) for the year was ₹ 1,466 Million.

One of the key operational areas for us was increase in cash conversion and we ensured we progress on the same every quarter. The Net cash position at the end of the year was ₹ 3,278 Million as compared to ₹ 900 Million as at the end of last year. Our days of sales outstanding (DSO) came down from 87 days as at the end of last year to 66 days as at the end of the current year. We will continue to focus on the same going forward.

Thus, FY20 was a great start to the 'New' KPIT and we were looking forward to a similar or better year going forward.

**The year ahead:**

As the year was progressing well, the world witnessed a never seen before phenomenon – the Covid-19 pandemic. The whole world is putting up a united fight against the virus and these are extraordinary times experienced by one and all.

As the pandemic started spreading its wings by the mid of the last quarter, we acted very swiftly and worked on enabling Work From Home (WFH) for all our employees across the globe after due approvals from customers and regulatory authorities, wherever required. Employee safety and Customer Deliverables were the two primary things that we focused on and within a period of around 3 weeks we enabled more than 95% of WFH for our employees. The industry that we focus on viz. Mobility also faced initial problems due to the pandemic and strict lockdowns across countries, globally. The automotive industry is slowly gaining lost ground and it is a matter of time before the industry gets back fully in action to address the growing demands of its customers.

In view of the current pandemic and the resultant economic situation, we have reoriented ourselves and reset our goals for the coming year and the Top 4 goals are as follows:

1. **People:** The well-being of our people is of paramount importance to us and for the first half of the year we have chosen continuity of jobs over continuity of remunerations. All our employees have a variable component in their salary and everyone will most likely end up forgoing a part of this

variable pay during the year. We have also stepped up on people training and improving the WFH experience for our employees to enable productivity improvement. We are focussed on retention of top talent to ensure seamless experience for our customers.

2. **Customers:** We will ensure our customer deliverables meet and/or exceed our commitments to the customers on quality, time and cost. We will strive to increase our wallet share in the customer account by focusing on our delivery and ensuring customer delight in all the work that we do with the customer. In the spirit of a win-win partnership with our strategic accounts we will ensure our long-term value proposition does not get diluted, albeit in the short term there might be some disruptions in some accounts.

3. **Cash Conversion:** We have ensured healthy cash conversion since the beginning of FY20 and will continue to do so in the coming year as well. It is important to have a healthy Net Cash position, especially in the current scenario where in some cases the customer payments might get delayed in the near term. We will ensure rigor in timely invoicing and collection with optimal control on operating expenses and capital expenditure to ensure we maintain and increase the Net Cash position throughout the year.

4. **Growth:** Though as previously stated by us, there will be a revenue decline in the first quarter of the financial year, we have seen things stabilising fast. We have closed some significant deals and have a healthy pipeline to work upon. More conversations are happening with our customers and these are long-term, strategic in nature. We are optimistic about the future and believe we will be back on the growth path in the second half of the year.

While we are continuously focused on executing well on our strategy, I would take this opportunity to reiterate our vision:

**KPIT Vision:**

**Reimagining mobility... with you**

**for creation of a cleaner, smarter & safer world**

Let us explain the vision in greater details:

**Reimagining:** The paradigm shift in mobility gives us an opportunity to think afresh.

We will achieve this by

- **Building** Platforms, Tools, Accelerators, Innovative business models using domain knowledge
- **Delivering** globally with diverse teams in cultures, languages and thoughts
- **Learning & applying** transformational technologies (Artificial Intelligence, Digital, Big Data)

**Mobility:** Technologies that enable people and goods to move in cleaner, smarter and safer way. This includes passenger, commercial & off-highway vehicles and organizations that offer mobility as a service.

***With you:*** Every KPIT Stakeholder is a key participant in this vision

- **Customers** - Accelerating the realization of our Customer's vision
- **Employees** - Providing an opportunity for our freethinking entrepreneurial employees to paint on this canvas, while building on our strong foundation
- **Partnership** - Partnering with our customers, mobility ecosystem, stakeholders, universities, research organizations and other influencers to make the vision a reality.

Our future is tied with the future of the Mobility industry and we believe the mobility industry will be an important growth engine for the world going forward. The industry will continue to grow. There will be more demand for personal vehicles, there will be more demand for safer vehicles, there will be more demand for smart connected vehicles. Over the last 15+ years, we have invested in these technologies and we continue to maintain our leadership position in these areas.

Our focus on the industry, our focus on technology innovation, our focus on select strategic customers, our focus on excelling customer expectations, our focus on good people and continued support from stakeholders like yourselves, over the years will yield good results in the near future.

I regard your support highly and appreciate it thoroughly.

Warm Regards,
Sincerely yours,

S. B. (Ravi) Pandit
Chairman

# Joint Letter from the CEO & Managing Director and President & Whole-time Director

Dear Stakeholders,

We sincerely hope all of you are taking due care and staying safe in the current environment.

The financial year 2019-20 was quite eventful with the company registering good growth and increase in operating margins, with a stronger balance sheet. US Geography continues to be our largest geography with around 41% of the total revenue, closely followed by Europe contributing around 39% of the revenues. Europe was the fastest growing geography for us. Autonomous Driving, Electric Powertrain and in-vehicle networking led the growth from the practice perspective. With our strategy to focus on select strategic customers yielded good results with these customers growing more than 20% during the year. Our people emphasis resulted in lowest attrition levels historically for the company. We institutionalized the processes for defect free first-time delivery with an aim of customer delight and ongoing productivity improvement. Thus, we are happy on our execution during the year.

While we were getting ready for another growth year, we had to shift gears and change our orientation, due to the Covid pandemic.

We initially focused on creating an infrastructure to enable our people to work from home seamlessly. We are proud of our team who responded quickly and positively to the changed circumstances and facilitated remote working for more than 95% of our people, globally. As we continue to focus on employee safety, customer deliverables and business stability, we are cautious about the near term and optimistic about the medium to long term.

We would like to reiterate our strategy to achieve the KPIT Vision.

**Focus Verticals**

Verticals within the mobility industry that we focus on:

- Passenger Cars
- Commercial and Off Highway Vehicles
- New Mobility

Over the years, we have been more focused on the passenger car vertical and have established many strategic relationships in the vertical. Passenger cars continues to be a strong vertical for us, with significant potential in the electric powertrain, autonomous driving, digital cockpit and diagnostics domains. Commercial Vehicles is a relatively new vertical for us. Autonomous and connected technologies are being embraced by commercial vehicle manufacturers in a big way, paving good opportunities for us. New mobility is one upcoming vertical, albeit car sharing and public transportation will have a minor setback with the ongoing pandemic. Digital Technologies coupled with new age automotive technologies referenced above will drive our presence in new mobility.

**What we do**

We help our customers to go from design to production. We specialize in application software, middleware device drivers, basic software platforms and other aspects of software. At the same time, we are a software integrator covering prototype development, actual software development, validation and testing. We leverage platforms, tools and accelerators that enable re-use and faster time to market

We are creating value by nurturing a **Culture of Excellence by:**

1. **Achieving Leadership in Practices and Platforms**
   a. CASE (Connected, Autonomous, Shared and Electric) accounts for 90%+ of KPIT revenue and investments.
   b. Deep understanding of automotive domain and strong knowledge of CASE realm.
   c. Platforms, Tools and Accelerators as KPIT IPs to enhance the value delivered to customer
   d. New relevant competency development
2. **Delivering Zero Defect**
   a. Culture of Defect-free delivery across the company
   b. Customer delight with zero defect
   c. Framework for productivity and automation improvement
   d. 100% coverage of projects
3. **Being the Best Place to Grow**
   a. Attract, nurture and develop the right talent
   b. Serious partnerships with leading universities across the globe
   c. Continuous training and competency development
   d. Technology growth path

**4. Having Strategic Relationships with our T25 Customers**

a. Highest level of relationship and commitment to strategic partnership

b. Strategic for our practices

c. High quality of engagement (platforms, tools, accelerators, annuity deals)

d. Important from the overall mobility ecosystem perspective

Customer Intimacy:

We are building customer intimacy through

- Practice and program management presence at key global locations
- Global delivery model
- Consistent customer experience across all locations
- Diverse teams in cultures, languages and thoughts
- Networking by participation in global conferences, seminars and expos

**The Near Term**

The financial year 2020-21 has started on a cautious note. There were lockdowns imposed by different countries at different times and some customers reacted fast to the new challenges faced. There were certain initial disruptions and there was a lot of ambiguity at the start of the year. As things started to settle down a bit, we have seen a steady improvement in the visibility that we have for our business basis the customer technology spends. Thus, we have seen a major impact on the business in the first quarter and progressively we are witnessing improvement every month. We have signed some good deals and are working on some more.

As at the end of FY2020 we had a total of around 6,300 seats in India and 5,300+ seats were occupied. With the current trend of work from home and the evident continuance of the same for a sizable period of time, we will consolidate a couple of small facilities in Pune and will also consolidate our operations in Munich under a new single facility.

All our employees have a variable portion of compensation which will get affected during the year. All employees will end up with a lower than normal compensation, basis the overall performance of the company during the year. Travel costs, discretionary spends and capital expenditures have all been under strict control. Thus, to summarize, though we had a difficult start to the financial year, things have started improving since then, revenue visibility is steadily going up and cost control measures are all in place.

We sincerely appreciate the quick positive response rendered by all KPITes across the globe in tough times, reflecting the true culture of the company.

**The Medium Term**

In terms of current revenues, we are much balanced across US, Europe and Asia. Europe, especially Germany has been the leading growth engine for us. Germany is the epicenter for the future technologies of mobility. We have been investing in Germany for the last 3 years and see continued growth from this geography. Asia, led by Japan is another solid growth area for us. US is a steady going geography and will continue to be so. Europe and to a large extent Asia, are committed to electrification and the same is seen in the large investments dedicated by vehicle manufacturers and select Tier Is across Europe and Asia. Autonomous technologies investments are again led by Europe and US and Asia are also fast catching up. Connected technologies and digital cockpit are focus areas across all the three geographies. Thus, in terms of geography focus, the medium-term growth will be led by Europe, followed by Asia and then US.

Our strategy, as mentioned, is to focus on select strategic customers and our T25 accounts are committed to us as much as we are committed to them. In the true spirit of partnership, we continue to strive for zero defect delivery, faster to market opportunities and more for less for each of our T25 accounts. The current global situation demands we be more prudent and hence we are nurturing relationships with some additional OEMs and Tier Is, which are currently not a part of T25 as a potential backup. We firmly believe T25 focus is a strength for us and we will continue to work on further strengthening our relationships with these customers.

The whole world is going through tough times. We are hopeful of the current pandemic passing through and things returning to normal. The mobility industry has strong fundamentals and will be a major driver for economic activity in the times to come. KPIT's strong domain focus, robust relationships with leading players in the mobility industry, sustained investments in relevant technologies over the years and expertise as a dependable software integrator will aid us for a stronger, profitable growth in the medium term.

We are confident and excited about the future and appreciate the trust put in the company, by all stakeholders.

Best Regards,

Sincerely Yours,

**Kishor Patil**
CEO & Managing Director

**Sachin Tikekar**
Whole-time Director

# Highlights from last year

# Working with top brands and tech leaders in mobility

## KPIT wins Excellent Partner for the year 2019 – from a leading Japanese OEM

In November 2019, a leading Japanese OEM awarded KPIT with "Excellent Partner" for the year 2019.

## Eaton's partnership with KPIT

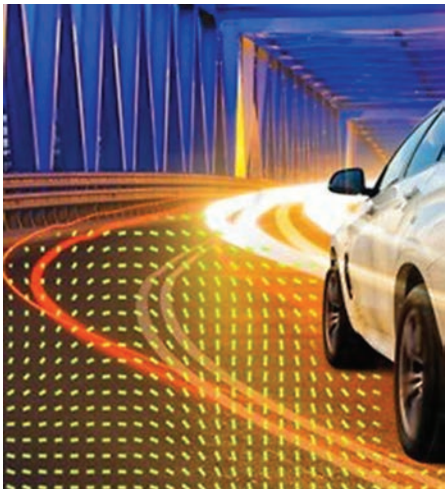
In September 2019, Eaton announced a strategic partnership with KPIT to develop next-generation electrified mobility technologies.

"Eaton continues to build competencies to solve complex problems in eMobility, which OEMs consider critical and transformative," said Jeff Lowinger, president, eMobility, Eaton. "KPIT is our extended team in this approach, with its sharp focus on mobility and years of experience in electric powertrain technologies. Our strategic alliance with KPIT brings valuable capabilities and technologies to enable manufacturers to develop vehicles that are cleaner and safer and deliver value."

## Volkswagen approved KPIT's AUTOSAR stack

Volkswagen approved KPIT's AUTOSAR stack in July 2019. This stack, KSAR R4.2.1, provides a robust approach for carmakers to adapt the AUTOSAR standard across their electronic control units.AUTOSAR is a worldwide consortium for creating and establishing an open and standardized software architecture for automotive electronic control units (ECUs).

Standardization makes the ECUs more flexible and adaptive to new-age requirements.KPIT has been a premium member of AUTOSAR consortium since 2005 and has actively contributed to drive the consortium efforts.



## KPIT & Continental hosted a session on Next-gen Technologies for Connected Mobility


KPIT & Continental hosted a session on “Next-gen Technologies for Connected Mobility” in Bengaluru, India in November 2019. Mr. Alexander Klotz, Mr. Rosemary Joshy from Continental and KPIT’s Mr. Omkar Panse shared their visions on Connected Mobility and gave perspectives into the role of technology and software. The event witnessed participation from brightest software engineers in the industry with an interactive questions & answer’s session. This event was part of KPIT’s journey of Reimagining Mobility...with you.

## Tara Vatcher from FCA becomes part of unique engagement initiative for women Automobelievers

In a unique engagement initiative held in October 2019, Tara Vatcher, Director – Powertrain software, Fiat Chrysler Automotive connected with more than 30 women managers at KPIT. This interactive session was themed around “Women in Engineering and Path to Leadership”. Participants shared inspiring stories about their professional experiences, work-life balances and being multi-taskers.

## From Las Vegas: KPIT at CES 2020

KPIT presented solutions for next-gen Mobility at CES 2020 at Las Vegas. The solutions were from our every practice; KITE, KONNECT and KPIT e-Cockpit Reference program from **Connected Vehicles**, Battery management system and V2G from **Electric Powertrain**, OTA updates, **AUTOSAR, Autonomous Driving and Vehicle Diagnostics**. All the solutions showcased our expertise in Software Development, Integration, Validation and Deployment. Major global mobility players visited KPIT at CES 2020. An astounding 45+ meetings were scheduled at the event. We hosted teams from Paccar, Honda, Jaguar Land Rover, FCA, Continental, Hitachi and others.



# Automobelievers taking the leap

## On a winning streak at the World HRD Congress


KPIT was awarded with ‘Innovation in Retention Strategy’ award in February 2020 for achieving and sustaining industry leading retention by World HRD Congress in a glittering ceremony held at Taj Lands Bandra, Mumbai. Our CEO, Kishor Patil was awarded “CEO with HR Orientation” for transformative people initiatives and impact. Rajesh Kumar Singh, Head HR was awarded “HR Leadership Award”. In our endeavor to be the Best Place to Grow, we have made significant strides in people practices, policies and culture last year to build a passionate and committed team for excellence.

## KPIT Chairman Ravi Pandit appointed to the Board of Governors of the Academy of Scientific and Innovative Research

In March 2020, The Honorable Prime Minister of India, Shri Narendra Modi, as the president of the Council of Scientific and Industrial Research (CSIR) has nominated Mr. Ravi Pandit as a member to the Board of Governance of the Academy of Scientific and Innovative Research.

## Leapfrogging to Pole-vaulting wins “Business Book of the Year” award at the prestigious “Tata Literature Live! The Mumbai LitFest 2019”


“Leapfrogging to Pole-vaulting” a book by our Chairman and Group CEO, Mr. Ravi Pandit and eminent scientist Dr. Raghunath Mashelkar won “Business Book of the Year” award at the prestigious “Tata Literature Live! The Mumbai LitFest 2019” awards held in November. The literary awards conferred at The Mumbai LitFest are considered among the most prestigious in India and are attended by prominent personalities in literature. “Leapfrogging to Pole-vaulting” focuses on creating the magic of radical yet sustainable transformation.

# Best place to grow

## KPIT revealed its new visual identity



KPIT unveiled its new visual brand identity in June 2019.

The new visual identity draws inspiration from KPITs' technology solutions that runs in millions of vehicles around the world. It also reflects passion of people at KPIT who are in the pursuit of making mobility cleaner, smarter and safer.



At the heart of the new visual identity is an interconnected and responsive graphic system that represents KPIT's ubiquitous technology solutions. Anchored in this graphic system is the KPIT logo that manifests in both dynamic and static ways and is a distillation of the design system. There are other elements to the visual identity framework like signature style photography, typography, tone and brand colors.


## KPIT showcases tech for 10th time at ELIV


ELIV – International Congress for Automotive Electronics is a premium conference that brings together the automotive industry in Europe and sees participation by industry leaders.

As a strategic software partner to the automotive industry in Europe, KPIT has been showcasing technology at ELIV for many years now. KPIT was a platinum sponsor at ELIV 2019.

KPIT was represented by key team members including Kishor Patil and Pankaj Sathe. With several meetings with strategic customers and automotive industry experts – ELIV was a productive show for us. Our company name (logo) was right on top too.

## KPIT became member of Automotive Grade Linux

KPIT became a member of Automotive Grade Linux and a silver member of The Linux Foundation in October 2019. Automotive Grade Linux (AGL) is a collaborative open source project that is bringing together automakers, suppliers and technology companies to build a Linux-based, open software platform for automotive applications that can serve as the de facto industry standard.

The Linux Foundation supports the creation of sustainable open source ecosystems by providing financial and intellectual resources, infrastructure, services, events, and training.

## KPIT became member of CharIN e.V association

In October 2019, KPIT became a member of CharIN e.V association. We joined the list of leading organizations who are committed to building technologies and drive adoption of electric mobility.

CharIN e.V. is an open coalition of major players within the electric vehicle industry aiming to support and promote Combined Charging System (CCS) as a global standard for EV charging. It was founded by Audi, BMW, Daimler, Mennekes, Opel, Phoenix Contact, Porsche, TÜV SÜD and Volkswagen.

Membership in CharIN e.V. is a continuation of the vision and investments that we are putting towards reimagining electric mobility.

## KPIT-MSLTA Challenger ATP Tennis Tournament concluded with a bang 6th time in a row

KPIT-MSLTA challenger tour is the longest serving challenger series, going on for six consecutive years, and it was the only challenger series held in 2019. More than 20 Indian players amongst 48 main draw players from more than 15 countries became part of this event.

This made it maximum Indian players to play in a single challenger till now. It's a record! More than 500 players participated, with first timers, sponsors, senior players, juniors playing together through varied matches, tennis clinics and so on. There were separate sessions for parents and coaches, and last but best – The huge response from the crowd! The finals saw an attendance of more than 2500 people at the Balewadi sport complex stadium.

## Symphony - Living in the Culture of Excellence

In our efforts towards "Living in the Culture of Excellence" – an initiative named 'Symphony' has been rolled out. This is KPIT's program for driving excellence related initiatives and building a culture that will help us propel towards being No. 1 Software Company for the Mobility Ecosystem.

Select KPITians underwent an intensive workshop that will help them understand various aspects of excellence, expectations from KPIT and equip them with competencies that will help them become culture leaders at KPIT. 5 workshops have been held across Pune, Bangalore, and Munich. More will follow. Eventually, the entire organization will be a recipient of best practices that will get institutionalized through this initiative.

## More than 100 KPITians completed the UDACITY Nanodegree program

The autonomous driving space is witnessing rapid growth with the adoption of new technologies like Artificial Intelligence (AI), Machine Learning, deep learning, and Big Data. Working on these technology domains demands that KPITians are updated and equipped with the latest developments and technology trends to be able to provide the best solutions to accelerate the realization of our customers' vision. With this objective, in November 2018, KPIT forged a partnership with Udacity to enable KPITians to learn and upskill on the new technologies in this domain.

Under this initiative, more than 100 KPITians have completed UDACITY Nanodegree programs. These programs have helped KPITians contribute to complex customer programs and take on bigger responsibilities Here are KPITians - Aniruddha and Jeneetta talking about their experience of the Nanodegree program.

**Aniruddha Nadgouda**
KPIT,
Udacity Self Driving Car
Nanodegree Graduate

**Jeneetta Al Abraham**
KPIT,
Udacity Self Driving Car
Nanodegree Graduate

## KPIT Sparkle 2020

The 6th edition of KPIT Sparkle held in March 2020, witnessed a participation from more than 20,000 students distributed across 1100+ colleges all over India!

KPIT Sparkle is one of India's biggest innovation platform for students, faculties, colleges and universities.At Sparkle 2020, students & their faculties presented ideas & projects across Energy & future Mobility tech.Renowned national departments such NITI Aayog, Department of Science and Technology, National Institute of Design, agni, ONGC, AICTE were knowledge partners for the event.

This time, we introduced "Milaap" where our young innovators got to pitch their ideas in front of more than 10 incubation partners.The Grand Finale of KPIT Sparkle 2020 was inaugurated by Mr. Kishor Patil KPIT Co-founder, CEO & MD.The gold award was presented by the chief guests, Dr. Anil Kakodkar, Padma Vibhushan, Chairman, Rajiv Gandhi Science and Technology Commission and Mr. Ravi Pandit, Chairman, KPIT.

# Fun at Work and CSR

## KPITea Time in a new format

KPITea Time got its new format in 2020. It is now "An Official Company Meet" for all KPITians across Germany inclusive of MicroFuzzy employees. The objective of KPITea Time would be to share company updates as well as updates from various departments/functions with KPITians every month. Its December edition took place in Adams-Lehmann-Straße and approx. 50 people from MicroFuzzy along with KPITians in Germany became part of this.

## Celebrating Women Automobelievers at KPIT

At our Pune and Bangalore offices women automobelievers were given a surprise flash mob performance by their male colleagues as a gesture to celebrate the contribution of women in their professional lives. Women automobelievers across KPIT posed with #EachForEqual sign, which is this year's theme to recognize, champion and support women of all backgrounds who dare to innovate, lead, and uplift others towards a more equal and inclusive workplace.

At all our Germany offices, women were greeted with flowers as a token of appreciation. At our KPIT office in Novi, US women's day was celebrated with conversations over a cup of tea. They exchanged their personal and professional accomplishments with each other and had snacks together.

## Tree plantation with the 108-year-old legend Padma Shri Saalumarada Thimmakka


KPITians from our Bangalore office and some of our KPIT Alumni came together in December 2019 to plant trees at our partner NGO Thayimane's playground for children. We had a special guest at the occasion, the 108-year-old legend Padma Shri Saalumarada Thimmakka. Popularly known as Aalada Marada Timakka, she is an Indian environmentalist from the state of Karnataka, noted for her work in planting and nurturing 385 banyan trees along a four-kilometer stretch of highway between Hulikal and Kudur.

She has also planted nearly 8000 other trees. It was an inspiring experience for our employees and alumni, to interact with Timakka on her cause of the environment.

## KPIT helps in bringing drinking water to villagers

In February 2020, our Co-founder, CEO & MD of KPIT, Mr. Kishor Patil inaugurated and handed over a drinking water well to villagers of Salungan Village in Bhor Tehsil about 90kms from Pune. The project witnessed a unique three-way partnership. KPIT and the villagers contributed towards this initiative with both funds as well as hard work under the guidance of the NGO Jnana Prabodhini.

Since a long time, these villagers were dependent on either tanker water supply or had to fetch water from faraway places baring the few months of monsoon. The project will help about 100 families and their cattle. Villagers will no longer have to fetch water from long distances and will always have easy access to clean drinking water.

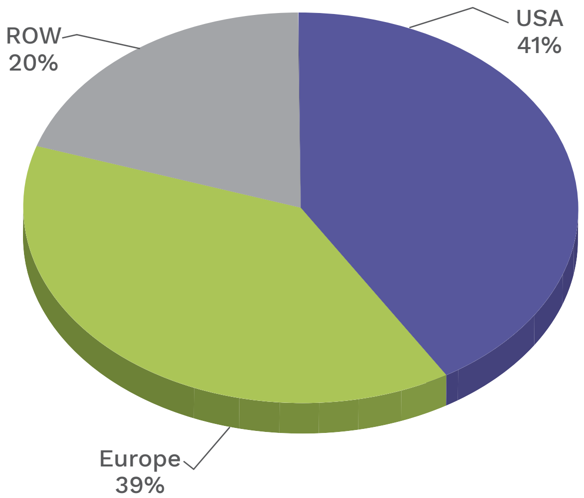
# Financial Highlights

# Financial Highlights

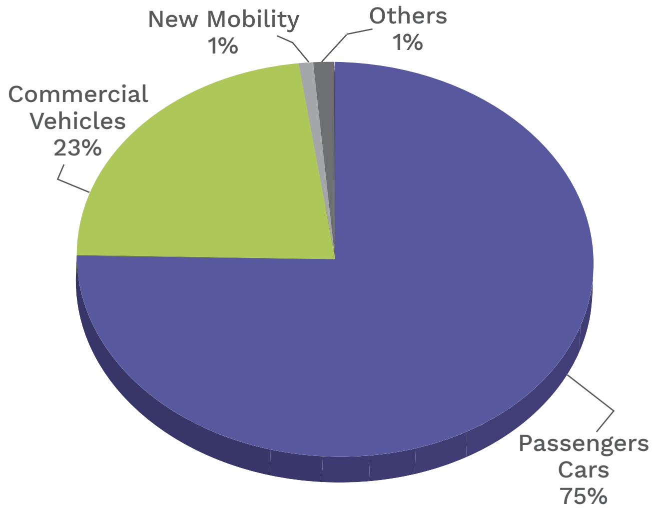
(₹ in million)

| CONSOLIDATED INCOME STATEMENT | FY 2020 | FY 2019 |
|---|---|---|
| Sales ($ million) | 303.8 | 270.8 |
| Total income | 21,844.9 | 18,929.16 |
| Total expenses | 20,038.8 | 17,714.3 |
| Profit/(loss) before tax | 1,806.1 | 1,273.9 |
| **CONSOLIDATED BALANCE SHEET** | | |
| Share Capital | 2,688.8 | 2,685.0 |
| Other Equity | 7,780.8 | 6,910.6 |
| Total Shareholder Funds | 10,469.6 | 9,595.6 |
| Non-Controlling Interest | 35.7 | 39.1 |
| Non-Current Liabilities | 1,294.6 | 697.8 |
| Current Liabilities | 4,550.7 | 6,409.1 |
| **Total Equity & Liabilities** | **16,350.6** | **16,741.6** |
| Fixed Assets | 2,700.6 | 3,260.6 |
| Right to use Assets | 1,627.6 | - |
| Goodwill on Consolidation | 987.8 | 942.3 |
| Other Non-current Assets | 902.5 | 237.7 |
| Current Investment | 82.2 | 487.1 |
| Trade Receivables | 4,486.8 | 5,920.0 |
| Cash and cash equivalents | 3,810.4 | 2,206.6 |
| Other Current Assets | 1,752.7 | 3,687.4 |
| **Total Assets** | **16,350.6** | **16,741.6** |
| | | |
| **KEY RATIOS** | | |
| Long Term Debt to Equity | 3.6% | 7.2% |
| Total Debt to Equity | 5.2% | 13.6% |
| Cash/Total Assets | 23.3% | 13.2% |

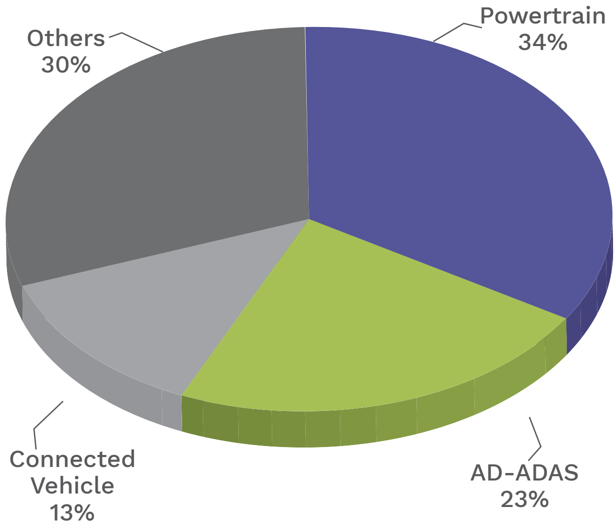
**REVENUE BY GEOGRAPHY - FY20**




**REVENUE BY VERTICAL - FY20**




**REVENUE BY PRACTICE - FY20**



# Management Discussion & Analysis

# Management Discussion & Analysis

## GLOBAL OUTLOOK

The Global economy was experiencing a modest slowdown through the year of 2019 in investment activity and the economic growth was majorly held up by consumption. The COVID-19 pandemic health crisis in early 2020 led the governments of majority of global economies to temporarily shut down the economy. This was to prevent a community wide transmission of the virus and thus avoid an over-whelming burden on the healthcare infrastructure and try to save as many lives as possible. This temporary measure led to a complete standstill in economic activity. The high frequency indicators such as the PMI's fell to their lowest levels since their series was recorded. Such a forced shutdown of economic activity, now being referred to as a black swan event, has led to record job losses in the months of March and April 2020. The major economies have now started planning their exit from The Great Lockdown and this will put an end to the downward spiral in economic activity, though the uncertainty of a second wave remains. Positive signs have already emerged from Asian economies like China and South Korea, where the virus has been contained and economic activity is now returning to normal. The IMF's April world economic outlook forecasts the global output to contract by 3% in the year 2020, but growth is expected to rebound in the year 2021 at 5.8% growth.

The US economy which grew by 2.9% in CY18 and 2.3% in CY19 slowed as the benefit of the tax cuts waned off. US was experiencing a modest investment led slowdown in the second half of 2019 which led the US Federal reserve to cut rates thrice. In 2019, the labor market was experiencing robust payroll growth and US unemployment fell to 3.5%, a five-decade low. With the COVID-19 pandemic cases crossing over 1 million in April 2020, over 22 million Americans have lost their jobs, putting a significant strain on the economy. The US administration has swiftly responded through multiple legislations such as the CARES Act and the Paycheck protection program which has led to a fiscal stimulus of over $3 trillion. The Federal reserve has also responded by cutting rates to zero and unlimited purchase of the US government bonds, along with support to other rated bonds. The IMF now expects US economy to contract by 6.1% in 2020 but show a recovery in 2021 through a projected growth rate of 4.5%.

The Euro zone was already in a slowdown mode with GDP growth slipping from 1.9% in 2018 to 1.2% in 2019. Germany, the major contributor to the Euro zone grew by only 0.6% in 2019. With monetary policy in negative interest rate zone for a significant period, the monetary authorities have called for a fiscal stimulus to jump start growth. There was an immediate European central Bank asset purchase program of €750 billion. COVID-19 has been a significant health crisis in Italy, France, UK and Spain with all these countries featuring in top list of maximum lives lost. Some of the European countries have already approached IMF for assistance, but the economy faces significant risks in the medium term. The IMF expects the Euro economy to de-grow by 7.5% in 2020, but expects a recovery in 2021 with a growth rate of 4.7%.

As per the IMF, growth in Asia is expected to be at zero, its worst performance in 60 years. But Asia would still stand out when compared with its western counterparts. China is set to out-perform with an expected growth of 1.2% in 2020 followed by 9.2% in 2021. The effective containment of the virus by some of the major economies such as China and South Korea, which were first to be impacted by the virus, has led to the expectation that these economies would also be the first ones to bounce back.

## INDUSTRY TRENDS

The COVID-19 driven lockdowns will have a sizeable impact of automotive sales given the forced closing of economic activity. The current forecasts indicate the average decline in volumes of automotive sales can range between -15% to -40%, depending on the speed of recovery of the economy, based on availability of cure or containment of the virus.

In the short run, global light weight vehicle sales have contracted sharply. In USA, the sales rate has contracted by nearly 46% in the month of April. Western Europe where the shut-down was very strictly observed, faced sales de-growth of nearly 80% as economic activity was shut down in major economies such as Italy, Spain and France. Pre-covid, the projected sales of Global Light Vehicle were 90 million units. The risk is that global demand could drop below 70 million units if the current economic scenario worsens and the spread of the virus is not contained, which could result in the strict lockdown measures being re-imposed.

The commercial vehicle (CV) Industry is facing a mixed impact during the current COVID-19 crisis. Truck load demand and freight rates have received a short-term boost due to massive Inventory replenishment during the initial panic buying in the US. However, since mid-march, the trucking activity has fallen significantly. Strong demand for essential items and a surge in online shopping will keep the demand warm, but a slowdown in Industrial goods manufacturing will hurt demand for loads. The average scenario now suggests that volumes will fall about 60% in heavy duty trucks in 2020 but the bounce back will be equally strong in 2021.

In the midst of such a gloomy economic scenario, the silver lining lies in the point that once the economy opens up, people will prefer to own and commute in their self-owned vehicles and would want to minimize the use of shared transport to reduce the risk of contracting the virus. This can serve as a demand boost to the sales of vehicles and result in faster than expected return to growth.

Another factor that can assist the recovery are Industry incentives, such as those implemented during the Global Financial crisis.

The mega trends in the Automotive Industry viz. Digitization (ecockpit/connected), Electrification, Autonomous and Shared will continue, albeit at a slightly lower pace in the current disruption. Post COVID-19, these trends will gather even more steam.

Within the next 10 years, almost all cars in mature markets will have some form of connectivity, largely due to availability of faster communication networks and rising consumer preferences towards connected features.

Penetration rates for autonomous cars may reach a level between 5% and 26% in 15-20 years as necessary economics, regulations and technology fall into place.

Share of Electric cars in new cars sold can reach levels of 35%-45%, led by China and Europe.

As we have been saying, cars are evolving into computers on wheels, a change like events in the computer industry about 20 years ago and the cell phone industry about 10 years ago. As a result, we anticipate that a complex ecosystem will emerge in the mobility sector and technology focused players like KPIT will have a major role to play in this change.

## KPIT AT A GLANCE

We are a **Global Technology Leader in Mobility**

WITH

A sharp focus on **Autonomous, Clean, Smart and Connected**

SPECIALIZING IN

**Embedded Software, Artificial Intelligence and Digital Solutions**

AND

Located across all **major Automotive Hubs**

**Our Vision**

Reimagining Mobility with you for creation of a cleaner, smarter and safer world

**FINANCIAL PERFORMANCE:**

FY20 was the first complete year after demerger of KPIT. Hence the comparable numbers for FY19 are the Engineering SBU numbers reported in FY19.

**REVENUE:**

During this year, our $ revenue stood at $ 303.8 Million, a Y-o-Y growth of 12.2% against $ 270.8 Million in FY19. In ₹ terms, revenue for the year was reported at ₹ 21,561.69 as against ₹ 18,929.16 Million in FY19, a Y-o-Y growth of 11.0%.

The passenger cars vertical contributed around 75% of the total revenues in FY20 whereas the commercial vehicles segment contributed around 23% of the revenues. New Mobility is a new vertical of focus and contributed just around 1% of the revenues whereas the balance was from other small segments.

In terms of geography, US contributed around 41%, Europe 39% and the balance 20% came from Asia. Europe led the growth followed by US and then Asia.

Our Strategic Accounts contributed around 83% of the overall revenues and the growth in these accounts was close to 20%.

## PROFITABILITY:

The EBITDA for FY20 stood at 13.7% as against 11.5% for FY19. The EBITDA for FY20 was ₹ 2,954 Million. The Net

Profit for FY20 stood at ₹ 1,467 Million. During the year we continued our investments in practice development and onsite development centers, especially in Germany which helped us win some significant deals in our strategic accounts. Going forward these investments will be leveraged, helping improve profitability.

In the medium term, we want to focus on improvement in operating profitability with emphasis on productivity improvement, increase in offshore revenues, leveraging of fixed costs and scaling up in our strategic accounts.

## SHAREHOLDER'S FUNDS

The Shareholder's Funds as at March 31, 2020 stood at ₹ 10,470 Million.

## LIQUIDITY

The Cash Balance as at March 31, 2020 stood at ₹ 3,820 Million as against ₹ 2,207 Million as at March 31, 2019.

The DSO were at 66 days as at March 31, 2020 as against 87 days as at March 31, 2019. We have consistently focused on faster cash conversion and as a result have been able to bring down the DSO substantially.

As on March 31, 2020 our total debt stood at ₹ 542 Million comprising of ₹ 376 Million of Loan Term Debt and ₹ 166 Million of Working Capital Loan. As on March 31, 2019 the total debt was at ₹ 1,307 Million comprising of ₹ 689 Million of Term Loan and ₹ 618 Million of Working Capital Loan.

Thus, the Net Cash Balance as at March 31, 2020 stood at ₹ 3,278 Million as against ₹ 900 Million as at March 31, 2019, a net increase of ₹ 2,378 Million

## EMPLOYEES

The total headcount for the company stood at 7,125 as at the end of FY20. The same was 6,614 as at the end of FY19. The Development Headcount was 6,594 as against 6,303 last year. The detail update on People is covered under the Chairman's Letter.

## 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.

## RISKS AND CONCERNS

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

## COVID-19 PANDEMIC NOTE

The rapid outbreak of the coronavirus (COVID – 19) presents an alarming health crisis that the world is grappling with. The impacts of COVID-19 pandemic are unfolding in real time. The COVID-19 outbreak is expected to have an impact on the economies of the affected countries and the international markets. Countries across the globe resorted to lockdowns, resulting in shutting down the manufacturing & services activities and bringing the global supply-chain to a grinding halt. Globally across all industries, companies are working hard to recoup revenue losses, manage costs, keep employees safe and at the same time ensure uninterrupted service to the clients. KPIT has received many testimonials from its existing clients for its seamless remote delivery model & managing this crisis effectively.

KPIT is working on bringing in appropriate changes in the business model to tackle the possible future uncertainties in economic conditions due to the global pandemic and taking appropriate measures to control its cost structure. We will continue to build on the work we have done over the past years to drive efficiency in operations and strengthen the foundations of the business.

Since beginning of March, KPIT started working on business continuity enabling its employees work remotely to ensure both employee safety and service to customers with due necessary approvals from the customers as well as regulatory authorities in various countries. We are glad to inform that by end of March 31, 2020, KPIT had over 95% of its global staff working from remote locations. While direct vehicle sales and manufacturing plants of our customers were directly impacted, KPIT revenue model did not have direct impact since its revenue model is not linked to direct vehicles sold during the year.

In view of pandemic relating to COVID-19, KPIT has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled revenues, goodwill, intangible assets and other financial assets. However, the actual impact of COVID-19 on the financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

As per our initial assessment there will be significant impact in H1 of FY 2021 and we expect recovery to commence from Q3 of FY 2021. KPIT has a strong Balance Sheet with over INR 3.8 billion net cash balance and negligible debt. Its collection cycle remains strong with DSO @ 66 days and highest level of customer engagement with its strategic customers. It has also taken proactive steps in deferring its medium-term capex plans and pulling out levers to manage profitability. It remains confident that it will be able to meet all its delivery & financial commitments in time. With the exception of a few, KPIT has not seen any material changes in production programs and it continues to engage strategically with its customers across the globe.

KPIT continues to believe that Europe, particularly Germany will bounce back fast paving way for quicker and strong bounce back, towards the end of FY 2021. At this time, KPIT will refrain from giving any guidance for FY 2021 but will keep on updating all the stakeholders on regular basis. During this unprecedented period of crisis, KPIT continues to maintain effective internal controls on its assets, resolving customer problems and processing payments in time to its employees and other partners.

***Cautionary Statement***

Certain statements under 'Management Discussion & Analysis' describing the Company's objectives, projections, expectations may be forward looking statements 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, basis any subsequent developments, information or events.

# Enterprise Risk Management Report

# Enterprise Risk Management

Company has a robust and structured Enterprise Risk Management (ERM) framework. The Risk Management Committee of the Board oversees implementation of risk management framework across the company. Company has created Risk Management Office & has identified risk owner/owners for each risk, who are senior management members of the company. Risks and mitigation plan are reviewed by Risk Management Committee who suggest identification of additional risks and modification of mitigation plan.

Company's risk management framework covers strategic risks, operational risks, financial risks, economic & political risks, legal & compliance risks, reputation risks, data privacy and security risks and physical and security risks.

The Company has defined risk management governance framework which helps in

- Identify and assess risk
- Measure, mitigate and monitor risk
- Report and review risk

**Summary of key risks**

Impact of COVID-19 pandemic on Company's business

COVID-19 pandemic may have adverse impact on company business & impact revenue & profitability in short to medium term. Demand may be lower due to impact of COVID-19 on Automotive sector. Revenue will be impacted due to customer plant closures, reduction in current spend & delay in start of new projects by customers, travel restrictions due to lockdown & hardware dependencies.

In view to mitigate the impact, Company has created response plan for –

- Employee safety & wellbeing, ensure business continuity, reconfigure projects delivery and manage liquidity
- Restructure and reposition with customers with our super technology & delivery capability with proven track record

In view of above, the Company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the financial impact as on 31st March, 2020 and is of the view that based on its present assessment, this situation does not materially impact for this period. However, the actual impact of COVID-19 on the financial performance in future, may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

| Risk & Impact | Mitigation Plan |
|---|---|
| **Cyclical nature / Disruption in Automotive Industry -**<br>Company's current revenues are generated from automotive vertical and in particular passenger car segment. Cyclical nature / disruption in automotive industry can have an impact on company's growth and profitability. | Deep engagement with identified strategic customers with senior level engagement.<br>Insights into customer's strategy and industry trends,<br>Increasing focus on commercial vehicle segment.<br>Re-assess offerings considering current business environment.<br>Focusing on alliances and partnerships for specific skills/expertise. |
| **Technology Disruption -**<br>Emergence of new Technology can create disruption in Company's business model | Practice Development Forum's to spot market trends and review development of new offerings.<br>Set up Advisory boards with experts who have deep domain and industry knowledge from automotive industry across geographies.<br>Engagement with customers to identify relevant offerings from long term point of view.<br>Assess new technology through industry conferences, competition, startup ecosystem. |

| Risk & Impact | Mitigation Plan |
|---|---|
| **Inability to grow in Top customers –**<br>Inability to execute strategy will impact Company's growth | Focus on select top OEM & Tier1 customers to drive its growth strategy.<br>Highest level of relationship and commitment with Customers.<br>Mapping our practice offerings to customer needs.<br>Collaboration across account management, subject matter experts, program managers & delivery managers to drive growth as well as build strong strategic relationship with top customers. |
| **Delivery Excellence –**<br>Overall automotive industry is becoming more and more competitive with stricter regulations relating to vehicle safety, emission being introduced around the world. Work that we do for our customers is critical for their production program to help them bring their products to market smarter, faster and better. Delays may impact customer's production programs. | Further improve delivery framework and develop culture of excellence starting with zero defect delivery which will enhance customer experience.<br>Multi-level reviews (MLR) system for review of project delivery and control, delivery planning and execution of complex customer programs through service delivery excellence program by Delivery & Program management office.<br>Tools & automation framework to further improve delivery excellence. |
| **Lower Profitability –**<br>Company's profitability is significantly influenced by customers' spending patterns, competitive pricing pressure and increasing employee and other operational costs. Lower profitability may have impact on sustainability and future investments. | People cost is significant cost to the company. To manage people cost despite annual wage increase, company continues to monitor various matrix like utilization, employee pyramid etc. to improve average salary cost to drive operational efficiency.<br>Leverage global delivery model for effective use of talent across various centers.<br>Invest in tools & automation to further improve productivity & profitability.<br>Redefine operational model for profitability even at lower revenue considering current business environment.<br>Exit non-core hardware focused business. |
| **Economic & Political risk –**<br>The Company as well as its Customers have global footprint and are affected by economical & political events occurring across world. Trade tensions & election in major geographies like US & Germany impact local economy & customer spending which may restrict growth opportunities. | Focus on building global presence with local talent in delivery centers in all major locations where it operates.<br>Regular review of changes in regulations, especially immigration laws is done as part of proactive planning.<br>Periodic review is also done on impact of such events on customer's business and investments are realigned / planned based on new opportunities that are created based on changing business environment. |

| Risk & Impact | Mitigation Plan |
| --- | --- |
| **Top Talent retention & attraction -**<br>Ability to attract and retain talent, especially having competence in new technology areas in our key focus areas, is key for the Company to maintain leadership in technology areas. Higher attrition may impact delivery and focus on growth opportunities. | Focus on controlling attrition of top talent.<br>Focus on talent acquisition, retention and talent grooming with right competencies.<br>Company has made strategic collaboration with universities / Institutions in India as well as globally to bridge the gap between academics & industry needs with Company created curriculum.<br>Training programs are also conducted for continuous up gradation of skills and certifications across all the experience levels including higher education initiatives with reputed university.<br>Effective employee engagement and recognition framework at different level, people rotation with focus on top talent which helps in talent retention. |
| **Ineffective capital management, liquidity & funding –**<br>Effective capital and liquidity management is key considering liquidity tightening and stringent regulatory environment, volatile financial markets and foreign currency due to geo-political and trade conflicts and crisis situations like COVID-19. | Company has effective controls and processes in place to ensure adequacy of funds for smooth business operations as well as for growth and investment.<br>Company meticulously reviews liquidity position which includes active monitoring of cash flow and cash flow projections, control on days sales outstanding (DSO) by focus on timely collection of receivables from the customers.<br>Company has adequate and effective control on procurement process for commitment of any expenses of operating as well as capital nature.<br>It has also setup adequate lines of credit from bankers especially considering risk of delay in collection in current business environment.<br>Focus on yield improvement while minimizing risk. |
| **Liability from customer contracts –**<br>Customer engagement is critical for customer-oriented business like ours. Ineffective customer relationships may impact our core operational areas and revenues or might result in additional costs to the Company. This may culminate in claims for damages by customer which may adversely affect profit margins. | This risk is measured by risk on account of delayed project execution or defective deliveries or products, poor customer satisfaction scores, long disputed outstanding or issues and any other aspect considered relevant for determining the possibility of claim.<br>Company mitigates this risk by scrupulous review of customer contracts, clearly define scope, deliverables & customer dependencies in contract, appropriate risk covers, establish service delivery excellence by strengthening program management capability & global delivery management framework.<br>Company also spreads awareness related to data security and privacy laws and have implemented related controls. |

| Risk & Impact | Mitigation Plan |
|---|---|
| **Major Currency fluctuation –**<br>Significant currency fluctuations have an impact on Company's financial results. Rupee appreciation against major currency, in which company transacts will negatively impact Company profitability. | Company has adopted a prudent forex hedging policy which is reviewed by management and approved by the board. Policy helps company to minimize the impact of currency fluctuations on its profitability. Policy is reviewed periodically and its implementation is reviewed by Chief Financial Officer (CFO).<br>Company also looks for possibility of creating a natural hedge by having revenues and costs in same currency. |
| **IT infrastructure availability & security risk -**<br>IT infrastructure availability and security is key for our business and especially in situations like COVID-19. It is crucial to provide secured infrastructure to enable work from home for all the employees. Inability to provide the same may impact Company operations. | Company is focusing on further strengthening of Business Continuity Process to ensure business continuity, additional investments and surveillance for increased threats, increase awareness of data security and review of data protection policies and also have systems and processes for responding to disruptive incidents.<br>Conduct trainings and awareness programs on Information Security covering all employees and partners.<br>IT security audits by reputed third part agencies. |
| **Inadequate employee safety -**<br>Employee safety is a crucial factor for the Company. | Periodical employee safety awareness programs are conducted.<br>Especially during Q4 FY20, Comprehensive framework for employee safety in view of COVID-19 outbreak is put in place, in compliance with local laws at all its locations across countries.<br>Company has taken various measures for employee safety like creating awareness related to social distancing, conducting webinars and frequent communications with employees, Tele consultation by doctors and work from home facility for maximum employees. |

# R&D Activities

# R&D Activities

The Chief Technology Office (CTO) functions to enable innovation, technology, research and development at KPIT. The Chief Technology Officer drives the R&D activities at KPIT.

## R&D for Customers:

❖ **KPIT Integrated Test Environment (KITE)**

It is a cloud-based test automation testing platform for end to end integrated subsystem testing. It is used for improving test authoring productivity using script less automation. It is a technology agnostic framework. The tool has been used across large programs.

**Novelty:**

- Pluggable architecture using plugins for CAN, Robot, Camera, Desktop, Web etc.
- Connected vehicle integrated end-to-end testing using plugins for cloud, desktop, web, embedded devices
- Integration with Virtual testers (agents) for faster root cause analysis
- Parallel and asynchronous testing to simulate field conditions
- Distributed remote testing to optimize usage across hardware test benches
- Unattended automated testing mode using runtime impact analysis of failures
- Remote test execution to trigger and monitor the distributed testing across devices
- CI/CD integration for scheduled and event-based test executions

## Fostering Innovation

❖ **Domain wise breakup of all patents filed**

Automotive (ADAS) – 17

Automotive (Hybrid) – 8

Fuel Cell – 5

Autonomous Vehicle - 3

Others (Energy, BMS, Infotainment, EV, Autosar, Diagnostics, etc.)- 12

Total patents filed in this FY- 4 patents (3 complete specs, and 1 provisional)

Total no. of patents granted in this FY- 6

## Patent Description (Filed):

| Patent title | Application Type | Description |
|---|---|---|
| System and Method for Automatic Emergency Braking | Complete specification | The pedestrian tracking system implemented in a host vehicle is disclosed. The system estimates trajectories of the host vehicle and the pedestrian based on factors of position and velocity of the host vehicle and parameters of position and velocity of the pedestrian. The trajectories of the host vehicle and the pedestrian are estimated to estimate a point of intersection of the host vehicle and the pedestrian. Further, the system estimates time to collision based on the estimated point of intersection and determines trajectory of the pedestrian in path of the host vehicle. Furthermore, the system assesses collision risk to select the pedestrian as a target and generates a deceleration actuation command to decelerate the host vehicle based on the selected target, which is provided to an automatic emergency braking (AEB) actuation unit. |

| Patent title | Application Type | Description |
|---|---|---|
| Lidar and Radar Based Tracking and Mapping System and Method Thereof | Complete specification | A system implemented in a vehicle for tracking and mapping of one or more objects to identify free space is disclosed. The system has an input unit having lidar sensors and radar sensors that sense objects in a region surrounding the vehicle, and a processing unit that: receives data from lidar sensors and radar sensors and maps the data in corresponding grid maps of corresponding sensors; tracks objects in regions corresponding to the sensors and performs estimation for objects not sensed by any of the sensors; fuses the grid maps by converting them from sensor frame to vehicle frame to generate a fused grid map; and integrates the fused grid map with any or a combination of track management and scan matching to perform classification of the one or more objects into static objects or dynamic objects and identification of free space in the fused grid map. |
| System and Method for Dynamic Evasive Maneuver Trajectory Planning of a Host Vehicle | Complete specification | The dynamic evasive maneuver trajectory planning system is disclosed. The system initiates an evasive maneuver trajectory for steering of the host vehicle in an emergency operation for a collision escape. The system determines a trajectory regression for the host vehicle and further a target edge collision correction performs trajectory correction to avoid collision with a target vehicle while keeping trajectory as close to the target or point of collision. Further, the system performs a maneuver selection of the host vehicle based on a set of attributes to determine an adaptive road profile for adaptation of the trajectory for the host vehicle based on road trajectory. The system performs a maneuver fusion of estimated trajectory of the target vehicle responsible for causing evasive maneuver of the host vehicle, and the adapted trajectory for the host vehicle to determine a fused trajectory so that the fused trajectory is used to optimize the trajectory of the host vehicle to perform dynamic evasive maneuver. |
| An Intelligent Humidifier System and Method Thereof | Provisional application | The present invention discloses an intelligent humidifier system and method for a fuel cell stack. The intelligent fuel cell humidifier system comprises of a fuel cell stack, a humidifier, an air compressor, a control unit and a hydrogen supply unit. Air from the air compressor is fed to the humidifier. The humidifier 103 humidifies the air which is then fed at the cathode inlet of the fuel cell stack. A baffle plate is mounted inside the humidification chamber and across the motorized air inlet valve to vary the angle of the inlet air. The humidifier comprises of a plurality of water jet nozzles which spray atomized water into the humidification chamber. According to the system of the present invention, the operation of the water jet nozzles is intelligently controlled by the control unit 111 to achieve optimum humidity, and hence, improve the efficiency of the fuel cell. |

## Patent Description (Granted):

| Patent No. | Country of Grant | Patent Title | Description |
|---|---|---|---|
| IN313100 | India | Motor Assistance profile for a Hybrid Vehicle Based on User Input | A method of providing assistance for an internal combustion engine in providing driving power for a vehicle using an electric motor coupled to the engine is provided. The motor is selectively operated to provide assistance to the engine at predetermined operating conditions of the engine. The assistance provided to the engine at one or more of the predetermined operating conditions is determined based on one of a plurality of motor assistance profiles. The motor assistance profile upon which the assistance is determined is selected from among the plurality of motor assistance profiles based on an expected driving range provided by a user of the vehicle. |
| US10,380,434 | U.S. | Vehicle detection system and method | The present invention describes a vehicle detection system and method for detecting one or more vehicles in a dynamic varying region of interest, ROI. The system comprises a scene recognition module, a road topology estimation module, and a vehicle detecting module. The scene recognition module is configured for receiving either high exposure image or low exposure image for identifying condition of one or more scenes in a dynamically varying region of interest. The road topology estimation module configured for receiving either high exposure image or low exposure image for determining at least one of a curve, slope and vanishing point of a road in the dynamically varying region of interest. The vehicle detecting module is coupled with the scene recognition module and road topology module for detecting one or more vehicles on the road at nighttime. |
| JP 6592522 | Japan | A System and Method for Ambient Light Detection | The present invention discloses a method and system for detecting ambient light. The method includes capturing one or more images visible by an image capturing device, converting color of each of the captured image into a grey color, determining histogram of each of the grey color captured image, computing average frequency mean value and data mean value of the determined histogram, and comparing at least one of the average frequency mean value with a predetermined FM threshold and the data mean value a predetermined DM threshold, for detecting ambient light. |

| Patent No. | Country of Grant | Patent Title | Description |
|---|---|---|---|
| IDP000062462 | Indonesia | Retrofit system for converting a vehicle into one of a hybrid electric vehicle (HEV) and electric vehicle (EV) | A retrofit system for configuring a vehicle into a hybrid electric vehicle or electric vehicle is provided. The system consists an electric power source (EPS) having one or more motors to provide fail safe torque to the vehicle and harness braking energy for charging one or more batteries, one or more attachable electric power gear assemblies (EPGA) configured to couple the one or more motors to a propeller shaft for providing the torque to the vehicle, and an electronic control unit coupled to the electric power source (EPS) for dynamically controlling functioning of the one or more motors based on the running conditions to drive the vehicle. The motor controller actuates one or more motors based on the torque and power required to drive the vehicle. |
| CN 201580003808.8 | China | Vehicle detection system and method | The present invention describes a vehicle detection system and method for detecting one or more vehicles in a dynamic varying region of interest, ROI. The system comprises a scene recognition module, a road topology estimation module, and a vehicle detecting module. The scene recognition module is configured for receiving either high exposure image or low exposure image for identifying condition of one or more scenes in a dynamically varying region of interest. The road topology estimation module configured for receiving either high exposure image or low exposure image for determining at least one of a curve, slope and vanishing point of a road in the dynamically varying region of interest. The vehicle detecting module is coupled with the scene recognition module and road topology module for detecting one or more vehicles on the road at nighttime. |
| IN334206 | India | Motor Assistance for a Hybrid Vehicle Based on Predicted Driving Range | A method of providing assistance to an internal combustion engine for a vehicle using an electric motor coupled to the engine is provided. The method comprises predicting a driving range based on historical driving range data. The historical driving range data includes one or more distances that the vehicle was driven during one or more previous driving cycles. The method further comprises selectively operating the motor to provide assistance to the engine at predetermined operating conditions of the engine. The assistance provided to the engine at one or more of the predetermined operating conditions is determined based at least in part on the predicted driving range. |

## Technical Publications:

| Sr. No. | Paper Title | Conference | Domain |
|---|---|---|---|
| 1. | Identification of living human objects from collapsed architecture debris to improve the disaster rescue operations using IoT and Augmented Reality | 21st International Conference on Human Computer Interaction 2019, US | Process innovation, Internet of Things, Augmented Reality, Wearable, Drones, Disaster Management, Rescue operations |
| 2. | Scenario Based Validation Approach for Commercial Vehicles | SAE Technical Papers | AD- Validation |
| 3. | Path Tracking and Control for Parallel Parking | IEEE ICIPRoB 2020 | Intelligent Transport System, Fuzzy Logic, Parallel Parking |
| 4. | Studying the role of online course attributes' during selection by user experience professionals | Human Interaction and Emerging Technologies (IHIET 2020, Paris, France) | Human Computer Interaction |

## KPIT Shodh Awards 2020- 2nd Annual IISER Pune – KPIT International Mobility & Energy PhD conference.

KPIT has always believed in fostering innovation and trusts that technologies can better the world. As a part of this initiative KPIT in collaboration with IISER Pune, introduced a unique PhD conference called "KPIT Shodh" in 2019.

The event was held on January 30 & 31, 2020 at IISER Pune campus. This is a platform for researcher's pan India working in the field of Mobility and Energy to present their work. The thesis work could be either in awarded, defended or submitted status.

The Grand Finale of KPIT Shodh Awards had Dr. R. K. Malhotra, Director General, Federation of Indian Petroleum Industries as the Chief Guest for the event.

The contest attracted participation from 80 outstanding young PhD researchers from various premier institutes like IITs, IISERs, NITs and NCL. During the conference, the Top 5 researchers were invited to present their PhD thesis to a Jury of esteemed technologists and scientists and get crowned for "Best Thesis Award" and all participants were invited for the "Poster Awards".

**The Best thesis awards were as below:**

| Prize | Name | Mentor | Topic | College |
|---|---|---|---|---|
| 1st Best thesis | Sumanta Kumar Karan | Dr. Bhanu Bhusan Khatua | Bio And Non-Bio Based Flexible Self-Powered efficient Piezoelectric nanogenerator for portable smart electronics applications | Indian Institute of Technology Kharagpur, Kharagpur |
| 2nd Best thesis | Shubajit RoyChowdhury | Dr. Kanishka Biswas | Topological & Thermoelectric Materials | Jawaharlal Nehru Centre For Advanced Scientific Research |


The Best poster awards were as below:

| Prize | Name | Topic | College |
|---|---|---|---|
| $1^{st}$ Best poster | Mamidi Suresh | Carbon as a high performance anode for Li-ion batteries: It's design and materials aspects | Indian Institute of Technology Hyderabad, Hyderabad |
| $2^{nd}$ Best poster | Krishnakanth Sada | Investigation of structural and electrochemical properties of A2Mn3O7 class of versatile battery cathode materials | Indian Institute of Science, Bengaluru |
| $3^{rd}$ Best Poster | Shabnum Bhat | Ultrafast Probing for Origin of Self Trapped Excitons in Hybrid Lead Halide Perovskites | IISER, Pune |

## KPIT Sparkle 2020

The theme for the sixth edition of KPIT Sparkle 2020 was "Mobility & Energy for the Future".

The event was held on February 29, and March 1, 2020 at the Pimpri Chinchwad College of Engineering (PCCOE), Akurdi – Pune. This year the contest attracted participation from 1000+ colleges in 25 States & 4 Union Territories of India, representing an astonishing 20000+ students through 3000+ projects. Highlights for this year was the increased participation from premier institutes (IITs – 17, NITs – 21).

This year, KPIT Sparkle featured two competitions:

**i Innovate**, a design and development challenge, which received more than 3000 ideas from over 20,000 students across more than 1000 colleges in India. It provided students of undergraduate, post-graduate and PhD courses from science, engineering, design and management colleges and universities across India with an opportunity to develop smart, safe and clean solutions for the energy and transportation sectors.

The Top 30 teams presented working prototypes of their solutions at the grand finale held at the Pimpri Chinchwad College of Engineering (PCCOE) on March 1, 2020.

**i can crack IT** challenge, which invited students and faculty members from science, engineering, design and management colleges, and universities to solve industry problems provided by a team of technical experts from KPIT.

**Padma Vibhushan Dr. Anil Kakodkar**, (Chairman, Rajiv Gandhi Science and Technology Commission and former Chairman, Atomic Energy Commission), was the **Chief Guest** at the event.

**Dr. Unnat Pandit**, Program Director, Atal Innovation Mission, NITI Aayog and **Dr. Anita Gupta**, Adviser & Associate Head (Innovation & Entrepreneurship), Department of Science & Technology (DST) were special guests at the event.


The awards were as follows:

### i Innovate:

| Prize | Name | Project Title | College |
|---|---|---|---|
| Gold Award | Team Detox | Modified Vertical Axis Wind Turbine | Army Institute of Technology, Pune |
| Silver 1 | Team Zinc Air | Eco-Friendly Batteries for Electric Vehicle | Jawaharlal Nehru Centre for Advanced Scientific Research |
| Silver 2 | Team Vortex | Vortex Energy Generator | Indian Institute of Technology Kharagpur, Kharagpur |
| Most Popular Award | Team Bio | Microalgae Hydrogen Production using Pollutant Consuming Photobioreactor | St. Xaviers Catholic College of Engineering, Kanyakumari |


### i can crack IT:

The winners include the following, who won ₹ 50,000/- each.

- Himanshu Sharma, Indian Institute of Technology (IIT), Goa
- Anup Kanare, Vidya Prasarni Sabha's College of Engineering & Technology, Pune
- Prajakta Pokharnikar, Akhilesh Magdum, Prof. Madhura Raste, Annasaheb Dange College of Engineering & Technology, Sangli
- Shreyas Thombare and Prof. Sanjay Mohite, D.Y Patil Institute of Engineering & Technology, Pune

This year the **MILAAP 2020** event was also organized as a part of KPIT Sparkle which extends as an incubation center and Incubatee meetup event. This event was arranged to support budding entrepreneurs from the student community.


**Incubation opportunities:**

This year there was a pitch session organized a day before the event for the Incubation center to shortlist the ideas which can be incubated at their centers.

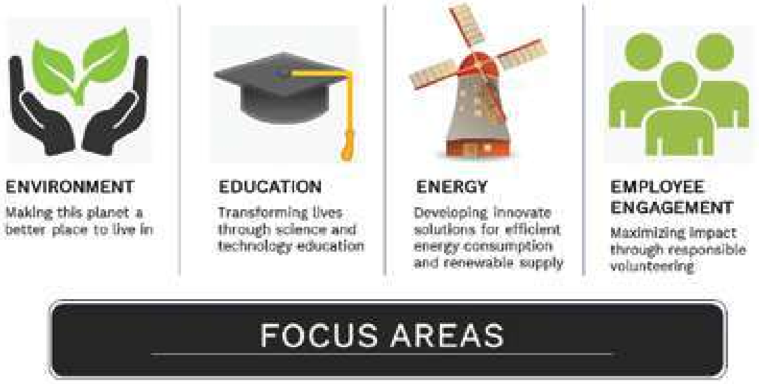
KPIT partnered with the Centre for Innovation Incubation & Entrepreneurship (CIIE), IIM Ahmedabad; Incubation Cell, Science and Technology Park, University of Pune, Bhau Institute of Innovation, Entrepreneurship and Leadership, College of Engineering Pune; Aartech (AIC), one of the first corporate Atal Incubation Centers established under the Atal Innovation Mission (AIM); Sandip Incubator; Forge, I Create, PDPU Innovation & Incubation Centre, SIBM Pune, MAGIC, SPPU CIIL to provide incubation opportunities to deserving ideas.

# Community Initiatives at KPIT

# Community Initiatives at KPIT

**Reimagining mobility with you for creation of a cleaner, smarter & safer world**


KPIT's incorporation as a new corporate entity has realigned the CSR policy to have a stronger commitment towards the community. We demonstrate this commitment across all the regions of KPIT's global presence. This year our employees along with their family members formed the core of the synergistic effort in creating long-lasting impact across the focus areas of education, environment, energy and employee engagement. We firmly believe, through technology and innovation, KPIT can add significant value to the communities worldwide.



# Environment

## Environment Week at KPIT office

Staying true to our commitment towards making a cleaner world, we celebrated Environment Week in the first week of June 2019 at our Pune & Bengaluru locations with great enthusiasm. Various events were organized to create awareness about environment-related issues and to demonstrate how KPIT cares for nature.

**Eco-Friendly fair**

Our CSR team at the Bengaluru office organized an eco-friendly fair, welcoming NGOs to spread the message of environmental change and eco-friendly activities. More than 300 employees visited the stalls.

*Figure 1: Stalls at Eco-Friendly fair*

**Paper Bag Workshop**

KPITians from our Pune & Bengaluru offices participated in making paper bags as an eco-friendly alternative to the polluting plastic bags. With great enthusiasm, around 320 employee volunteers learned the process and quickly made quality bags.

*Figure 2: KPITians with their family members busy in making paper bags*

### Making of Seed Balls

KPITians participated in a seed ball making workshop hosted by local NGOs working on expanding the forest cover in Bengaluru. More than 250 seed balls were prepared and were later bombed inside the forest range by the NGOs.

*Figure 3: Seed ball making workshop*

### Tree Plantation

Across our Pune & Bengaluru campuses, KPITians participated in the afforestation activities & composting workshops on the World Environment Day. A total of 500 employee volunteers with their family members, planted more than 200

*Figure 4: Sapling plantation at KPIT campus, Pune*

### Afforestation- Sapling plantation and nurturing at the Koyna-Chandoli corridor

We, a socially responsible organization, have taken up the task of restoring forests. In Maharashtra, the Koyna-Chandoli corridor has been a host of KPIT's afforestation efforts in association with the Wildlife Research & Conservation Society (WRCS). Continuing our previous year's efforts, KPIT synced its afforestation activities with the monsoon; this helped us plant a total of 23,000 saplings in an area 100 acres with an overall survival rate of 90 percent. Beyond the plantation activity, a total of 100 KPITians volunteered for watering the saplings and mulching them to ensure proper care and growth.


*Figure 5: Plantation and watering activity at the Koyna-Chandoli corridor*

### Mutha River Cleaning at Aundh, Pune

KPITians from the Pune office participated in the on-going Mutha river cleaning activity at Aundh in association with our NGO partner, Jeevitnadi - Living River Foundation. It was an early morning activity with a lot of hard but satisfying work. We cleaned the riverbank, collected and segregated garbage, indulged in bird watching and observed nature to the fullest. A total of 159 employee volunteers with their family members enjoyed the activity.


*Figure 6: KPITians cleaning the Mutha river*

## Watering of Plants and Collecting Litter at Shivanahalli Forest, Bengaluru

Our employees with their family members visited a man-made forest created by Ramakrishna Mission at Shivanahalli, Bengaluru. They nurtured and watered more than 550 plants and picked up litter that was scattered around.

One group of passionate employee volunteers demonstrated the true spirit of teamwork. They formed human chains to water the plants while another group collected litter while on the forest walk.

These nature lovers and automobelievers also had an informative session at the research facility dedicated to the conservation and preservation of wildlife and its resources.

*Figure 7: KPITians watering plants at Shivanahalli Forest*

*Figure 8: KPITians collecting litter and visiting the wildlife research facility at Shivanahalli forest*

## Inauguration of a Drinking Water Well at Salungan Village, Pune

On 26th January 2020, **Co-founder, CEO & MD of KPIT, Mr. Kishor Patil** inaugurated and handed over a drinking water well to villagers of Salungan Village in Bhor Tehsil, about 90 km from Pune. This project witnessed a unique three-way partnership. KPIT and the villagers contributed with funds as well as hard work in realizing this achievement. The initiative was accomplished under the able guidance of Jnana Prabodhini, KPIT’s NGO partner.

Barring for a few months of monsoon, before the construction of the well, the villagers of Salungan Village were dependent on either water tankers or water fetched from faraway places. The well will help about 100 families. They shall no longer be required to fetch water from long distances and will always have easy access to clean drinking water.

*Figure 9: Mr. Kishor Patil inaugurating the drinking water well at Salungan Village*

## Construction of Vanrai Dam at Metpilaware village, Pune

With the ‘whatever it takes’ attitude, we adopted the method of construction of check dams in our water conservation program. Construction of check-dams enables the conservation of water as well as helps in the stoppage of the overflow of the water due to floods.

In association with Jnana Prabodhini, our NGO partner, we constructed a small Vanrai dam at Metpilaware village, Taluka Velha. This dam holds more than 1 lakh liters of water and helps villagers in the summer. A total of 53 employee volunteers actively volunteered for the construction of this dam. The activity witnessed high levels of teamwork and passion. It helped changed the villagers’ life for the better.

*Figure 10: Enthusiastic KPITians constructing the Vanrai Dam*

## Sapling plantation with the legend: Padma Shri Saalumarada Thimmakka

KPIT Bengaluru was honored to have the presence of **Padma Shri Saalumarada Thimmakka**. She has planted over 8,000 trees in over 70 years and nurtured them with tremendous care.

KPITians along with their family members planted trees on the premises of Thayimane (Foster home for destitute children). KPIT alumni were also invited and with a strength of 140 participants, we had a memorable experience.

*Figure 11: Padma Shri Saalumarada Thimmakka with the KPIT family*

## Education

### Chhote Scientists

KPIT has always been at the forefront of various education initiatives. We believe that through knowledge and growth for everyone, we can truly bring immense change in society and the country.

Aware of the fact that education in today's world aims at the holistic development of children and is only achievable with the practical approach of 'learning by doing and experiencing' things. Chhote Scientists is one of such initiatives aimed at building scientific temper and create awareness of basic science principles among the students from selected schools with the help of simple experiments, demonstrations, and scientific toys.

Taking forward the 7 years of legacy, this year KPITians conducted Chhote Scientists sessions in 88 schools, benefitting 5406 students across Pune. In Bengaluru, 3 schools were part of this initiative benefitting 135 students. In total, 368 employee volunteers contributed 1,480 hours to make Chhote Scientists a big success.

Further, in association with Jnana Prabodhini, Pune, 915 students from 20 municipal schools in Pune and Pimpri-Chinchwad corporation area were also benefited through this initiative.

Similarly, we continued our last year's college partnership program with Jalna College, benefitting 1,128 students from 28 schools.

*Figure 12: Chhote Scientists Sessions at Government Schools*

Moving forward, in first-of-its-kind engagement, 36 interns from various IITs conducted Chhote Scientists sessions during their internship period at KPIT Pune.

This year since June, 212 such sessions have been conducted by 368 employee volunteers across 23 schools in Pune and Bengaluru.

## vSolve 2020

At KPIT we cherish the freedom to think and do. And staying dedicated to this value, we host vSolve. It is an annual competition to conclude the Chhote Scientists Program. This is a great platform for school going children to showcase their learnings and come up with innovative solutions for given problem statements.

This year in Pune, 120 students from 20 schools were selected. They were given challenges related to the 'Fire Alarm system' and 'Rubber Boat for flood rehabilitation work' and were asked to come up with a working solution. After a struggle of 4 hours and several innovative attempts, students came up with excellent solutions with different models.

**Mr. Shirish Patwardhan, (Co-Founder KPIT & Sr. Vice President, CTO)** interacted with the students and appreciated their efforts.

The event was organized at Gram Prabodhini Vidyalaya in Salumbre village on 21st Feb 2020.

Similarly, in Bengaluru, 15 students from 3 schools competed in demonstrating a set of experiments from the topics taught to them.

Delivery managers from various projects interacted with these students. They helped students to recognize their core strengths and encouraged them to pursue their love for science. The students were also taken around the work areas to introduce them to the real-world automation and automotive parts. This boosted their morale to explore and learn continuously.


*Figure 13: Students interacting with the delegates at vSolve 2020*

## Atal Innovation Mission's Atal Tinkering Laboratories (ATL)

We are passionate about education and growth- adhering to the Statement of Intent (SOI) signed with the NITI Aayog in 2017; we organized ATL Teachers' Training Workshop at Vivekananda Kendra Vidyalaya in Dibrugarh, Assam. A total of 30 teachers from 27 schools participated in the workshop. The four-day workshop was a success; 75% of the participants learned to solder, design thinker card and work on 3D printers.

*Figure 14: Workshop participants engaging in activities*

## KPIT Sparkle 2020

'PASSION-for mobility, technology, every work we do'- this promise of ours is brought forth at it's best at KPIT Sparkle. KPIT Sparkle, an annual national-level contest, cultivates a culture of innovation by inspiring students from the STEM (science, technology, engineering, management) streams to identify and solve real-life problems in mobility and sustainability by designing new technology-enabled solutions. It also encourages and facilitates students to secure intellectual property for their solutions.

This year, KPIT Sparkle featured two competitions:

***i Innovate***, a design and development challenge, which received more than 3,000 ideas from over 20,000 students across more than 1,000 colleges in India. It provided students of undergraduate, post-graduate and Ph.D. courses from science, engineering, design, and management colleges and universities across India with an opportunity to develop smart, safe, and clean solutions for the energy and transportation sectors.

The Top 30 teams presented working prototypes of their ideas at the grand finale held at the Pimpri Chinchwad College of Engineering (PCCOE) on the 29th Feb & 1st March 2020.

***i can crack IT*** challenge- we invited students and faculty members from science, engineering, design, and management colleges, and universities to solve industrial problems provided by a team of technical experts at KPIT.

**Padma Vibhushan Dr. Anil Kakodkar, Chairman, Rajiv Gandhi Science and Technology Commission and former Chairman, Atomic Energy Commission), was the Chief Guest.**

**Dr. Unnat Pandit, Program Director, Atal Innovation Mission, NITI Aayog and Dr. Anita Gupta, Advisor & Associate Head (Innovation & Entrepreneurship), Department of Science & Technology (DST)** were the special guests at the event.

The Top 30 shortlisted ideas showcased their prototypes during the finale and the winners won total cash prizes worth INR 11 Lakhs and their mentors, INR 25,000/-.

***Incubation opportunities***

Contributing to the startup ecosystem of the country, KPIT partnered with the Centre for Innovation Incubation & Entrepreneurship (CIIE), IIM Ahmedabad; Incubation Cell, Science and Technology Park, University of Pune; Bhau Institute of Innovation, Entrepreneurship and Leadership, College of Engineering Pune; Aartech (AIC), one of the first corporate Atal Incubation Centers established under the Atal Innovation Mission (AIM); Sandip Incubators (AIC); Forge, I Create, PDPU Innovation & Incubation Centre, SIBM Pune, MAGIC, SPPU CIIL to provide incubation opportunities to the deserving ideas.

***Knowledge partners***

KPIT Sparkle 2020 was privileged to be associated with the Government of India's Department of Science and Technology (DST); NITI Aayog's Atal Innovation Mission (AIM); All India Council for Technical Education (AICTE); India Design Council; National Institute of Design; and ONGC Energy Centre as its knowledge partners.


*Figure 15: Glimpses of KPIT Sparkle 2020*

Students from KPIT's "Chhote Scientists" initiative participated in the Sparkle event and they gave the demo of their working models of the grass cutter, river garbage cleaning machine, and smart parking system. Dr. Unnat Pandit visited the stall and interacted with the students.

*Figure 16: Dr. Unnat Pandit, Program Director, Atal Innovation Mission, NITI Aayog, interacting with our Chhote Scientists at Sparkle 2020*

## KPIT Shodh Awards 2020

The Grand Finale of KPIT Shodh Awards – 2nd Annual IISER Pune - KPIT International Energy & Mobility Ph.D. Conference was attended by researchers, technology evangelists, industry experts and students in large numbers. It was a spectacle worth watching, as young researchers were awarded for their Ph.D. theses and posters in the area of energy and mobility. The event was held on 30th – 31st January 2020 at IISER Pune campus.

The contest attracted participation from 80 outstanding young Ph.D. researchers from various premier institutes like IITs, IISERs, NITs, and NCL. During the conference, the Top 5 researchers were invited to present their Ph.D. theses to a jury of esteemed technologists and scientists and got awarded for the "Best Thesis Award" and all participants were invited for the "Poster Awards".

*Figure 17: Glimpses of KPIT Shodh Awards 2020*

# Employee Engagement

## Blood Donation Awareness Session and Drive

To increase the number of blood donors, we have organized blood donation awareness sessions at our Pune and Bengaluru offices. Our partner blood banks (Jankalyan blood bank in Pune and Rashtrothana blood bank in Bengaluru) organized these motivating sessions. They also conducted floor walks and interacted with our employees. As a result, it was heartening to see 727 enthusiastic donors support this noble cause benefitting approximately 2,908 lives.


*Figure 18: Blood donation by KPITians*

## Rice Plantation

In continuation of the Know-n-Grow your food initiative, KPITians from Pune visited Velha to participate in rice plantation activity. With the support of Torna Rajgad Vastigrah, an NGO in Velha, 27 employee volunteers were engaged in two hours of toiling. The employee volunteers planted rice saplings in a two-acre paddy field.

*Figure 19: KPITians planting rice saplings*

## Annadaan Campaign 2020

As an annual activity, CSR teams at KPIT Pune and Bengaluru organized the Annadaan campaign and received an overwhelming response and generous contributions from the employees.

KPITians who believed the cause owned it up and raised donations from their respective COE's/Accounts. With their strong support, there was a total collection of 6,230 kgs of food grains and monetary donations of Rs. 3,23,000/- . This will go a long way in supporting multiple NGOs like Gram Prabodhini Vidyalaya, Navkshitij, Saraswati Ashram, Astitva Pratishthan Gurukulam, Torna Rajgad Vastigrah, Sarthak Seva Sangh, Poorvanchal Vastigrah, Rashtriya Sarvangin Gramvikas Sanstha, and Sipani Seva Sadan.

*Figure 20: KPITians visit NGOs to donate food grains*

## Sapling Plantation in the US

Staying true to our commitment of making a cleaner world, we launched our CSR efforts in the US, 7 employee volunteers from our Columbus office were engaged in the plantation of 18 saplings at a local skate park.

*Figure 21: Sapling plantation by KPIT USA team*

## KPIT in Print Media


लोकमत

इंधन तेलाच्या पर्यायासाठी संशोधनाची आवश्यकता

अनिल काकोडकर : केपीआयटी स्पार्कल स्पर्धेचे पारितोषिक वितरण


Green batteries: Let that 'Zinc' in now!


Sparkle 2020: AIT wins top spot for wind turbine design with modified vertical axis

EXPRESS NEWS SERVICE


लोकसहभागातून विहीर खोदाईचे काम पूर्ण


एनआईईटी ने केपीआईटी स्पार्कल डे के 6वें संस्करण का किया आयोजन


KPIT के विजेता घोषित

डिटॉक्स टीम ने जीता 5 लाख का इनाम

## Voices of Employee Volunteers

I feel so lucky to be a part of the CSR volunteers' team. It gave me a good opportunity to meet many likeminded people and great personalities within KPIT and from society. Apart from being an Engineer, CSR gave me an identity as a good human being who can respond or help the one in need. I have enjoyed participating in all events and got a network of good friends which I value a lot. I encourage all the employees to be part of CSR activities and do our bit of service to society and nature.

***Spoorthi C G, KPIT Bengaluru***

It gave me a wonderful experience personally to be a part of CSR activities such as Meet the Legend, Blood donation camp, Chhote Scientists, De-weeding at Jakkur lake, Litter collection in Shivanahalli forest and many other events till date. I'm thankful to the CSR team for providing such great opportunities to give back to society and nature. I suggest every employee be a part of CSR which gives you lots of memorable experiences and new friends.

To feel nature be a part of nature.

***Sridhar Reddy Bysani, KPIT Bengaluru***

"It is when the last tree has fallen, and the rivers are poisoned that we will realize we cannot eat money"

This was my first visit to Koyna, although this certainly won't be the last. We understood the importance of restoring the ecosystem by planting native trees of fruits and multiple species which can be beneficial both environmentally and economically. We watered 1,700 saplings in 6 hours. The task was quite challenging but all of us enjoyed it while making some joyful memories.

***Anisha Fernandise, KPIT Pune***

It is easy to dump, but very hard to clean and impossible to make it in its original form. Learned a great lesson on what and how we are going to give to our future generations. This river cleaning activity was an eye-opener. Clean, pure sparkling rivers with abundant aquatic life reflect the cleanliness of the people who live on its banks.

Feeling happy to be part of such CSR activity and thanks KPIT CSR team to make us a part of the same.

***Sagar Rawade, KPIT Pune***

## Voices of Beneficiaries

KPIT volunteers have been coming regularly to Rajeev Gandhi Bridge stretch of Mutha river for plantation and river clean-up activities at Ganesh Visarjan Ghat. There were several Ganesh idols (lying down since September) and their raw material which had entangled with the plastics around. The volunteers separated all this plastic and organic content and cleared the whole junk around multiple springs.

It was a heartening experience for them because the moment they cleared up the springs they could see the baby fishes coming towards the Trickle of water and could see the life in the water.

It indeed was a very satisfactory and enjoyable experience with the KPIT team.

***Shailaja Deshpande, Jeevitnadi, Pune***

KPIT SPARKLE Platform enables innovators to accelerate to the next generation of mobility technologies, this is what drives us towards the competition & be a part of such transformation.

"If you have got ideas, creativity, and innovation, KPIT SPARKLE is the best platform which brings your vision into action"

***Team Wheel, one of the finalists at KPIT Sparkle 2020***


We would like to express our heartfelt thanks to KPIT Technologies Ltd. for their generous donation of groceries and housekeeping material which will go a long way in ensuring that our residents are well looked after and cared for. It is the support of organizations such as KPIT that inspires us to reach out to as many needy people as we can and make a difference in their lives.

***Santhosh C X, Sipani Seva Sadan, Bengaluru***

Programs like Chhote Scientists helped our children in acquiring abundant knowledge during the sessions by KPITians. It is not only helpful for the students but also clears the basics of our science fundamentals as well.

We also thank KPIT employees for visiting Thayimane and setting up the library and computer lab.

***Prathibha Nath, Science Teacher at Thayimane, Bengaluru***


# Board’s Report

# Board's Report

Dear Members,

The Directors are pleased to present the Third Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2020.

## Performance of the Company

(In million)

| Particulars | Standalone 2019-20 | | Consolidated 2019-20 | |
|---|---|---|---|---|
| | USD | ₹ | USD | ₹ |
| Revenue from operations | 134.60 | 9,552.50 | 303.81 | 21,561.69 |
| Profit before Tax (PBT) | 27.81 | 1,973.80 | 25.45 | 1,806.09 |
| Profit after Tax (PAT) | 25.14 | 1,784.47 | 20.68 | 1,467.75 |

## Result of Operations

During the year under review, the total revenues from operations (consolidated) were ₹ 21,561.69 million. Earnings before interest, tax, depreciation and amortization was ₹ 2,953.61 million on consolidated basis. Net profit after tax (consolidated) was ₹ 1,467.75 million.

In US Dollar terms, revenues from operations for the year on consolidated basis was $ 303.81 million. Average realization rate was ₹ 70.97 per US Dollar.

Standalone sales for the financial year 2019-20 reached ₹ 9,552.50 million and Net profit after tax ₹ 1,784.47 million.

## Dividend

The Board of Directors of the Company declared Interim Dividend I of ₹ 0.55 /- per equity share of face value of ₹ 10/- each (at 5.5%) on January 29, 2020 and Interim Dividend II of ₹ 0.45 /- per equity share of face value of ₹ 10/- each (at 4.5%) on March 5, 2020 during the financial year 2019-20. These 2 (two) Interim Dividends paid during this financial year aggregating to ₹ 1/- per equity share of face value of ₹ 10/- each (at 10%) be considered as the Final Dividend for the financial year under review.

## Listing on Stock Exchanges

During the year under review, the equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on April 22, 2019.

## Awards & Recognition

*From Clients*

1. Awarded as "Excellent Partner 2019" by Japanese OEM
2. Awarded as "Excellent Partner 2019" for CoE strategy by leading Japanese Tier-1
3. Awarded as "Engineering Partner 2018" strategy by Japanese Tier-1

*Industry – Awards and Recognition*

1. Received Adam Smith Award for the Best AR Solution at Adam Smith Awards Asia 2019 in Singapore.
2. Awarded with Innovation in Retention Strategy award for achieving and sustaining industry leading retention by World HRD Congress in Mumbai.

*Other Awards and Recognition received by KPIT Employees*

1. Mr. S. B. (Ravi) Pandit – Chairman and Group CEO, appointed to the Board of Governors of the Academy of Scientific and Innovative Research (AcSIR) - The Honorable Prime Minister of India, Shri Narendra Modi, as the president of the Council of Scientific and Industrial Research (CSIR) has nominated Mr. S. B. (Ravi) Pandit as a member to the Board of Governance of the AcSIR.
2. Mr. Kishor Patil, CEO & MD of the Company was awarded "CEO with HR Orientation" for transformative people initiatives and impact.

3. “Leapfrogging to Pole-vaulting” a book by Chairman and Group CEO, Mr. S. B. (Ravi) Pandit and eminent scientist Dr. Raghunath Mashelkar won the “Business Book of the Year” award at the prestigious “Tata Literature Live! The Mumbai LitFest 2019” awards.

4. Mr. Vinit Teredesai, Chief Financial Officer of the Company was awarded “CFO Roll of Honour 2020” for Excellence in Cash Management from CFO India.

5. Dr. Manaswini Rath was awarded as “Women leader of the organization” at The Women Empowerment Summit and GIWL 2019.

6. Mr. Rajesh Kumar Singh, Head Global HR won the Global HR Excellence Leadership Award by World HRD Congress & Awards.

## Quality, Productivity and Innovation

Quality, Productivity and Innovation have been the three pillars that have driven our passion for continuous improvement in the way we determine and improve our process framework. This commitment to quality is ratified by our consistent endeavour in certifying ourselves to the best standards in the Industry.

Zero Defect Delivery to customer has been our objective during the year that has driven our passion for continuous improvement in our processes. To achieve this goal, we came out with a comprehensive quality framework. Initiatives for improvement were identified in the areas of People, Process and Technology with a focus on improving performance at Project/Program level, Practice level and Unit level. Process improvements were made in this direction and deployed across all projects with involvement of all stakeholders. Deployment has been extensive and have been very successful in being very close to achieving our goal of zero-defect delivery. Last year we had rolled out a major initiative is our internal product quality governance framework and rolled it out as Katapult and we increased the coverage of this rollout in all applicable projects this year. This framework was intended to perform better with focus on productivity and quality. Katapult was deployed on central cloud infrastructure and distributed to engineers and projects to measure the work delivered in terms of best practices and governing metrics. This initiative has helped in moving towards our goal of Zero-Defect delivery.

Many initiatives were implemented and sustained during the year and many initiatives are in progress. One of the Initiative was to increase our CSAT coverage and CSAT rating. We have been very successful and achieved 97% coverage and achieved our targeted CSAT rating goal for the year. In addition, there has been substantial reduction in high risk and red projects which has contributed to our increased CSAT rating.

We continue to sharpen our Quality focus through internal initiatives and by certifying against international standards. In accordance with this, we underwent surveillance audit on ISO9001:2015. We continue to maintain our certification on Automotive SPICE Organizational Maturity Level 5 and our next recertification assessment is planned this year. We also continue to maintain our certification on Information Security Management (ISO/IEC 27001:2013), IT Service Management (ISO/IEC 20001-1:2011) and Business Continuity Management (ISO 22301:2012).

To sustain quality with our scalability, there is more dependence on our processes, Tools and systems. Continuous improvement is our focus to achieve efficiency in our processes and also to keep it up-to-date with respect to new developments in the industry. These improvements come through learnings in the projects, feedback from customers and ideas from the employees. During the year, in addition to the quality framework initiatives, we have taken up many such improvements, upgraded our process assets, published and deployed in the projects. The focus is on keeping the processes efficient and lean.

## Share Capital

The issued, subscribed and paid-up capital of the Company as on March 31, 2020 is ₹ 2,741.43 million consisting of 274,143,808 equity shares of ₹ 10/- each.

## Institutional Shareholding

As on March 31, 2020, the total institutional shareholding in the Company was 35.94% to the total share capital.

## ICRA Ratings

ICRA has assigned A1+ rating for the bank loan limits of ₹ 2,650 millions and AA- rating for External Commercial Borrowing of $ 7.5 million.

## Information about the Subsidiary & Associate Companies

As on March 31, 2020, the Company had twelve subsidiaries and one associate company. During the year under review, the Company has acquired ThaiGerTec Co., Limited, incorporated in Thailand.

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

In accordance with Section 136(1) of the Act, the Annual Report of the Company, containing the standalone and the consolidated financial statements and all other documents required to be attached thereto have been placed on the website of the Company, www.kpit.com. Further, a report on the highlights of performance of subsidiaries and their contribution to the overall performance of the Company has also been placed on the website of the Company. Ministry of Corporate Affairs (MCA), vide General Circular nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020 provided certain relaxations for companies, including conducting Extraordinary General Meeting (EGM) through Video Conferencing (VC) or through other audio – visual means (OAVM) for passing of special and ordinary resolution by Company on account of threat posed by COVID-19. Further, MCA vide General Circular 20/2020 dated May 5, 2020, & Securities and Exchange Board of India vide circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 has extended these relaxations to Annual General Meeting of companies to be conducted during the calendar year 2020 and it has also dispensed with the printing and dispatch of annual reports to shareholders. In view of the same, Members interested in obtaining a soft copies of the audited annual accounts of the Company and it’s subsidiary companies may visit investor section on website of the Company www.kpit.com.

## Directors

During the year under review, the shareholders have approved appointment of Mr. S. B. (Ravi) Pandit as a Chairman and Executive Director of the Company with effect from January 16, 2019, for a period ending March 28, 2020 and thereafter as a Chairman and Non-Executive Director of the Company with effect from March 29, 2020.

Owing to other business commitments and preoccupations, Dr. Klaus Hermann Blickle resigned from the directorship of the Company with effect from May 15, 2019. Further, Mr. Rohit Saboo - Nominee of National Engineering Industries Limited has also resigned from directorship of the Company with effect from February 1, 2020.

Mr. Rafi Maor was appointed as Additional & Independent Director of the Company with effect from October 23, 2019 and shall hold office up to the date of the ensuing annual general meeting unless resigned earlier. However, due to preoccupations and owing to other business commitments, he has resigned from the post of directorship of the Company with effect from June 9, 2020.

The Board places on record its appreciation for valuable services provided by them during their tenure.

In accordance with Section 152 of the Act, Mr. Kishor Patil retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

## Independence of the Board

The Board of Directors of the Company comprises of optimum number of Independent Directors. In the opinion of the Board, the independent directors possess integrity, expertise and experience (including the proficiency). Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Act:

1. Mr. Anant Talaulicar
2. Mr. B V R Subbu
3. Prof. Alberto Sangiovanni Vincentelli
4. Mr. Nickhil Jakatdar
5. Ms. Shubhalakshmi Panse

## Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of the Company pursuant to

Sections 2(51) and 203 of the Act, read with the Rules framed thereunder:

1. Mr. Kishor Patil - Chief Executive Officer (CEO) and Managing Director;
2. Mr. Vinit Teredesai- Chief Financial Officer (CFO) upto June 12, 2020;
3. Ms. Nida Deshpande – Company Secretary.
4. Ms. Priyamvada Hardikar has been appointed as the Chief Financial Officer of the Company with effect from June 12, 2020.

## Board Meetings

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

## Committees of Board

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

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

The Nomination and Remuneration Policy of the Company provides roles and responsibilities of the Nomination and Remuneration (HR) Committee and the criteria for evaluation of the Board and compensation of the Directors and senior management. Further, as per the policy, the said Committee shall identify potential candidates for becoming members of the Board and determining the composition of the Board based on the need and requirements of the Company from time to time to bring out diversity in the Board and also identify persons to be recruited in the senior management of the Company and ensure the Companies compensation packages and other human resource practices are effective in maintaining a competent workforce and make recommendations relating thereto. Pursuant to the provisions of Section 134(3)(e) of the Act, the said policy of the Company on the appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act is available on Company's website at the link: https://www.kpit.com/investors/#policies-reports-filings.

## Audit Committee Recommendations

During the year, all the recommendations of the Audit Committee were accepted by the Board. The composition of the Audit Committee is as mentioned in the Report on Corporate Governance, which forms a part of this Annual Report.

## Corporate Social Responsibility (CSR)

The Company has set up a Corporate Social Responsibility (CSR) Committee and has framed the Policy on Corporate Social Responsibility as per the provisions of section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. The details of CSR Policy and initiatives taken by the Company on CSR during the year as per the said rules has been annexed to this Report as "Annexure 5".

## Vigil mechanism

The Company has established a vigil mechanism as per Regulation 22 of the SEBI (LODR) Regulations, 2015 for Directors and employees to report their genuine concerns. The details of the same are explained in the Report on Corporate Governance. The Policy on Vigil Mechanism may be accessed on the Company's website at the link: https://www.kpit.com/investors/#policies-reports-filings.

## Auditors

Pursuant to the provisions of Section 139(1) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the Annual General Meeting held on August 29, 2018 for a period of five years.

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

The Board of Directors of the Company appointed Dr. K. R. Chandratre, Practicing Company Secretary, as the Secretarial Auditor to conduct audit for the year under review. The Secretarial Auditor's report for the year under review is annexed to this Report as "Annexure 7". The report does not contain any qualification, reservation or adverse remark.

## Internal Control Systems and Adequacy of Internal Financial Controls

The internal control systems of the Company are adequate considering the nature of its business, size and complexity. The Statutory Auditors of the Company have expressed their opinion on adequacy of internal financial controls with reference to financial statements for the year under review and operating effectiveness of such controls.

## Corporate Governance

A separate section on Corporate Governance with a detailed compliance report thereon forms a part of this Report. The Auditors' Certificate in respect of compliance with the provisions concerning Corporate Governance, forms a part of this Annual Report, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI (LODR) Regulations, 2015").

## Management Discussion and Analysis

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

## Particulars of Employees

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 1 crore 2 lakhs or more, or employed for part of the year and in receipt of ₹ 8.5 lakh or more a month, and other employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as "Annexure 3 (a)".

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

## Employees Stock Option Schemes (ESOSs)

Information relating to ESOSs of the Company is annexed to this Report as "Annexure 4". The information is being provided in compliance with Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

The Company has adopted a policy on prevention of sexual harassment at workplace and has put in place a redressal mechanism for resolving complaints received with respect to sexual harassment and discriminatory employment practices for all genders. The Company has constituted Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment. During the period under review, 1 case was filed with the POSH committee and the same has been disposed off. Thus, there were no complaints pending as on March 31, 2020.

The company has taken various measures to create awareness amongst employees such as sending emails and communication to all employees, conducted personal sessions for managers and new joiners and a session for ICC members by Advocate for explaining them legal remedies available to victims etc. for prevention of Sexual Harassment of Women at Workplace.

As a part of our orientation programs for all new joinees, the Company mandates that they complete an e-learning module on the same as well.

## Fixed Deposits

The Company has not accepted any deposits as on March 31, 2020.

## Information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014

### Conservation of Energy

The energy conservation is always a focus of KPIT. More than 50% of energy is consumed by HVAC. Hence, the focus was on HVAC operations to maximize efficiency.

Many measures were practiced such as setting up temperature, change in timings of operations as per seasonal variation, change in operations based on ambient temperature, monitoring non-working areas, frequent switching off indoor units for meeting rooms etc. We have also focused on other utilities by continuous monitoring and measurement. Energy consumption is regularly monitored for betterment in efficiency.

We have planned to install solar plant of 670 KVA which will be placed for creating shed for car parking. The proposed plant is estimated to generate 10 lac units per year.

## Green Initiatives

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

- Mr. Kishor Patil, inaugurated and handed over a drinking water well to villagers of Salungan Village in Bhor Tehsil, about 90 km from Pune. The well will help about 100 families.
- Construction of Vanrai Dam at Metpilaware village, Pune that holds more than 1 lakh liters of water.
- The Environment Week on the "World Environment Day" was celebrated since inception.
- On the occasion of World Environment Day, 200 native trees were planted in KPIT Pune campus and 23000 saplings were planted in association with the Wildlife Research & Conservation Society (WRCS) at the Koyna-Chandoli corridor.
- Aerial Reforestation in Bengaluru by 250 seed-ball bombings.
- Mutha River Cleaning at Aundh, Pune – KPIT volunteers cleaned the riverbank, collected and segregated garbage. A total of 159 employee volunteers with their family members participated in this activity.
- Watering of Plants and Collecting Litter at Shivanahalli Forest, Bengaluru.
- De-weeding at Jakkur lake, Bengaluru.
- Sapling plantation by KPIT Family with the legend, Padma Shri Saalumarada Thimmakka. 100 saplings were planted.

## Occupational Health and Safety Assessment Series (OHSAS)

The following activities were carried out by the Company for ensuring health and safety of our employees in the year 2019-20.

- Consultation through our in-house doctors and psychologists.
- Zumba and Yoga sessions with expert trainers every Friday (Fun Fit Friday).
- Health Fiesta – Various health check-ups at discounted rates, health and fitness products on display, Medicines at discounted rates.
- On occasion of International Women's Day, quick workout and Zumba sessions were organized for women employees.
- Engagement through Wellness activities throughout the year such as, Aerobics sessions, Treks, various sports activity, Monthly Health and Wellness talk by experts.
- Executive health check-ups for Senior Management, free annual health checkup for all employees, spouse, parents, in laws.
- Group Personal Accident Insurance enhanced to 20 Lacs.
- Weekly webinars on nutrition, wellness, stress management, COVID-19, lifestyle diseases, exercise, mental health.

## Specific preventive measures taken for safety of employees during COVID-19 pandemic:

- Formed cross functional team across the globe for safety, well-being and communication.
- Deep cleaning and sanitization of office premises including increased frequency of cleaning – all touch points like door knobs, switches etc. throughout the day.
- Wearing mask made mandatory for everyone in the office and for all third party staff, face masks and gloves were mandatory in the week leading to the lockdown.
- Operations are being resumed with limited employees in staggered manner.
- Social distancing measures at all times from commuting, office work, cafeteria, and reduced the number of chairs in the cafeteria. Only 4 people could sit on one table initially and later only 2 people were seated on a table meant for 6. Face to Face seating was discontinued.
- Personal hygiene and Safety First being followed all the time.

- Temperature checks and Status check on Aarogya Setu app mandatory at office entry points.
- All doors including that of ODCs were kept open to reduce the touch points.
- Restricted use of elevator and only stairs to be allowed.
- Restrictions on use of Gym, recreation and resting rooms as per directions of the government.
- Recommended QR code-based payments in cafeteria.
- COVID warrior at every floor to oversee enforcement.
- Continuous awareness among employees through leadership videos, myWorld banners and communication.
- Temperature monitoring was done by keeping the air-conditioning at more than 25 degrees
- Sanitizers were kept at all common places.

## Technology Absorption

During the year under review, the Company has developed below applications and released to business –

a. **Myworld Portal –** The new responsive UI is made available on all device formfactor (desktops & mobiles devices). Application availability, scalability & performance has improved multi-fold compared to earlier legacy system. New UI is more user friendly and has helped improve user productivity. With the help of new architecture, we can now release new business features more frequently without break in changes. More analytics is now available to users such that users can get insight like team members on leave, current team strength in office, project allocation/expiry, quick glimpse on team members birthdays/anniversaries, centralized team attendance etc. Earlier there were multiple portals for different use cases. With new platform, users have to access a single portal where for all the applications are available with single sign. New platform is integrated to multiple backend systems such that users can fetch desired intelligence at one place (e.g. leave, OnDuty, Swipe card, Time Log, TR etc.)

b. **Kloudee -** Last year we started an initiative of Digital lab; under this initiative, we have devolved BOT to automate a few tasks in Human Resources (HR) and Technology Infrastructure Management Services (TIMS) area. The BOT named as Kloudee. Kloudee is well integrated with Myworld. This BOT helps KPIT member to know the FAQ of HR and TIMS related to process and policy queries. Kloudee is based on machine learning and Natural Language processing technologies powered by Dialogflow (google). Kloudee has special capability to correct the typos in user questions before answering. Kloudee can understand user question and provide accurate answer. Machine learning is helping to understand the user question better and provide self-training to the Kloudee. The Kloudee BOT is even ready for casual chat. In future, this Bot can be used to automate many tasks, like submitting tickets/requests, feeling and approving time loges, also it can seamlessly integration with human agents to fulfil all unanswered questions at one go.

c. **SMART Campus Dashboard –** SMART campus dashboard is an important milestone in the SMART enterprise journey of KPIT. SMART Campus solution's centralized database collects data from the various systems in facilities domain. The systems include Water Pumps, Flow meters, Tank level sensors, DG, PAC, etc. These systems are otherwise managed, maintained and monitored in silos with practices involving manual intervention. Smart campus dashboard enables the operator to monitor system status and health from a single dashboard which is accessible using a web browser. Monitored systems can be in a single campus or can be spread across multiple geographical locations. Smart campus dashboard analyses the data gathered from multiple systems and represents them in a meaningful way. The collective intelligence is drawn from the data received from the dispersed systems adds great value to the facilities management team who is responsible for managing and monitoring these systems. Cause-Effect analysis can be done proactively with the data gathered over a period of time. Smart Campus dashboard offers the capability to send out notifications to the operator about the malfunctioning and/or unavailability of the device(s) through email based alerts. Smart campus dashboard also has the capability to generate the reports for the various scenarios including (but not limited to) device uptime, device data sets, audit trails.

All above applications are running on a robust Platform which is deployed for this purpose –

- **Platform:** Above result is achieved by adopting DevOps culture and using CD/CD tool set. Chief Digital Officer (CDO) function achieved continuous integration, continuous delivery & continuous deployment with the help of Enterprise Jenkins, & Pivotal Cloud Foundry. Along with this, many tools were deployed to achieve agile practice. This approach helped in faster & flawless software delivery to business under the SimpliFicar project. Multiple open source tools were evaluated in this process and then deployed. Tools like Git as a code repository, Maven as a Project Management framework, Nexus as an artefact repository, SonarQube for code quality, Cobertura for code coverage and JUnit for unit tests were deployed and leveraged. Sonatype IQ server helped in achieving security and compliance requirements because of which we truly practiced DevSecOps. Pivotal Cloud Foundry (PCF) was deployed in multi-availability zones (data centre level resiliency). PCF helped in achieving faster and continuous application deployment in runtime. With new Platform, application scaling is on demand and is highly available.

- **IT Infra:** Above mentioned Platform is hosted on the new data centre technology called “Hyperconverged” infra. TIMS evaluated multiple options and deployed this state-of-the-art new technology in datacentre. Hyperconvergence is an integration of compute and virtualization resources in a single server system. This type of technology eliminates the need of costly and complex SAN storage infra. It does not need highly skilled resources to operate. This technology is deployed such that even if one datacenter goes down, business critical applications will continue to run without or with least interruption. This deployment has reduced carbon footprint by almost 40% compared to traditional technology.

  This also lowered electricity consumption and space requirement in datacenter.

  We are getting below mentioned business benefits from this technology –

  - Linearly scale-out architecture (scale on demand)
  - Use of commodity hardware (no hardware OEM lock-in)
  - Hypervisor agnostic (lower cost & no vendor lock-in)
  - Either scale only storage or compute or both
  - Start small & grow big (no upfront cost)
  - Lower skillset required for operations (lower Ops cost)
  - Faster deployment (factory installed systems)
  - Rapidly scalable (faster delivery to business)
  - Unified management (faster adoption)

- **Security and collaboration enhancement:** Enabled Secure remote connections at all KPIT offices for remote users to connect and access KPIT/client resources securely. The device from where the remote connection established is verified for the correct KPIT provided devices. The web proxy is geared up to take care of roaming users protection against connecting to malicious sites. Each KPIT laptop/desktop contains Advance threat prevention along with traditional Antivirus. The endpoint is managed for OS patch management remotely. User accountability is established using Multi-factor authentication. Multifactor authentication is set for all kinds of possible remote connections. Scaled-up the infrastructure to cater to all users to access the KPIT resources for business purposes.

## Research and Development (R&D) Activity

KPIT has received various awards related to Research and Development (R&D) activity as stated under “Awards & Recognition” in this Boards’ Report.

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

## R & D expenses for the year ended March 31, 2020

| Particulars | Amount (₹ in million) | Key Project Details |
|---|---|---|
| Expensed in the statement of profit and loss (Refer Note 1) | 251.02 | Mechatronics & Energy Storage, Hardware & Embedded Sw (Only Revolo), Innovation, Tools Development, Technology Leadership and Fuel Cell |
| Assets capitalized during the year | 5.43 | |
| **Total** | **256.45** | |

Note:

Out of total R & D expenditure of ₹ 251.02 million, eligible R & D revenue expenditure under Section 35(2AB) of the Income Tax Act, 1961, for the Company is ₹ 184.20 million. A separate section on R & D activities undertaken by the Company has also been included in this Annual Report.

## Foreign Exchange Earnings and Outgo

Given the global nature of the business of the Company, exports always form its thrust. Total foreign exchange earnings during the year have been ₹ 8,451.54 million (previous year ₹ 2,091.31 million) and foreign exchange outgo (including imports) has been ₹ 203.83 million (previous year ₹ 33.62 million).

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

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

| Sr. No. | Name of the subsidiary | Nature of transaction | Duration | Rate of Interest (%) | Amount (₹ in million) | Purpose |
|---|---|---|---|---|---|---|
| 1 | KPIT Technologies (UK) Limited | Investment in subsidiary | N.A. | N.A. | 326.64 | Equity Infusion |
| 2 | KPIT Technologies Pte. Ltd. | Investment in subsidiary | N.A. | N.A. | 34.63 | Equity Infusion |
| 3 | KPIT Technologies (UK) Limited | Loan | 36 months | 6m Euro LIBOR plus 325 bps | 498.30 | Working capital |
| 4 | KPIT Technologies GK | Guarantee | 36 months | N.A. | 226.16 | Setting up Overdraft Facility |
| 5 | KPIT Technologies Holding Inc. | Guarantee | 51 months | N.A. | 226.16 | For further investment in KPIT Technologies Inc. |

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

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

## Update on Merger & Acquisition

During the year under review, the Board of Directors of the Company approved a scheme of merger by absorption of Impact Automotive Solutions Limited, a wholly owned subsidiary of the Company, with KPIT Technologies Limited. The Company has filed joint application for obtaining approval for the said scheme from Hon’ble National Company Law Tribunal and thereafter, the Official Liquidator has been appointed.

Further, the Board of Directors of the Company also approved and entered into an agreement to acquire majority stake in Vayavya Labs Private Limited, a company incorporated in India having its development centers in Belgaum and Bengaluru. The deal is expected to get closed by the fourth quarter of FY2021.

## Material changes and commitments affecting the financial position of the Company and change in nature of business

The Board of Directors the Company approved a draft scheme of merger between Impact Automotive Solutions Limited, a wholly owned subsidiary of the Company, as a result KPIT has redefined its strategy and is moving away from Manufacturing and/or Hardware related business opportunities.

Further, the rapid outbreak of the COVID-19 presents an alarming health crisis that the world is grappling with. The impacts of COVID-19 pandemic are unfolding in real time. The COVID-19 outbreak is expected to have an impact on the economies of the affected countries and the international markets. Countries across the globe resorted to lockdowns, resulting in shutting down the manufacturing & services activities and bringing the global supply-chain to grinding halt. Globally across all industries, companies are working hard to recoup revenue losses, manage costs, keep employees safe and at the same time ensure uninterrupted service to the clients. KPIT has received many testimonials from its existing clients for its seamless remote delivery model & managing this crises effectively.

KPIT is working on bringing in appropriate changes in the business model to tackle the possible future uncertainties in economic conditions due to the global pandemic and also taking appropriates measures to control its cost structure. We will continue to build on the work we have done over the past years to drive efficiency in operations and strengthen the foundations of the business. Since beginning of March 2020, KPIT started working on business continuity enabling its employees work remotely to ensure both employee safety and service to customers with due necessary approvals from the customers as well as regulatory authorities in various countries. We are glad to inform that by end of March 31, 2020, KPIT had over 98% of its global staff working from remote locations. While direct vehicle sales and manufacturing plants of our customers were directly impacted, KPIT revenue model did not have direct impact since its revenue model is not linked to direct vehicles sold during the year.

In view of pandemic relating to COVID-19, the group has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled revenues, goodwill, intangible assets and other financial assets. However, the actual impact of COVID-19 on the Group’s financial statements may differ from that estimated and KPIT will continue to closely monitor any material changes to future economic conditions.

## Significant and material orders

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

## Enterprise Risk Management Policy

A policy to identify, assess, monitor and mitigate various risks to key business objectives of the Company is in place. A write-up on Enterprise Risk Management is included in this Annual Report.

## Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed to this Report as “Annexure 6”.

## Responsibility Statement of the Board of Directors

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

i) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended March 31, 2020;

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

iv) the annual financial statements have been prepared on a going concern basis;

v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and

vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## CEO & CFO Certification

Certificate by Mr. Kishor Patil, CEO & Managing Director and Mr. Vinit Teredesai, Chief Financial Officer, pursuant to the provisions of Regulation 17(8) of the SEBI (LODR) Regulations, 2015, for the year under review was placed before the Board of Directors of the Company at its meeting held on May 27, 2020.

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

## Cost Records

The Company is not required to maintain cost records under the provisions of Section 148(1) of the Companies Act, 2013.

## Directors & Officers Insurance Policy

The Company has in place an insurance policy for its Directors & Officers with a quantum and coverage as approved by the Board.

## Acknowledgments

We take this opportunity to thank all the shareholders of the Company for their continued support throughout the merger and demerger process.

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

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

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

# Annexure 1

# Form AOC - 1

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

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

## Part "A": Subsidiaries

(₹ in million except exchange rate)

| Sr. No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of the subsidiary | KPIT (Shanghai) Software Technology Co. Limited, China | KPIT Technologies (UK) Limited (Refer note 'd' below) | KPIT Technologies Netherlands B.V. | KPIT Technologies GmbH, Germany (Refer note 'a' below) | Impact Automotive Solutions Limited | MicroFuzzy Industrie-Elektronic GmbH, Germany (Refer note 'c' below) | Microfuzzy KPIT Tecnologia LTDA, Brazil (Refer note 'b' below) | KPIT Technologies GK (Refer note 'e' below) | KPIT Technologies Inc. (Refer note 'f' below) | KPIT Technologies Holding Inc. | ThaiGerTec Co. Ltd. (Refer note 'g' below) | KPIT Technologies Pte. Limited |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Share capital | 150.59 | 1,395.27 | 41.52 | 1,198.41 | 1,367.50 | 2.16 | 0.01 | 19.08 | 376.93 | 1,281.56 | 36.76 | 35.76 |
| Reserves & surplus | (24.79) | 732.71 | 117.42 | (242.70) | (989.41) | 342.07 | 10.42 | 193.18 | 768.48 | (0.14) | 42.39 | (16.23) |
| Total assets (excluding 9 below) | 373.84 | 2,474.76 | 245.01 | 3,556.29 | 711.33 | 2,261.76 | 13.52 | 1,091.42 | 4,843.69 | 1,281.42 | 94.11 | 75.62 |
| Total liabilities (excluding 5 & 6 above) | 248.03 | 346.78 | 86.07 | 2,600.59 | 343.24 | 1,917.95 | 3.09 | 879.16 | 3,698.28 | - | 14.97 | 56.08 |
| Investments (except in case of investment in subsidiaries) | - | - | - | - | 10.00 | 0.42 | - | - | - | - | - | - |
| Turnover | 456.33 | 1,802.84 | 388.19 | 4,255.61 | 123.97 | 2,821.47 | 35.01 | 2,480.24 | 8,959.51 | - | 175.13 | 78.16 |
| Profit / (Loss) before taxation | 34.44 | 1.82 | 40.70 | (675.39) | 102.30 | 19.47 | (1.56) | 107.61 | 192.34 | (0.13) | 20.98 | (5.46) |
| Provision for taxation | - | 0.82 | (9.23) | - | 1.04 | (4.33) | - | (38.08) | (95.90) | - | - | (3.33) |
| Profit / (Loss) after taxation | 34.44 | 2.64 | 31.47 | (675.39) | 103.34 | 15.14 | (1.56) | 69.52 | 96.44 | (0.13) | 20.98 | (8.79) |
| Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100% | 100% | 100% | 100% | 100% | 90% | 100% | 100% | 100% | 100% | 98.37% | 100% |

Notes :

a. 100% owned by KPIT Technologies (UK) Limited

b. 99.9% owned by KPIT Technologies Limited, India (erstwhile KPIT Engineering Limited) and 0.1% owned by KPIT Technologies Holding Inc., USA

c. 90% owned by KPIT Technologies GmbH, Germany

d. Includes branch KPIT Technologies (UK) Limited Filial and KPIT Technologies (UK) Limited Italy Branch.

e. Includes branch KPIT Technologies GK, Korea

f. 100% owned by KPIT Technologies Holding Inc., USA

g. 98.31% owned by KPIT Technologies (UK) Limited and 0.06% owned by KPIT Technologies Pte. Limited

Pune

May 27, 2020

## Part "B": Associates and Joint Ventures

**Statement pursuant to Section 129(3) of the Companies Act, 2013, related to Associate Companies and Joint Ventures**

| Sr. No. | Name of Associates / Joint Ventures | Yantra Digital Services Private Limited |
|---|---|---|
| 1 | **Latest audited Balance Sheet date** | 31/03/2020 |
| 2 | **Shares of Associate / Joint Ventures held by the company on the year end** | Nil |
| | No. | |
| | Amount of investment in Associates / Joint Venture | |
| | Extend of holding (%) | |
| 3 | **Description of how there is significant influence** | As per IND AS 28 para 5, if an entity holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (e.g. through subsidiaries), less then 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence. Significant influence is established as Impact Automotive Solutions Limited (a wholly owned subsidiary of KPIT Technologies Limited) holds 45% share in Yantra Digital Services Private Limited. |
| 4 | **Reason why the associate / joint venture is not consolidated** | We follow equity method of accounting as per IND AS, hence, only share of profit or loss is considered. |
| 5 | **Net worth attributable to shareholding as per latest audited Balance Sheet** | N.A. |
| 6 | **Profit / (Loss) for the year** | ₹ 85.60 million |
| i | Considered in consolidation | Nil |
| ii | Not considered in consolidation | ₹ 85.60 million |

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

# Annexure 2

## Form No. AOC-2

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

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

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

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

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount paid/ received as advances, if any: |
|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) |
| 1. **KPIT Technologies (UK) Limited (KPIT UK)**<br>[Wholly Owned Subsidiary of **KPIT Technologies Limited (KPIT India)]** | Contract for providing offshore software development and consultancy services to **KPIT UK** | Contract shall be effective from **April 01, 2019** and shall be valid until terminated, as per the provisions of this agreement. | **KPIT India** will carry out the software development, services, consultancy work and engineering designing activities as per the requirements of **KPIT UK**;<br>**KPIT UK** will pay to KPIT India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | Not required. Approval of Board was not required as the Contract entered into was in ordinary course of business and at arm's length basis. | Nil |
| 2. **KPIT Technologies GK, Japan**<br>[Wholly Owned Subsidiary of **KPIT Technologies Limited (KPIT India)]** | Contract for providing offshore software development and consultancy services to **KPIT Japan** | Contract shall be effective from **April 01, 2019** and shall be valid until terminated, as per the provisions of this agreement. | **KPIT India** will carry out the software development, services, consultancy work and engineering designing activities as per the requirements of **KPIT Japan;**<br>**KPIT Japan** will pay to KPIT India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | Not required. Approval of Board was not required as the Contract entered into was in ordinary course of business and at arm's length basis. | Nil |

| | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount paid/ received as advances, if any: |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f) |
| **3.** | **KPIT Technologies Inc., USA**<br><br>[Subsidiary of **KPIT Technologies Holding Inc., USA,** which is a wholly Owned Subsidiary of **KPIT Technologies Limited (KPIT India)]** | Contract for providing offshore software development and consultancy services to **KPIT USA** | Contract shall be effective from **April 01, 2019** and shall be valid until terminated, as per the provisions of this agreement. | **KPIT India** will carry out the software development, services, consultancy work and engineering designing activities as per the requirements of **KPIT USA;**<br><br>**KPIT USA** will pay to KPIT India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | Not required. Approval of Board was not required as the Contract entered into was in ordinary course of business and at arm's length basis. | NIL |
| **4.** | **KPIT Technologies GmbH, Germany**<br><br>[Subsidiary of **KPIT Technologies (UK) Limited** which is a wholly Owned Subsidiary of **KPIT Technologies Limited (KPIT India)]** | Contract for providing offshore software development and consultancy services to **KPIT Germany** | Contract shall be effective from **April 01, 2019** and shall be valid until terminated, as per the provisions of this agreement. | **KPIT India** will carry out the software development, services, consultancy work and engineering designing activities as per the requirements of **KPIT Germany**;<br><br>**KPIT Germany** will pay to KPIT India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | Not required. Approval of Board was not required as the Contract entered into was in ordinary course of business and at arm's length basis. | NIL |
| **5.** | **Microfuzzy Industrie-Elektronic GmbH, Germany**<br><br>[Subsidiary of **KPIT Technologies GmbH, Germany** which is a wholly Owned Subsidiary of **KPIT Technologies Limited (KPIT India)]** | Contract for providing offshore software development and consultancy services to **Microfuzzy Germany**. | Contract shall be effective from **April 01, 2019** and shall be valid until terminated, as per the provisions of this agreement. | **KPIT India** will carry out the software development, services, consultancy work and engineering designing activities as per the requirements of **Microfuzzy Germany**;<br><br>**Microfuzzy Germany** will pay to KPIT India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | Not required. Approval of Board was not required as the Contract entered into was in ordinary course of business and at arm's length basis. | NIL |

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

# Annexure 3

## a) Statement of employees covered under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

| Employee Name | Age (Yrs.) | Designation | Qualification | Exp. (Yrs.) | Date of joining | Remuneration received (₹ in million) | Particulars of previous employment |
|---|---|---|---|---|---|---|---|
| Part A: Particulars of employees who were in employment throughout the financial year and are in receipt of remuneration of not less than ₹ 1,02,00,000/- p.a. in aggregate. | | | | | | | |
| Nil | | | | | | | |
| **Employee Name** | **Age (Yrs.)** | **Designation** | **Qualification** | **Exp. (Yrs.)** | **Date of joining** | **Remuneration received (₹ in million)** | **Particulars of previous employment** |
| S.B (Ravi) Pandit | 70 | Chairman & Group CEO | Chartered Accountants, CWA & MS (Management) | 45 | 08-Jan-18* | 42.76# | KPIT Technologies Limited (renamed as Birlasoft Limited) ** |
| Kishor Patil | 58 | CEO & Managing Director | Chartered Accountant | 36 | 08-Jan-18* | 38.02 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Sachin Tikekar | 52 | Whole-time Director | MBA (Strategic Management & International Finance) | 26 | 08-Jan-18* | 34.66 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Vinit Teredesai | 49 | Chief Financial Officer | CA, CWA, CPA (USA) | 24 | 01-Jan-19** | 11.76 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Anup Sable | 51 | EVP & CTO – CTO Team | B.E. (Mechanical) | 31 | 01-Jan-19** | 11.56 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Part B: Particulars of employees who were in employment for part of the financial year and are in receipt of remuneration of not less than ₹ 8,50,000/- p.m. | | | | | | | |
| Sriranga Ramanuj Acharya K.N. | 55 | Vice President - ECoDe | M-Tech Systems | 34 | 01-Jan-19** | 7.29 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Suneel Pandita | 54 | Vice President | PhD -materials science | 24 | 01-Jan-19** | 4.97 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Manoj Mone | 43 | Principal Architect - Software | B.com | 24 | 01-Jan-19** | 4.12 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |

| Employee Name | Age (Yrs.) | Designation | Qualification | Exp. (Yrs.) | Date of joining | Remuneration received (₹ in million) | Particulars of previous employment |
|---|---|---|---|---|---|---|---|
| Lalit Arora | 40 | Account Director | MBA (Operations) | 7 | 01-Jan-19** | 3.74 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Somashekar R H | 57 | AVP & Defense Products Group Head – CTO | B.E (Industrial Electronics) | 13 | 01-Jan-19** | 3.19 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Abhishek Sinha | 47 | Chief People and Operations Officer | B-Tech Mechanical | 27 | 01-Jan-19** | 3.09 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Thirugnanamuthuvelan | 48 | Associate Vice President - Operations | M-Tech Mechanical | 26 | 01-Jan-19** | 2.65 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Senthilnathan Shanmugam | 52 | Architect - Systems | M.S Systems | 24 | 01-Jan-19** | 1.48 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |

**Notes**:

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

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

Employees mentioned above are neither relatives of any director of the Company nor hold two percent or more of the paid up equity share capital of the Company as per Clause (iii) of sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

* Mr. S. B. (Ravi) Pandit, Mr. Kishor Patil and Mr. Sachin Tikekar have been appointed as the directors of the Company since the date of incorporation.

** As a result of demerger, the employees have been transferred from KPIT Technologies Limited (renamed as Birlasoft Limited) to the Company with effect from the appointed date as per the Composite Scheme i.e. January 1, 2019.

# Paid upto March 28, 2020 since he was appointed as a Chairman and Executive Director till March 28, 2020 and thereafter as a Chairman and Non-executive Director of the Company w.e.f. March 29, 2020.

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

## Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

**Top ten employees in terms of remuneration drawn during the year**

| Employee Name | Age (Yrs.) | Designation | Qualification | Exp. (Yrs) | Date of Joining | Remuneration received (₹) in million | Particulars of previous Employment |
|---|---|---|---|---|---|---|---|
| S. B (Ravi) Pandit | 70 | Chairman & Group CEO | Chartered Accountants, CWA & MS (Management) | 45 | 08-Jan-18* | 42.76# | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Kishor Patil | 58 | CEO & Managing Director | Chartered Accountant | 36 | 08-Jan-18* | 38.02 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Sachin Tikekar | 52 | Whole- Time Director | MBA (Strategic Management & International Finance) | 26 | 08-Jan-18* | 34.66 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Vinit Teredesai | 49 | Chief Financial Officer | CA, CWA, CPA (USA) | 25 | 01-Jan-19** | 11.76 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Anup Sable | 51 | EVP & CTO- CTO Team | B.E. (Mechanical) | 32 | 01-Jan-19** | 11.56 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Rajesh Janwadkar | 51 | Executive Vice President | B.E. (Civil) | 31 | 01-Jan-19** | 9.77 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Pushpahas Joshi | 45 | Executive Vice President | B.E. (Mining) | 26 | 01-Jan-19** | 9.44 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Shirikrishna Patwardhan | 58 | Senior VP - CTO Team | M-Tech Systems | 30 | 01-Jan-19** | 8.09 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Manaswini Rath | 46 | Practice Head | M.S (Industrial Electronics) | 26 | 01-Jan-19** | 8.05 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |
| Nishant N Tholiya | 44 | Vice President - Business Leader | B.E. (Electronics & Telecommunication) | 25 | 01-Jan-19** | 8.04 | KPIT Technologies Limited (renamed as Birlasoft Limited)** |

* Mr. S. B. (Ravi) Pandit, Mr. Kishor Patil and Mr. Sachin Tikekar have been appointed as the directors of the Company since the date of incorporation.

** As a result of demerger, the employees have been transferred from KPIT Technologies Limited (renamed as Birlasoft Limited) to the Company with effect from the appointed date as per the Composite Scheme i.e. January 1, 2019.

# Paid upto March 28, 2020 since he was appointed as a Chairman and Executive Director till March 28, 2020 and thereafter as a Chairman and Non-executive Director of the Company w.e.f. March 29, 2020.

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

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

| Sr. No. | Particulars | Disclosure | |
|---|---|---|---|
| i. | The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year | Mr. S. B. (Ravi) Pandit# | 54.77 |
| | | Mr. Kishor Patil# | 48.18 |
| | | Mr. Sachin Tikekar# | 43.62 |
| | | Prof. Alberto Sangiovanni Vincentelli | 3.30 |
| | | Mr. B V R Subbu | 3.84 |
| | | Mr. Anant Talaulicar | 4.39 |
| | | Mr. Nickhil Jakatdar | 2.18 |
| | | Ms. Shubhalakshmi Panse | 3.05 |
| | | Dr. Klaus Blickle* | Not Applicable |
| | | Mr. Rohit Saboo* | Not Applicable |
| | | Mr. Rafi Maor* | Not Applicable |
| | | #Remuneration does not include amount of Provident Fund. The Company decides the remuneration of its Managerial Personnel on the basis of Cost to Company (CTC), whereas, under the provisions of the Act, the managerial remuneration is calculated as per Income Tax Act, 1961. The reported figures looks higher or lower depending on the components of the CTC.<br><br>* Not Applicable as figures for 2019-20 are for the part of the year. | |
| ii. | The percentage increase in remuneration of each Director, CFO, CS in the financial year | Not Applicable.<br><br>The Company was incorporated on January 8, 2018. National Company Law Tribunal, Mumbai Bench vide its Order dated November 29, 2018 approved the Composite Scheme of Arrangement amongst Birlasoft (India) Limited ("Transferor Company") and KPIT Technologies Limited ("Transferee Company") (renamed as Birlasoft Limited) and KPIT Engineering Limited ("Resulting Company") (renamed as KPIT Technologies Limited) and their respective shareholders. Further, the Executive & Non-Executive Directors and Key Managerial Personnel have been appointed with effect from January 16, 2019 and the remuneration has been paid from the Company with effect from said date i.e. for part of the previous financial year.<br><br>As a result, there is no comparable data available for the purpose of calculation of percentage increase in remuneration of each Director, CFO, CS in current financial year as compared to previous financial year. However, the details of remuneration paid to Executive and Non-Executive Directors and Key Managerial Personnel is disclosed elsewhere in this annual report. | |

| Sr. No. | Particulars | Disclosure |
|---|---|---|
| iii. | The increase in the median remuneration of employees in the financial year | Not Applicable.<br><br>The Company was incorporated on January 8, 2018. National Company Law Tribunal, Mumbai Bench vide its Order dated November 29, 2018 approved the Composite Scheme of Arrangement amongst Birlasoft (India) Limited ("Transferor Company") and KPIT Technologies Limited ("Transferee Company") (renamed as Birlasoft Limited) and KPIT Engineering Limited ("Resulting Company") (renamed as KPIT Technologies Limited) and their respective shareholders. Further, as a result of demerger, the employees has been transferred to the Company with effect from January 1, 2019 and the remuneration has been paid from the Company with effect from said date i.e. for part of the previous financial year. Hence, there is no comparable data available for the purpose of calculation of increase in median remuneration of employees in current financial year as compared to previous financial year. |
| iv. | The number of permanent employees on the rolls of the Company | 5,632 employees as on March 31, 2020. |
| v. | Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Not Applicable.<br><br>The Company was incorporated on January 8, 2018. National Company Law Tribunal, Mumbai Bench vide its Order dated November 29, 2018 approved the Composite Scheme of Arrangement amongst Birlasoft (India) Limited ("Transferor Company") and KPIT Technologies Limited ("Transferee Company") (renamed as Birlasoft Limited) and KPIT Engineering Limited ("Resulting Company") (renamed as KPIT Technologies Limited) and their respective shareholders. Further, as a result of demerger, the employees has been transferred to the Company with effect from January 16, 2019 and the remuneration has been paid from the Company with effect from said date i.e. for part of the previous financial year. Hence, there is no comparable data available for the purpose of calculation of average percentile increase in remuneration of employees in current financial year as compared to previous financial year. |
| vi. | It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company. | |

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

# Annexure 4

## A. Summary of status of ESOPs Granted

The position of the existing scheme is summarized as under -

### I. Details of the ESOP/ESOS/ESPS

| Sr. No. | Particulars | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|---|
| 1 | Date of Shareholder's Approval | August 29, 2018 | July 23, 2019 | July 23, 2019 |
| 2 | Total Number of Options approved | 1,807,450 | 3,793,923 | 40,000 |
| 3 | Vesting Requirements | Pursuant to the Scheme of Arrangement and the Applicable Law, Company has taken into account the Vesting Period completed under the KPIT ESOPs prior to the Grant of Options to the Employee under the ESOP 2019. | The Options would vest not earlier than statutory minimum Vesting Period of 1 (One) year and up to the maximum period of 4 (Four) years from the date of Grant of Options or such period as may be decided by the Committee at the time of each Grant of Options. | Not Applicable to the scheme as there are no Options are granted or vested under the Scheme. |
| 4 | The Pricing Formula | The Exercise Price per Option shall be determined by the Committee which shall not be lesser than the face value of the Share as on date of Grant of such Option. The specific Exercise Price shall be intimated to the Option Grantee in the letter of Grant at the time of Grant. | Exercise price will be the Market Price of the Company, subject to the condition that the Exercise Price will not be less than the face value of the share (Rs. 10/-) under any circumstances. | The Offer Price per Share shall be such price being not less than the face value of a Share of the Company at the time of the Offer. |
| 5 | Maximum term of Options granted (years) | Pursuant to the Scheme of Arrangement and the Applicable Law, Company has taken into account the Vesting Period completed under the KPIT ESOPs prior to the Grant of Options to the Employee under the ESOP 2019. | The Exercise Period in respect of an Option shall be subject to a maximum period of 5 (Five) years from the date of Vesting of such Option. | Not applicable to the Scheme. |
| 6 | Method of Settlement | Settlement by issue of Equity shares | | Not applicable to the Scheme. |

| Sr. No. | Particulars | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|---|
| 7 | Source of shares | These schemes use shares issued by Company vide ordered passed on November 29, 2018 by Mumbai Bench of Hon'ble National Company Law Tribunal (NCLT) for the Composite Scheme of Arrangement amongst Birlasoft (India) Limited ("Transferor Company") and KPIT Technologies Limited ("Transferee Company") and KPIT Engineering Limited ("Company or Resulting Company") and their respective shareholders. | | |
| 8 | Variation in terms of the Scheme | NIL | | |

**II. Option Movement during the year ended March 2020**

| Sr. No | Particulars | ESOP 2019 Scheme | | ESOS 2019A Scheme | | ESPS 2019 Scheme | |
|---|---|---|---|---|---|---|---|
| | | No. of Options | Wt. Avg Exercise Price | No. of Options | Wt. Avg Exercise Price | No. of Options | Wt. Avg Exercise Price |
| 1 | Outstanding at the beginning of the year | 0 | NA | 0 | NA | 0 | NA |
| 2 | Adjusted for Corporate Action** | 1,807,450 | 43.15 | 0 | NA | 0 | NA |
| 3 | Granted during the year | 0 | NA | 3,456,500 | 85.05 | 24,050 | 10.00 |
| 4 | Forfeited / Surrendered during the year | 72,495 | 44.96 | 201,500 | 85.05 | 0 | NA |
| 5 | Lapsed during the year | 36,200 | 38.12 | 0 | NA | 0 | NA |
| 6 | Exercised during the year | 377,300 | 38.45 | 0 | NA | 0 | NA |
| 7 | Total number of shares arising as a result of exercise of options | 377,300 | 38.45 | 0 | NA | 0 | NA |
| 8 | Money realised by exercise of options (Rs.) | 14,508,860 | NA | 0 | NA | 0 | NA |
| 9 | Outstanding at the end of the year | 1,321,455 | 44.53 | 3,255,000 | 85.05 | 24,050 | 10.00 |
| 10 | Exercisable at the end of the year | 1,291,455 | 44.24 | 0 | NA | 24,050 | 10.00 |

**A total of 1,807,450 options were issued under ESOS 2019 scheme which was introduced with a view to give fair and reasonable adjustments to the respective employees of the Demerged Company (erstwhile KPIT Technologies Limited renamed as Birlasoft Limited) and the Company (KPIT Engineering Limited renamed as KPIT Technologies Limited) pursuant to Composite Scheme of Arrangement between the Demerged Company and the Company. These grants were duly intimated to stock exchanges as per SEBI (LODR) Regulations, 2015.

**III. Weighted Average Remaining Contractual Life**

| Range of Exercise Price | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|
| | Weighted Avg Contractual Life (in Years) as on 31st March 2020 | | |
| 0 to 50 | 2.32 | NA | NA |
| No. of Options Outstanding | 1,256,455 | NIL | 24,050 |
| 50 to 100 | 4.38 | 6.42 | NA |
| No. of Options Outstanding | 65,000 | 3,255,000 | NIL |
| 100 to 150 | NA | NA | NA |
| No. of Options Outstanding | NIL | NIL | NIL |
| 150 to 200 | NA | NA | NA |
| No. of Options Outstanding | NIL | NIL | NIL |

**IV. Weighted Average Fair Value of Options granted during the year ended March 2020 whose**

| | | | | |
|---|---|---|---|---|
| (a) | Exercise price equals market price | No Options Granted during FY 2019-20** | 85.05 | NIL |
| (b) | Exercise price is greater than market price | | NIL | NIL |
| (c) | Exercise price is less than market price | | NIL | 0.00 |

| | | | |
|---|---|---|---|
| **V.** The weighted average market price of options exercised during the year ended March 2020 | 91.11 | NIL | NIL |

**VI. Employee-wise details of options granted during the financial year 2019-20 to:**

**(i) Senior Managerial Personnel**

| Sr No. | Name of the Employee | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|---|
| | | No. of Options Granted | No. of Options Granted | No. of Options Granted |
| 1 | Chandrashekhar Sonsale | No Options Granted during FY 2019-20** | 15,000 | Not Applicable |
| 2 | Anup Sable | | 56,000 | |
| 3 | Pankaj Sathe | | 56,000 | |
| 4 | Abhijeet Tembe | | 36,000 | |
| 5 | Nishant Tholiya | | 36,000 | |
| 6 | Rajeev Kulkarni | | 21,000 | |
| 7 | Priya Bal | | 22,500 | |
| 8 | Satish Kumar | | 24,000 | |
| 9 | Pushpahas D Joshi | | 56,000 | |
| 10 | Sumedha Nashikkar | | 21,000 | |
| 11 | Rohan Sohoni | | 36,000 | |
| 12 | Rajesh Janwadkar | | 56,000 | |
| 13 | Suresh Umakanthaiah | | 22,500 | |
| 14 | Priyamvada Hardikar | | 21,000 | |
| 15 | Mohit Kochar | | 22,500 | |
| 16 | Manaswini Rath | | 36,000 | |
| 17 | Sriranjana Ramanj Acharya K N | | 24,000 | |

| Sr No. | Name of the Employee | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|---|
| | | No. of Options Granted | No. of Options Granted | No. of Options Granted |
| 18 | Hemant Gandhi | No Options Granted during FY 2019-20** | 15,000 | Not Applicable |
| 19 | Marcus Hoetger | | 21,000 | |
| 20 | Rajeeb Nath | | 56,000 | |
| 21 | Rajesh Singh | | 22,500 | |
| 22 | Srinivasa Rao Patnala | | 24,000 | |
| 23 | Vinit Teredesai | | 56,000 | |
| 24 | Suneel Pandita | | 21,000 | |

**(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year**

| Name of the Employee | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|
| | No. of Options Granted | No. of Options Granted | No. of Options Granted |
| | None of the employees were granted more than 5% or more of the options granted during the year** | | NA |

**(iii) Identified employees who were granted option, 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.**

| Name of the Employee | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|
| | No. of Options Granted | No. of Options Granted | No. of Options Granted |
| | None of the employees were granted more than 1% or more of the options granted during the year** | | NA |

**VII. Method and Assumptions used to estimate the fair value of options granted during the year ended March 2020**

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

| Variables | | ESOP 2019 Scheme | ESOS 2019A Scheme | ESPS 2019 Scheme |
|---|---|---|---|---|
| | | Weighted Avg | Weighted Avg | Weighted Avg |
| 1. | Risk Free Interest Rate (%) | No Options Granted during FY 2019-20** | 6.23 | NA |
| 2. | Expected Life (in years) | | 3.76 | NA |
| 3. | Expected Volatility (%) | | 48.02 | NA |
| 4. | Dividend Yield (%) | | 0.00 | NA |
| 5. | Exercise Price | | 85.05 | NA |
| 6. | Price of the underlying share in market at the time of the option grant. (₹) | | 85.05 | NA |

**Assumptions**

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

Volatility: The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicy available information

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities

Exercise Price: Exercise Price of each specific grant has been considered

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant

**VIII. Effect of share-based payment transactions on the entity's Profit or Loss for the period:**

| Sr. No. | Particulars | March 31, 2020 |
|---|---|---|
| 1 | Employee Option Plan Expense | 48,384,111 |
| 2 | Total Liability at the end of the period | 48,697,921 |

**IX Details related to Trust**

The details in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are :

**Details related to Trust**
**General Information of the Scheme**

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

**Brief details of transactions in shares by the Trust**

| Particulars | Details | |
|---|---|---|
| Number of shares held at the beginning of the year | 5,641,373 | |
| **Number of shares acquired during the year through** | | |
| primary issuance | NIL | |
| secondary acquisition | NIL | |
| percentage of paid up equity capital as at the end of the previous financial year | NIL | |
| Number of shares transferred to the employees / sold along with the purpose thereof | **Number of shares transferred to the employees / sold during the year** | **Purpose for transfer of shares to the employees / sold during the year** |
| | 377,300 | KPIT Technologies Employees Welfare Trust (“Trust’), is a trust formed for employee welfare activities, which includes, administration of our Company’s Employee Stock Option Plan (“ESOP”) Schemes. As part of its operations, the Trust is allotted shares by the Company and the Trust, in turn, transfer to the employees and sells such shares in the course of administration of the ESOP schemes. The holding of shares and the sale/ transfer of shares by the Trust, is done on behalf of the employees. |
| Number of shares held at the end of the year | 5,264,073 | |

**In case of secondary acquisition of shares by the Trust :**

| Particulars | Number of shares | As a percentage of paid-up equity capital at the end of the year immediately preceding the year in which shareholders’ approval was obtained. |
|---|---|---|
| Acquired during the year | NIL | 0.00 |
| Sold during the year | NIL | 0.00 |
| Transferred to the employees during the year | NIL | 0.00 |

For and on behalf of the Board of Directors

Pune
May 27, 2020

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

# Annexure 5

## Annual Report on Corporate Social Responsibility (CSR) Activities

1. **The Company has a strong social commitment to the community we live in. We fulfill this commitment both by employee participation and financial contribution. We seek to focus on a few areas of social initiatives, where we believe, through technology, our speed of innovation and employee participation, we can add significant value to our community world-wide.**

   During the year, the Company has undertaken following projects:

   1) Conservation of private forests in Koyna-Chandoli Corridor
   2) Chhote Scientists
   3) Smart India Hackathon
   4) KPIT SPARKLE
   5) KPIT SHODH
   6) Avartan Gurukul Project

2. **The composition of the CSR Committee: The Committee consists of three members including an Independent Director as below:**

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

3. **Average net profit of the Company for the last three financial years:** ₹ 511,593,167/-

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹ 10,231,863/-

5. **Details of CSR spent during the financial year are included in Notes to Accounts in Standalone Financial Statements (Refer note 41).** The total spent referred in the annexure below is direct spend of ₹ 18,406,648/- towards CSR activities and the Company has also spent employee participation cost ₹ 8,420,435/- over and above to its direct spent.

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

(Amount in ₹)

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| Sr No | CSR projects or activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs. 2.Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
| 1 | Conservation of Private Forests in Koyna-Chandoli Corridor | Ecological balance | Pune (Maharashtra) | 50,000 | 50,000 | 50,000 | Agency: In Association with Wildlife Research & Conservation Society |

(Amount in ₹)

| (1) Sr No | (2) CSR projects or activity Identified | (3) Sector in which the project is covered | (4) Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken | (5) Amount outlay (budget) project or program wise | (6) Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs. 2.Overheads | (7) Cumulative expenditure up to the reporting period | (8) Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 2 | E -Waste Collection & Disposal Drive | Ecological balance | Pune (Maharashtra) | 10,000 | 10,000 | 10,000 | Agency: In Association with Poornam Eco Vision Foundation |
| 3 | Chhote Scientists | Promoting education | Pune (Maharashtra) Bengaluru (Karnataka) Dibrugarh (Assam) | 1,400,000 | 2,363,732 | 2,363,732 | Agency: In Association with Jnana Prabodhini & VKV Dibrugarh |
| 4 | Smart India Hackathon | Promoting education | Pune (Maharashtra) | 1,000,000 | 1,000,000 | 1,000,000 | Agency: In Association with I4C |
| 5 | KPIT SPARKLE | Promoting education | Pune (Maharashtra) | 9,500,000 | 8,232,849 | 8,232,849 | Direct |
| 6 | KPIT SHODH | Promoting education | Pune (Maharashtra) | 1,000,000 | 770,067 | 770,067 | Agency: In Association with IISER,Pune |
| 7 | Donation to Maharashtra State Lawn Tennis Association (MSLTA) | Training to promote Olympic Sports | Pune (Maharashtra) | 5,280,000 | 5,280,000 | 5,280,000 | Agency: In Association with MSLTA |
| 8 | Avartan Gurukul Project | Protection of Art & Culture | Pune (Maharashtra) | 600,000 | 600,000 | 600,000 | Agency: In Association with Avartan Gurukul |
| 9 | Teaching Classes at Thayimane, Bengaluru | Promoting education | Bengaluru (Karnataka) | 100,000 | 100,000 | 100,000 | Agency: In Association with Shri Vidya Vikas Kendra |
| | **Total** | | | **18,940,000** | **18,406,648** | **18,406,648** | |

For and on behalf of the Board of Directors

**Anant Talaulicar**
Chairman of CSR Committee

**Kishor Patil**
CEO & Managing Director

Pune
May 27, 2020

# Annexure 6

## Form MGT-9
### Extract of Annual Return

**as on the financial year ended March 31, 2020**
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i) | CIN: | L74999PN2018PLC174192 |
| ii) | Registration Date: | January 8, 2018 |
| iii) | Name of the Company: | KPIT Technologies Limited (formerly KPIT Engineering Limited) |
| iv) | Category/Sub-Category of the Company: | Public Company - Limited by shares |
| v) | Address of the Registered office and Contact details: | Plot No. 17, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Maan, Taluka-Mulshi, Hinjawadi, Pune 411057.<br>Telephone: +91-20-6770 6000 |
| vi) | Whether listed company: | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any: | KFin Technologies Private Limited<br>(formerly Karvy Fintech Private Limited)<br>Selenium Building, Tower B, Plot 31 -32,<br>Gachibowli, Financial District, Nanakramguda,<br>Selilingampally Mandal, Hyderabad – 500032.<br>Tel: +91 – 40 – 6716 2222<br>Email: einward.ris@kfintech.com<br>Website: www.kfintech.com<br>Contact Person: Mr. S V Raju |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sr. No. | Name and Description of main products/ services | NIC Code of the product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Architecture and Engineering Activities; Technical testing and analysis | 71 | 99.99% |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/ Associate | % of the shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Impact Automotive Solutions Limited<br>Plot No. 2, Survey No. 288, Hissa No. 1 to 4, Village Maan, Taluka Mulshi, Pune 411057. | U35923PN2010PLC137191 | Subsidiary | 100 | 2(87)(ii) |
| 2 | Yantra Digital Services Private Limited<br>9D, Floor-GRD, Plot-149/151, Karsandas Building, Raja Rammohan Roy Marg, Bangarwadi Prarthana Samaj, Girgaon Mumbai – 400004 | U72900MH2016PTC274472 | Associate | 45 | 2(6) |

| Sr. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/ Associate | % of the shares held | Applicable Section |
|---|---|---|---|---|---|
| 3 | KPIT Technologies (UK) Limited<br>Coventry University Technology Park, Puma Way, Coventry CV1 2TT. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 4 | KPIT Technologies GmbH<br>Adams-Lehmann-Straße 109, 80797 Munich, Germany. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 5 | KPIT Technologies Netherlands B.V.<br>Westerdoksdijk 423,<br>1013 BX, Amsterdam,<br>The Netherlands. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 6 | MicroFuzzy KPIT Tecnologia Ltda, Brasil<br>Rua James Watt, 84 – 8º andar – Jardim Edith. CEP 04576-050 – São Paulo/SP – Brasil. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 7 | KPIT (Shanghai) Software Technology Co., Limited.<br>1603-1604, Tower B,<br>Central Towers,<br>567 Langao Road,<br>Shanghai 200333, PRC. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 8 | MicroFuzzy Industrie-Elektronic GmbH<br>Taunusstr. 38<br>80807 Munich<br>Germany. | N.A. | Subsidiary | 90 | 2(87)(ii) |
| 9 | KPIT Technologies GK<br>Senikaikan 5th Floor, 3-1-11 Nihonbashi Honcho Chuo-ku Tokyo. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 10 | KPIT Technologies Inc.<br>1209 Orange Street-Corporation Trust Centre, New Castle County, Wilmington, Delaware 19801. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 11 | KPIT Technologies Holding Inc.<br>1209 Orange Street – Corporation Trust Center, New Castle County, Wilmington, Delaware 19801. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 12 | KPIT Technologies Pte. Limited<br>9 Raffles Place<br>#27-00 Republic Plaza, Singapore 048619. | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 13 | ThaiGerTec Co., Ltd.<br>Rungrojthanakul Building, 14th Floor<br>44/1 Ratchadapisek Road, Huay Kwang District Bangkok 10310, Thailand | N.A. | Subsidiary | 98.37 | 2(87)(ii) |

# IV. SHARE HOLDING PATTERN

## i) Category-wise Share Holding

| Sr. No. | Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **A** | **PROMOTERS** | | | | | | | | | |
| **(1)** | **INDIAN** | | | | | | | | | |
| A | Individual / HUF | 8,440,430 | - | 8,440,430 | 3.08 | 24,982,955 | - | 24,982,955 | 9.11 | 6.03 |
| B | Central Government | - | - | - | - | - | - | - | - | - |
| C | State Government(s) | - | - | - | - | - | - | - | - | - |
| D | Bodies Corporate | 105,558,166 | - | 105,558,166 | 38.50 | 89,162,410 | - | 89,162,410 | 32.52 | (5.98) |
| E | Bank & FII | - | - | - | - | - | - | - | - | - |
| F | Any other | - | - | - | - | - | - | - | - | - |
| | Individuals holding shares as registered owners for the beneficial interest of Body Corporate | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (A)(1)** | **113,998,596** | **-** | **113,998,596** | **41.58** | **114,145,365** | **-** | **114,145,365** | **41.64** | **0.05** |
| **(2)** | **FOREIGN** | | | | | | | | | |
| A | NRIs – Individuals | 40,000 | - | 40,000 | 0.01 | 40,000 | - | 40,000 | 0.01 | - |
| B | Other – Individuals | - | - | - | - | - | - | - | - | - |
| C | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| D | Banks & FII | - | - | - | - | - | - | - | - | - |
| E | Any other | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (A)(2)** | **40,000** | **-** | **40,000** | **0.01** | **40,000** | **-** | **40,000** | **0.01** | **-** |
| | **TOTAL SHAREHOLDING OF PROMOTERS (A) = (A)(1) + (A)(2)** | **114,038,596** | **-** | **114,038,596** | **41.60** | **114,185,365** | **-** | **114,185,365** | **41.65** | **0.05** |
| **B** | **PUBLIC SHAREHOLDING** | | | | | | | | | |
| **(1)** | **Institutions** | | | | | | | | | |
| A | Mutual Funds | 5,757,458 | - | 5,757,458 | 2.10 | 27,488,790 | - | 27,488,790 | 10.03 | 7.93 |
| B | Banks/FI | 22,043 | - | 22,043 | 0.01 | 36,859 | - | 36,859 | 0.01 | 0.01 |
| C | Central Government | - | - | - | - | - | - | - | - | - |
| D | State Government(s) | - | - | - | - | - | - | - | - | - |
| E | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| F | Insurance Companies | - | - | - | - | - | - | - | - | - |

| Sr. No. | Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| G | FIIs | 1,295,543 | - | 1,295,543 | 0.47 | - | - | - | - | (0.47) |
| H | Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| I | Others | | | | | | | | | |
| (i) | Foreign Portfolio Investor (Corporate) | 91,026,275 | - | 91,026,275 | 33.20 | 63,869,092 | - | 63,869,092 | 23.30 | (9.91) |
| (ii) | Foreign Mutual Fund | - | - | - | - | - | - | - | - | - |
| (iii) | Alternate Investment Funds | 666,964 | - | 666,964 | 0.24 | 7,144,452 | - | 7,144,452 | 2.61 | 2.36 |
| (iv) | Provident Funds / Pension Funds | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (B)(1)** | **98,768,283** | **-** | **98,768,283** | **36.03** | **98,539,193** | **-** | **98,539,193** | **35.94** | **(0.08)** |
| **(2)** | **Non-Institutions** | | | | | | | | | |
| A | Bodies Corporate | | | | | | | | | |
| i | Indian | 9,567,869 | 3,097 | 9,570,966 | 3.49 | 5,753,777 | 3,097 | 5,756,874 | 2.10 | (1.39) |
| ii | Overseas | - | - | - | - | - | - | - | - | - |
| B | Individuals | | | | | | | | | |
| i | Individual shareholders holding nominal share capital upto ₹ 1 lakh | 17,382,493 | 326,495 | 17,708,988 | 6.46 | 17,931,605 | 304,495 | 18,236,100 | 6.65 | 0.19 |
| ii | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 15,956,336 | 582,000 | 16,538,336 | 6.03 | 16,263,389 | 582,000 | 16,845,389 | 6.14 | 0.11 |
| C | Others | | | | | | | | | |
| i | NBFCs registered with RBI | 5003915 | - | 5003915 | 1.83 | 5,000,300 | - | 5,000,300 | 1.82 | (0.01) |
| ii | Clearing Members | 1,740,453 | - | 1,740,453 | 0.63 | 901,166 | - | 901,166 | 0.33 | (0.31) |
| iii | Non Resident Indians | 3,617,234 | 7,000 | 3,624,234 | 1.32 | 4,772,740 | - | 4,772,740 | 1.74 | 0.42 |
| iv | Foreign Nationals | 154,066 | - | 154,066 | 0.06 | 152,329 | - | 152,329 | 0.06 | - |
| v | Hindu Undivided Families | 601,237 | - | 601,237 | 0.22 | 920,435 | - | 920,435 | 0.34 | 0.12 |
| vi | Trusts | 578,248 | - | 578,248 | 0.21 | 42,152 | - | 42,152 | 0.02 | (0.20) |
| vii | IEPF | 175,113 | - | 175,113 | 0.06 | 175,113 | - | 175,113 | 0.06 | - |

| Sr. No. | Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| viii | Overseas Depositories (Holding DRs) (Balancing figure) | - | - | - | - | - | - | - | - | - |
| ix | Qualified Institutional Buyer | - | - | - | - | 3,352,579 | - | 3,352,579 | 1.22 | 1.22 |
| | **Sub-Total (B)(2)** | **54,776,964** | **918,592** | **55,695,556** | **20.32** | **55,265,585** | **889,592** | **56,155,177** | **20.48** | **0.16** |
| | **Total Public Shareholding (B) = (B)(1) + (B)(2)** | **153,545,247** | **918,592** | **154,463,839** | **56.35** | **153,804,778** | **889,592** | **154,694,370** | **56.43** | **0.08** |
| **C** | **SHARES HELD BY CUSTODIAN FOR ADRs AND GDRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **D** | **Non Promoter-Non Public (KPIT Technologies Employees Welfare Trust)** | **5,641,373** | **-** | **5,641,373** | **2.06** | **5,264,073** | **-** | **5,264,073** | **1.92** | **(0.14)** |
| | **GRAND TOTAL (A+B+C)** | **273,225,216** | **918,592** | **274,143,808** | **100** | **273,254,216** | **889,592** | **274,143,808** | **100** | **-** |

## ii) Shareholding of Promoters

| Sr. No. | Shareholder Name | Shareholding at the beginning of the year | | | | Shareholding at the end of the year | | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares pledged | % of shares pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | No. of shares pledged | % of shares pledged/ encumbered to total shares | |
| 1 | Mr. S. B. (Ravi) Pandit | 430,500 | 0.16 | - | - | 566,500 | 0.21 | - | - | 0.05 |
| 2 | Ms. Nirmala Pandit | 239,000 | 0.09 | - | - | 239,000 | 0.09 | - | - | - |
| 3 | Mr. Chinmay Pandit | 38,620 | 0.01 | - | - | 38,620 | 0.01 | - | - | - |
| 4 | Mr. Kishor Patil | 2,989,080 | 1.09 | - | - | 19,395,605 | 7.07 | 19,395,605 | 7.07 | 5.98 |
| 5 | Ms. Anupama Patil | 122,330 | 0.04 | - | - | 122,330 | 0.04 | 122,330 | 0.04 | - |
| 6 | Mr. Shrikrishna Patwardhan | 1,100,000 | 0.40 | - | - | 1,100,000 | 0.40 | - | - | - |

| Sr. No. | Shareholder Name | Shareholding at the beginning of the year | | | | Shareholding at the end of the year | | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares pledged | % of shares pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | No. of shares pledged | % of shares pledged/ encumbered to total shares | |
| 7 | Mr. Ajay Shridhar Bhagwat | 2,636,800 | 0.96 | - | - | 2,636,800 | 0.96 | - | - | - |
| 8 | Ms. Ashwini Ajay Bhagwat jointly held with Mr. Ajay Bhagwat | 43,300 | 0.02 | - | - | 43,300 | 0.02 | - | - | - |
| 9 | Mr. Sachin Dattatraya Tikekar | 840,800 | 0.31 | - | - | 840,800 | 0.31 | - | - | - |
| 10 | Ms. Hemalata A Shende | 40,000 | 0.01 | - | - | 40,000 | 0.01 | - | - | - |
| 11 | Proficient Finstock LLP | 27,130,949 | 9.90 | 12,089,000 | 4.41 | 88,861,500 | 32.41 | - | - | 22.52 |
| 12 | K and P Management Services Private Limited | 300,910 | 0.11 | - | - | 300,910 | 0.11 | - | - | - |
| 13 | National Engineering Industries Limited | 72,956,796 | 26.61 | - | - | - | - | - | - | (26.61) |
| 14 | Central India Industries Limited | 5,169,511 | 1.89 | - | - | - | - | - | - | (1.89) |
| **Total** | | **114,038,596** | **41.60** | **12,089,000** | **4.41** | **114,185,365** | **41.65** | **19,517,935** | **7.12** | **0.05** |

iii) **Change in Promoters' shareholding:**

| Sr. No. | For each of the Promoters | Shareholding at the beginning of the Year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| **1** | **Mr. S. B. (Ravi) Pandit** | | | | |
| | At the beginning of the year | 430,500 | 0.16 | 430,500 | 0.16 |
| | Increase / Decrease during the year | | | | |
| | Market Purchase on March 27, 2020 | 136,000 | 0.05 | 566,500 | 0.21 |
| | At the end of the year | | | 566,500 | 0.21 |
| **2** | **Ms. Nirmala Pandit** | | | | |
| | At the beginning of the year | 239,000 | 0.09 | 239,000 | 0.09 |
| | Increase / Decrease during the year | - | - | 239,000 | 0.09 |
| | At the end of the year | | | 239,000 | 0.09 |
| **3** | **Mr. Chinmay Pandit** | | | | |
| | At the beginning of the year | 38,620 | 0.01 | 38,620 | 0.01 |
| | Increase / Decrease during the year | - | - | 38,620 | 0.01 |
| | At the end of the year | | | 38,620 | 0.01 |
| **4** | **Mr. Kishor Patil** | | | | |
| | At the beginning of the year | 2,989,080 | 1.09 | 2,989,080 | 1.09 |
| | Increase / Decrease during the year | | | | |
| | Off Market Purchase on August 30, 2019 | 14,679,419 | 5.35 | 17,668,499 | 6.44 |
| | Off Market Purchase on February 5, 2020 | 1,727,106 | 0.63 | 19,395,605 | 7.07 |
| | At the end of the year | | | 19,395,605 | 7.07 |
| **5** | **Ms. Anupama Patil** | | | | |
| | At the beginning of the year | 122,330 | 0.04 | 122,330 | 0.04 |
| | Increase / Decrease during the year | - | - | 122,330 | 0.04 |
| | At the end of the year | | | 122,330 | 0.04 |
| **6** | **Mr. Shrikrishna Patwardhan** | | | | |
| | At the beginning of the year | 1,100,000 | 0.40 | 1,100,000 | 0.40 |
| | Increase / Decrease during the year | - | - | 1,100,000 | 0.40 |
| | At the end of the year | | | 1,100,000 | 0.40 |
| **7** | **Mr. Ajay Shridhar Bhagwat** | | | | |
| | At the beginning of the year | 2,636,800 | 0.96 | 2,636,800 | 0.96 |
| | Increase / Decrease during the year | - | - | 2,636,800 | 0.96 |
| | At the end of the year | | | 2,636,800 | 0.96 |

| Sr. No. | For each of the Promoters | Shareholding at the beginning of the Year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| **8** | **Ms. Ashwini Ajay Bhagwat jointly held with Mr. Ajay Bhagwat** | | | | |
| | At the beginning of the year | 43,300 | 0.02 | 43,300 | 0.02 |
| | Increase / Decrease during the year | - | - | 43,300 | 0.02 |
| | At the end of the year | | | 43,300 | 0.02 |
| **9** | **Mr. Sachin Dattatraya Tikekar** | | | | |
| | At the beginning of the year | 840,800 | 0.31 | 840,800 | 0.31 |
| | Increase / Decrease during the year | - | - | 840,800 | 0.31 |
| | At the end of the year | | | 840,800 | 0.31 |
| **10** | **Ms. Hemlata Shende** | | | | |
| | At the beginning of the year | 40,000 | 0.01 | 40,000 | 0.01 |
| | Increase / Decrease during the year | - | - | 40,000 | 0.01 |
| | At the end of the year | | | 40,000 | 0.01 |
| **11** | **Proficient Finstock LLP** | | | | |
| | At the beginning of the year | 27,130,949 | 9.90 | 27,130,949 | 9.90 |
| | Increase / Decrease during the year | | | | |
| | Market Purchase (through Open Offer) on July 30, 2019 | 10,769 | - | 27,141,718 | 9.90 |
| | Off Market Purchase on August 30, 2019 | 55,222,574 | 20.14 | 82,364,292 | 30.04 |
| | Off Market Purchase on February 5, 2020 | 6,497,208 | 2.37 | 88,861,500 | 32.41 |
| | At the end of the year | | | 88,861,500 | 32.41 |
| **12** | **K and P Management Services Private Limited** | | | | |
| | At the beginning of the year | 300,910 | 0.11 | 300,910 | 0.11 |
| | Increase / Decrease during the year | - | - | 300,910 | 0.11 |
| | At the end of the year | | | 300,910 | 0.11 |
| **13** | **National Engineering Industries Limited** | | | | |
| | At the beginning of the year | 72,956,796 | 26.61 | 72,956,796 | 26.61 |
| | Increase / Decrease during the year | | | | |
| | Off Market Sale on August 30, 2019 | (64,732,482) | (23.61) | 8,224,315 | 3.00 |
| | Off Market Sale on February 5, 2020 | (8,224,315) | (3.00) | - | - |
| | At the end of the year | | | - | - |
| **14** | **Central India Industries Limited** | | | | |
| | At the beginning of the year | 5,169,511 | 1.89 | 5,169,511 | 1.89 |
| | Increase / Decrease during the year | | | | |
| | Off Market Sale on August 30, 2019 | (5,169,511) | (1.89) | - | - |
| | At the end of the year | | | - | - |

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

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| **1** | **Reliance Capital Trustee Co Ltd A/C Nippon India Small Cap Fund** | | | | |
| | At the beginning of the year | 204,000 | 0.07 | 204,000 | 0.07 |
| | Increase / Decrease during the year | 10,850,845 | 3.96 | 11,054,845 | 4.03 |
| | At the end of the year | | | 11,054,845 | 4.03 |
| **2** | **IDFC Core Equity Fund** | | | | |
| | At the beginning of the year | 5,065,651 | 1.85 | 5,065,651 | 1.85 |
| | Increase / Decrease during the year | 2,790,000 | 1.02 | 7,855,651 | 2.87 |
| | At the end of the year | | | 7,855,651 | 2.87 |
| **3** | **Auburn Limited** | | | | |
| | At the beginning of the year | - | - | - | - |
| | Increase / Decrease during the year | 7,786,222 | 2.84 | 7,786,222 | 2.84 |
| | At the end of the year | | | 7,786,222 | 2.84 |
| **4** | **KPIT Technologies Employees Welfare Trust** | | | | |
| | At the beginning of the year | 5,641,373 | 2.06 | 5,641,373 | 2.06 |
| | Increase / Decrease during the year | (377,300) | (0.14) | 5,264,073 | 1.92 |
| | At the end of the year | | | 5,264,073 | 1.92 |
| **5** | **Bengal Finance & Investment Private Limited** | | | | |
| | At the beginning of the year | 5,000,000 | 1.82 | 5,000,000 | 1.82 |
| | Increase / Decrease during the year | - | - | 5,000,000 | 1.82 |
| | At the end of the year | | | 5,000,000 | 1.82 |
| **6** | **New Horizon Opportunities Master Fund** | | | | |
| | At the beginning of the year | 4,999,000 | 1.82 | 4,999,000 | 1.82 |
| | Increase / Decrease during the year | - | - | 4,999,000 | 1.82 |
| | At the end of the year | | | 4,999,000 | 1.82 |
| **7** | **Acacia Partners, LP** | | | | |
| | At the beginning of the year | 4,800,000 | 1.75 | 4,800,000 | 1.75 |
| | Increase / Decrease during the year | - | - | 4,800,000 | 1.75 |
| | At the end of the year | | | 4,800,000 | 1.75 |
| **8** | **Kuwait Investment Authority Fund F238** | | | | |
| | At the beginning of the year | 647,499 | 0.24 | 647,499 | 0.24 |
| | Increase / Decrease during the year | 4,071,604 | 1.49 | 4,719,103 | 1.72 |
| | At the end of the year | | | 4,719,103 | 1.72 |

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| **9** | **Acacia Institutional Partners, LP** | | | | |
| | At the beginning of the year | 4,597,575 | 1.68 | 4,597,575 | 1.68 |
| | Increase / Decrease during the year | - | - | 4,597,575 | 1.68 |
| | At the end of the year | | | 4,597,575 | 1.68 |
| **10** | **Ashish Kacholia** | | | | |
| | At the beginning of the year | 4,269,579 | 1.56 | 4,269,579 | 1.56 |
| | Increase / Decrease during the year | 260,000 | 0.09 | 4,529,579 | 1.65 |
| | At the end of the year | | | 4,529,579 | 1.65 |

### (v) Shareholding of Directors and Key Managerial Personnel

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| **1** | **Mr. S. B. (Ravi) Pandit** | | | | |
| | At the beginning of the year | 430,500 | 0.16 | 430,500 | 0.16 |
| | Increase / Decrease during the year | | | | |
| | Market Purchase on March 27, 2020 | 136,000 | 0.05 | 566,500 | 0.21 |
| | At the end of the year | | | 566,500 | 0.21 |
| **2** | **Mr. Kishor Patil** | | | | |
| | At the beginning of the year | 2,989,080 | 1.09 | 2,989,080 | 1.09 |
| | Increase / Decrease during the year | | | | |
| | Off Market Purchase on August 30, 2019 | 14,679,419 | 5.35 | 17,668,499 | 6.44 |
| | Off Market Purchase on February 5, 2020 | 1,727,106 | 0.63 | 19,395,605 | 7.07 |
| | At the end of the year | | | 19,395,605 | 7.07 |
| **3** | **Mr. Sachin Dattatraya Tikekar** | | | | |
| | At the beginning of the year | 840,800 | 0.31 | 840,800 | 0.31 |
| | Increase / Decrease during the year | - | - | 840,800 | 0.31 |
| | At the end of the year | | | 840,800 | 0.31 |
| **4** | **Mr. Vinit Teredesai (Key Managerial Personnel – Chief Financial Officer)** | | | | |
| | At the beginning of the year | 276 | - | 276 | - |
| | Increase / Decrease during the year | | | | |
| | Market Purchase on June 14, 2019 | 24 | - | 300 | - |

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | Market Purchase on August 9, 2019 | 94 | - | 394 | - |
| | Market Purchase on December 13, 2019 | 56 | - | 450 | - |
| | Market Purchase on February 28, 2019 | 25 | - | 475 | - |
| | Market Purchase on March 13, 2020 | 225 | - | 700 | - |
| | Market Purchase on March 20, 2020 | 150 | - | 850 | - |
| | Market Purchase on March 27, 2020 | 245 | - | 1,095 | - |
| | Market Purchase on March 31, 2020 | 60 | - | 1,155 | - |
| | At the end of the year | | | 1,155 | - |
| **5** | **Ms. Nida Deshpande (Key Managerial Personnel - Company Secretary)** | | | | |
| | At the beginning of the year | 1 | - | 1 | - |
| | Increase / Decrease during the year | - | - | 1 | - |
| | At the end of the year | | | 1 | - |

## V. INDEBTEDNESS

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

(Amount in ₹ million)

| | | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | | |
| i) | Principal Amount | 1,138.29 | 18.76 | - | 1,157.05 |
| ii) | Interest due but not paid | 0.07 | 1.18 | - | 1.25 |
| iii) | Interest accrued but not due | 1.67 | - | - | 1.67 |
| **Total (i+ ii +iii)** | | **1,140.04** | **19.94** | **-** | **1,159.97** |
| **Change in Indebtedness during the financial year** | | | | | |
| • | Addition | - | 0.56 | - | 0.56 |
| • | Reduction | 597.36 | - | - | 597.36 |
| **Net Change** | | **(597.36)** | **0.56** | **-** | **(596.80)** |
| **Indebtedness at the end of the financial year** | | | | | |
| i) | Principal Amount | 542.05 | 18.76 | - | 560.81 |
| ii) | Interest due but not paid | - | 1.75 | - | 1.75 |
| iii) | Interest accrued but not due | 0.62 | - | - | 1.67 |
| **Total (i + ii + iii)** | | **542.67** | **20.50** | **-** | **563.18** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹ million)

| Sr. No. | Particulars of Remuneration* | Name of MD / WTD / Manager | | | Total |
|---|---|---|---|---|---|
| | | Mr. S. B. (Ravi) Pandit# | Mr. Kishor Patil | Mr. Sachin Tikekar | |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 41.89 | 36.73 | 32.72 | 111.34 |
| | (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | - | 0.28 | - | 0.28 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others | - | - | - | - |
| 5. | Others | - | - | - | - |
| | **Total (A)** | **41.89** | **37.01** | **32.72** | **111.62** |
| | Ceiling as per the Act | 242.18 (being 10% of net profit of the Company calculated as per Section 198 of the Companies Act, 2013). | | | |

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

# Paid upto March 28, 2020 since he was appointed as a Chairman and Executive Director till March 28, 2020 and thereafter as a Chairman and Non-executive Director of the Company w.e.f. March 29, 2020.

B. **Remuneration to other Directors:**

(Amount in ₹ million)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Mr. B V R Subbu | Mr. Anant Talaulicar | Prof. Alberto Sangiovanni Vincentelli | Mr. Nickhil Jakatdar | Ms. Shubhalakshmi Panse | Mr. Rafi Maor | |
| 1 | Independent Directors | | | | | | | |
| | • Fee for attending board/ committee meetings | 0.24 | 0.30 | 0.07 | 0.08 | 0.21 | 0.05 | 0.95 |
| | • Commission | 2.60 | 2.95 | 2.37 | 1.53 | 2.05 | 1.60 | 13.10 |
| | • Others | - | - | - | - | - | - | - |
| | **Total (1)** | **2.84** | **3.25** | **2.44** | **1.61** | **2.26** | **1.65** | **14.05** |

| Sr. No. | Particulars of Remuneration | Name of Directors | Total |
|---|---|---|---|
| 2 | Other Non-Executive Directors | | |
| | • Fee for attending board/ committee meetings | NIL | |
| | • Commission | | |
| | • Others | | |
| | **Total (2)** | | |
| | **Total (B) = (1+2)** | | **14.05** |
| | **Total Managerial Remuneration** | | **125.67** |
| | Overall Ceiling as per the Act | 266.40 (being 11% of net profit of the Company calculated as per section 198 of the Companies Act, 2013). | |

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

(Amount in ₹ million)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---|---|---|---|---|---|
| | | Chief Executive Director | Chief Financial Officer | Company Secretary | |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 36.73 | 11.94 | 2.19 | 50.86 |
| | (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | 0.28 | - | - | 0.28 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others | - | - | - | - |
| 5. | Others | - | - | - | - |
| | **Total** | **37.01** | **11.94** | **2.19** | **51.14** |

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

For and on behalf of the Board of Directors

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

Pune
May 27, 2020

Annexure 7

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2020

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

To,
The Members,
KPIT Technologies Limited,
Plot No 17, Rajiv Gandhi Infotech Park, MIDC- SEZ
Phase III, Maan, Taluka – Mulshi, Hinjawadi, Pune-411057.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2020, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment. and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **(Not applicable to the Company during Audit Period)**

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 2018 **(Not applicable to the Company during the Audit Period)**.

(vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

  (a) The Information Technology Act, 2000.

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

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I further report that**

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

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

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

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

**I further report that** during the audit period there were following specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards:

1. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on 22 April 2019.
2. The board of directors at its meeting held on 26 July 2019 approved the merger of Impact Automotive Solutions Limited, a wholly owned subsidiary of the Company with KPIT technologies Limited.
3. The board of directors at its meeting held on 23 October 2019 approved the acquisition of Vayavya Labs Private Limited.

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

Place: Pune
Date: 27 May 2020
UDIN: F001370B000289691

# Report on Corporate Governance

## Corporate Governance Philosophy:

Corporate Governance is basically an approach of managing efficiently and prudently all the activities of a company, in order to make the business stable and secure, growth-oriented, maximally profitable to its shareholders and highly reputed and reliable among all customers and clients. At KPIT, corporate governance practices are reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain, the trust of our stakeholders at all times. At KPIT, disclosures seek to attain the best practices in corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. The Company is directed and controlled in a way in order to achieve the goals and objectives to add value to the Company and also benefit the stakeholders in the long term.

At KPIT, the Board exercises its fiduciary responsibilities in the widest sense of the term. The Board Structure and Top Management are directly and exclusively responsible for such governance. For these purposes, the top management must have flawless and effective control over all affairs of the Company and regular monitoring of all business activities & transactions. They should adhere to applicable regulatory norms and regulations prescribed by various authorities to ensure proper care and concern for the interest and benefit of the shareholders. Thus, corporate governance is strict and efficient application of all best management practices and corporate & legal compliances, amid the contemporary and continually changing business scenarios.

We believe practicing corporate governance to ensure transparency in our corporate affairs and are committed to continuously scale up the corporate governance standards.

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

- ➢ Customer Focus
- ➢ Respect for Individual
- ➢ Integrity
- ➢ Community Initiative
- ➢ Knowledge Worship
- ➢ Entrepreneurship and Innovation
- ➢ Teamwork and boundarylessness

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

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

We seek to protect the shareholders' rights by providing timely and sufficient information to the shareholders, allowing effective participation in key corporate decisions and by providing adequate mechanism to address the grievances of the shareholders. This ensures equitable treatment of all shareholders including minority and foreign shareholders. We ensure timely and accurate disclosure on significant matters including financial performance, ownership and governance of the Company. We implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into account the interest of the stakeholders and the annual audit is conducted by an independent and qualified auditor. Investor updates and earnings call transcript are uploaded on the Company's website on quarterly basis. Further, additional updates are provided to the stakeholders on any matter that concerns them, as and when the circumstances arise.

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

## I. BOARD OF DIRECTORS

### A. Size and composition of the Board

In order to maintain independence of the Board, we have a judicious mix of Executive, Non-Executive and Independent Directors on the Board which is essential to separate the two main Board functions viz. governance and management. Out of the total strength of nine Directors as on March 31, 2020, one is Non-Executive Chairman, two are Executive Directors and six are Independent Directors. The Board members have diverse background and possess rich experience and expertise in various industries such as automotive, energy & utilities, manufacturing, electronics, finance and research. The Board periodically evaluates the need for increasing or decreasing its size. The composition of the Board and the number of directorships held by each Director both in the Company as well as outside the Company is detailed in Table 1.

**Table 1: The composition of the Board and the number of directorships held by them as on March 31, 2020**

| Sr. No. | Name of Director | Category of Directorship at KPIT | Relationship with the Directors | No. of Director ships held in Public Companies* | No. of Committee Membership in Companies@ | No. of Chairmanship in Committees@ | Names of the listed entities where the person is a director and the category of directorship | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Name of listed entity | Category of directorship |
| 1 | Mr. S. B. (Ravi) Pandit, Chairman | Non-executive | None | 3 | 1 | Nil | Thermax Limited | Independent Director |
| 2 | Mr. Kishor Patil, CEO & Managing Director | Executive | None | 3 | 1 | Nil | Nil | Nil |
| 3 | Mr. Sachin Tikekar, Whole-time Director | Executive | None | 1 | 1 | Nil | Nil | Nil |
| 4 | Mr. Anant Talaulicar | Independent | None | 6 | 3 | 1 | 1) The Hi-Tech Gears Limited | Non-Executive Director |
| | | | | | | | 2) Force Motors Limited | Independent Director |
| | | | | | | | 3) Birlasoft Limited | Independent Director |
| | | | | | | | 4) Everest Industries Limited | Independent Director |
| | | | | | | | 5) India Nippon Electricals limited | Independent Director |
| 5 | Mr. B V R Subbu | Independent | None | 2 | 1 | 1 | Nil | Nil |
| 6 | Prof. Alberto Sangiovanni Vincentelli | Independent | None | 1 | Nil | Nil | Nil | Nil |
| 7 | Mr. Nickhil Jakatdar | Independent | None | 1 | Nil | Nil | Nil | Nil |

| Sr. No. | Name of Director | Category of Directorship at KPIT | Relationship with the Directors | No. of Director ships held in Public Companies* | No. of Committee Membership in Companies@ | No. of Chairmanship in Committees@ | Names of the listed entities where the person is a director and the category of directorship | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Name of listed entity | Category of directorship |
| 8 | Ms. Shubhalakshmi Panse | Independent | None | 5 | 2 | 3 | 1) Sudarshan Chemical Industries Limited<br>2) The Federal Bank Limited<br>3) PNB Housing Finance Limited<br>4) Atul Limited | Independent Director |
| 9 | Mr. Rafi Maor# | Independent | None | 1 | Nil | Nil | Nil | Nil |

* including directorship in KPIT Technologies Limited (formerly KPIT Engineering Limited).

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

# Appointed with effect from October 23, 2019 and resigned with effect from June 9, 2020.

**B. Core competencies of the Board of Directors as per the requirements given in Schedule C of Corporate Governance Report of the SEBI (LODR) Regulations, 2015:**

The Board of Directors has identified skills/competencies/expertise such as Business Operations & Management, Technical expertise, Business operations at Global Level including Industry knowledge, Strategy and planning, Financial, Treasury Management and Taxation, Governance, Compliance and Risk Management in order to assist the management and provide them advice in the business operations, which are available with the current Board of Directors of the Company. The list of expertise/core skills/competencies identified by the Board of Directors is detailed in Table 2.

**Table 2: Expertise/core skills/competencies identified by the Board of Directors.**

The Board of Directors have broad expertise in all the areas, however their detailed expertise are identified as below.

| Sr. No. | Name of Director | Business Operations & Management | Technical expertise | Business operations at Global Level including industry knowledge | Strategy and planning | Financial, treasury management and taxation expertise | Governance, Compliance and Risk Management |
|---|---|---|---|---|---|---|---|
| 1 | Mr. S. B. (Ravi) Pandit | - | √ | √ | √ | - | √ |
| 2 | Mr. Kishor Patil | - | - | √ | √ | √ | - |
| 3 | Mr. Sachin Tikekar | √ | - | √ | √ | - | - |
| 4 | Mr. Anant Talaulicar | √ | - | √ | √ | √ | √ |
| 5 | Mr. B V R Subbu | √ | √ | √ | √ | √ | √ |
| 6 | Prof. Alberto Sangiovanni Vincentelli | - | √ | √ | √ | - | - |
| 7 | Mr. Nickhil Jakatdar | - | √ | √ | √ | - | - |
| 8 | Ms. Shubhalakshmi Panse | - | - | √ | √ | √ | √ |
| 9 | Mr. Rafi Maor | √ | - | √ | √ | - | - |

**C. Independent Directors:**

**1. Independent Director**

All our Independent Directors fulfill the criteria of independence as prescribed under section 149 of the Companies Act, 2013 and also Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI (LODR) Regulations, 2015") as explained below. We confirm that in the opinion of the Board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

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

a. who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise and experience;

b. who is or was not a Promoter of the Company or its subsidiary or associate companies; (or member of the promoter group of the listed entity);

c. who is not related to Promoters or Directors in the Company or its subsidiary or associate companies;

d. who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company or its subsidiary or associate companies, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

e. none of whose relatives has or had pecuniary relationship or transaction with the Company or its subsidiary or associate companies, or their promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

f. who, neither himself nor whose relative(s)-

(i) holds or has held the position of a key managerial personnel or is or has been an employee of the Company or its subsidiary or associate companies in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of–

(A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its subsidiary or associate companies; or

(B) any legal or a consulting firm that has or had any transaction with the Company or its subsidiary or associate companies amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the Company; or

(iv) is a chief executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts or corpus from the Company, any of its promoters, Directors or its subsidiary or associate companies or that holds two per cent or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or lessor or lessee of the Company;

g. who is not less than 21 years of age.

h. who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

**2. Limit on number of directorships**

The number of companies in which each Independent Director of the Company holds office as an Independent Director is within the limits prescribed under Regulation 25 of the SEBI (LODR) Regulations, 2015.

**3. Maximum tenure of Independent Directors**

None of the Independent Directors has exceeded the tenure prescribed under Regulation 25 of the

SEBI (LODR) Regulations, 2015 and under Section 149 (10) of the Companies Act, 2013.

4. **Formal letter of appointment to Independent Directors**

The Company has issued formal appointment letters to the Independent Directors and brief terms & conditions of which have been placed on the Company's website.

5. **Performance evaluation of Independent Directors**

The Nomination and Remuneration (HR) Committee has laid down criteria for performance evaluation of Independent Directors, in its policy which are given below:

a) Attendance at Board meetings and Board Committee meetings;

b) Chairmanship of the Board and Board Committees;

c) Contribution and deployment of knowledge and expertise at the Board and Committee meetings;

d) Guidance and support provided to senior management of the Company outside the Board meetings;

e) Independence of behavior and judgment; and

f) Impact and influence.

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

During FY 2019-20, a separate meeting of the Independent Directors of the Company was held on February 28, 2020.

7. **Familiarization Programme for Independent Directors**

Our Directors, at the time of their appointment, are provided with information about the Company and its organization structure, business model, vision and values, latest published results and internal policies to enable them to familiarize themselves with the Company's procedures and practices. The new Directors are also invited for meetings of Board of Directors and Board Committees held before their appointment which helps them to familiarize themselves with the Company and its Board process. A familiarization programme was also conducted in the month of February, 2020. The details of such familiarization programs are uploaded on the website of the Company (https://www.kpit.com/investors/#policies-reports-filings).

Further, at every Board meeting, there are detailed business presentations made which are useful to the Directors in understanding the business. The presentations are made by the business leaders so that the Directors are able to connect with the leaders and ask them related questions.

D. **Responsibilities of the Chairman and other Executive Directors**

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

The Chairman as a founder of the Company, has steered the Company towards achieving leadership position in software solutions that will help mobility leapfrog towards autonomous, clean, smart and connected future. He is a Promoter of the Company and also plays a strategic role in Community Initiatives and Corporate Governance. He also interacts with global thought leaders to enhance the Company's leadership position and with various institutions to highlight and take the benefits of the technology to every section of society.

The CEO & Managing Director is in-charge of the overall management of the Company. He is specifically responsible for all day-to-day operational issues like planning and executing business, reviewing and guiding the country offices, customer delivery units and support functions and ensuring efficient and effective functioning of the organization as a whole. He has a particular focus and vision for growing products and platforms. Currently, he is focusing on creation and management of new Product Business Units, executive sponsorship of critical GAMs, management of key external relationships in India & strategic infrastructure projects. He is also responsible for building strategic partnerships and integration of acquired entities.

The Whole-time Director works on providing leadership and guidance in many different areas of the Company. He is an executive sponsor responsible for driving sustainable business growth & lead initiatives to launch innovative products and platforms. In both roles, he is intrinsically involved in managing and growing strategic relationships with key customers and partners.

**E. Membership Term**

As per the current laws in India, Independent Directors can hold office for a term of up to five years which can be extended for another period of five years by the shareholders of the Company. Mr. Anant Talaulicar, Mr. BVR Subbu, Prof. Alberto Vincentelli, Mr. Nickhil Jakatdar and Ms. Shubhalakshmi Panse were appointed as Independent Director of the Company for a period of five years with effect from January 16, 2019 which was approved by the shareholders in Annual General Meeting held on August 28, 2019. Owing to other business commitments and preoccupations, Dr. Klaus Blickle resigned from the directorship of the Company with effect from May 15, 2019 and Mr. Rohit Saboo, nominee of National Engineering Industries Limited also resigned from directorship of the Company with effect from February 1, 2020.

Mr. Rafi Maor was appointed as Additional & Independent Director of the Company with effect from October 23, 2019 and shall hold office up to the date of the ensuing annual general meeting unless resigned earlier. However, due to pre-occupations and owing to other business commitments, he has resigned from the post of directorship of the Company with effect from June 9, 2020.

The Executive Directors are appointed by the shareholders of the Company for a maximum period of five years at a time (subject to retirement by rotation as mentioned hereinabove) but are eligible for re-appointment upon completion of their respective term. Further, during the year under review, Mr. S. B. (Ravi) Pandit has been designated as a Chairman and Non-Executive Director of the Company with effect from March 29, 2020.

As for the Non-Independent Directors, at least two-thirds of them shall be liable to retire by rotation. One-third of such directors as are liable to retire by rotation shall retire every year and if qualified, shall be eligible for re-appointment. Mr. Kishor Patil, retires at the forthcoming Annual General Meeting and being eligible, seeks re-appointment as a Director.

A certificate has been received from Dr. K R Chandratre, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**F. Board & Committee Meeting Agenda and Minutes**

The Company Secretary receives details on the matters which require the approval of the Board from various departments of the Company, well in advance, so that they can be included in the Board meeting agenda, if required. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meetings. In compliance with the statutory requirements, the following items are discussed in the meetings:

- Minutes of the previous Board meeting and meetings of Board committees held in the previous calendar quarter;
- Noting of resolutions passed by circulation;
- Minutes of Board meetings of all subsidiaries held in the previous calendar quarter;
- Quarterly results of the Company and its operating divisions or business segments;
- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Presentation on the financial results, which generally includes the following:
  - ➢ Financials for the quarter and its analysis;
  - ➢ Cash profit generated during the quarter

- Yearly financial plan vs. actual
- SBU (Strategic Business Unit) wise performance
- Profitability drivers
- Utilization of resources
- Peer group analysis and analyst coverage
- Mergers and acquisitions pursuits
- Investments in the Company
- Subsidiaries' financials and operations
- Statement on foreign exchange exposure and related mitigating activities;

- Presentations of Statutory Auditors' Audit and Limited Review Report;
- Related party transactions (including material transactions with subsidiaries);
- Corporate Governance compliances and statutory compliance certificate;
- Other statutory agenda including action tracker on implementation of decisions taken in previous Board meeting(s) and presentation by Internal Auditors;
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer (CFO) and the Company Secretary, if any;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods / services sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and its compliance;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front;
- Sale of material nature, of investments, subsidiaries, assets, not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and any shareholders' service such as non-payment of dividend, delay in share transfer etc.

Every agenda and minutes of the meetings are prepared in compliance with the Companies Act, 2013 and the rules framed thereunder, in force from time to time and the Secretarial Standards issued by the Institute of Company Secretaries of India. The draft minutes of the proceedings of the meetings of the Board and Committee are circulated to all the Directors and Committee members.

**G. Non-Executive Directors' shareholding**

As on March 31, 2020, none of the Non-executive Directors hold Equity Shares of the Company except Mr. S. B. (Ravi) Pandit who holds 9,89,306 equity shares in the Company.

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

**H. Other provisions as to Board and Committees**

**1. Board meetings schedule:**

As a good practice, the dates of the Board meetings in a financial year are decided before the start of the financial year and circulated to all the Board members. These dates are also given in the 'Additional Shareholder Information', which forms a part of this Annual Report. The Board meetings are generally held at the Registered Office of the Company located in Pune. The agenda for each meeting is drafted by the Company Secretary in consultation with the Chairman of the Board and circulated to the Board members in advance. The Board meets at least once every quarter to review and approve the quarterly results and other items on the agenda. In addition, the Board normally meets annually, for discussions on the annual operating plan. Additional Board meetings are held, whenever necessary.

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

a) May 15, 2019;

b) June 17, 2019;

c) July 26, 2019;

d) October 23, 2019;

e) January 29, 2020;

f) February 28, 2020.

**Table 2: Number of Board meetings and the attendance of Directors during FY 2019-20**

| Sr. No. | Name of the Director | No. of Board meetings held during the tenure of each Director | No. of Board meetings attended* | Attendance at the last AGM |
|---|---|---|---|---|
| 1 | Mr. S. B. (Ravi) Pandit, Chairman | 6 | 6 | Yes |
| 2 | Mr. Kishor Patil, CEO & Managing Director | 6 | 6 | Yes |
| 3 | Mr. Sachin Tikekar, Whole-time Director | 6 | 5 | No |
| 4 | Mr. Anant Talaulicar | 6 | 6 | No |
| 5 | Mr. B V R Subbu | 6 | 6 | No |
| 6 | Ms. Shubhalakshmi Panse | 6 | 5 | Yes |
| 7 | Mr. Rohit Saboo# | 5 | 0 | No |
| 8 | Prof. Alberto Sangiovanni Vincentelli | 6 | 5 | No |
| 9 | Dr. Klaus Blickle$ | 1 | 0 | NA |
| 10 | Mr. Nickhil Jakatdar | 6 | 5 | No |
| 11 | Mr. Rafi Maor@ | 3 | 3 | NA |

*Including attendance by videoconference or teleconference.

# Resigned with effect from February 1, 2020.

$ Resigned with effect from May 15, 2019.

@ Appointed with effect from October 23, 2019 and resigned with effect from June 9, 2020.

**2. Membership of Board committees**

None of the Directors of the Company hold membership of more than ten committees nor Chairmanship of more than five committees of boards of all the companies where he / she holds directorships. (Please refer Table 1).

**3. Review of compliance reports**

For monitoring and ensuring compliance with applicable laws by the Company and its subsidiaries located in and outside India and for establishing adequate management control over the compliances of all applicable acts, laws, rules, regulations and regulatory requirements, the Company has set-up a regulatory compliance process within the organization. The CFO and the Company Secretary of the Company presents a quarterly compliance certificate before the Board of Directors of the Company which reviews the same on a quarterly basis in its Board Meetings.

**I. Code of Conduct**

The Company has adopted a Code of Conduct for its Board members, senior management and all employees and this Code has been posted on the Company's website. All the Board members and senior management personnel affirm compliance with the Code on an annual basis. The declaration of the CEO & Managing Director to this effect is provided in this Report.

**J. Vigil Mechanism and Whistle Blower Policy**

In an effort to demonstrate the highest standards of transparency, the Company has adopted the 'Vigil Mechanism' and 'Whistle Blower Policy', which has established a mechanism for employees to express and report their concerns to the management in a fearless manner about unethical behavior, fraud, violation of the code of conduct or ethics. This mechanism also provides for adequate safeguards against victimization of employees who avail this mechanism and also provide direct access to the Chairman and members of the Audit Committee in exceptional cases. This policy has been uploaded on the website of the Company for effective circulation and implementation. The purpose of this policy is to establish procedures for the:

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

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

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

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

Everyone in the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. No employee or Director of the Company has the authority to engage in any conduct prohibited by this Policy.

## II. COMMITTEES OF THE BOARD

During the year, Board of the Company had four Committees viz - Audit Committee, Nomination and Remuneration (HR) Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and has constituted Enterprise Risk Management Committee for forecasting, evaluating and eliminating business risks. All of these Committees are chaired by Independent Directors. The Board is responsible for constituting, co-opting and fixing the terms of reference for the committees. Normally, the Audit Committee and Nomination and Remuneration (HR) Committee meets at least four times a year. Stakeholders Relationship Committee, CSR Committee and Enterprise Risk Management Committee meets at least twice a year. Except where a statutory quorum has been prescribed, the quorum for committee meetings is either two members or one-third of the total strength of the committee, whichever is higher. Draft minutes of the committee meetings are circulated to the members of those committee for their comments and thereafter, confirmed in its next meeting. The Board of Directors also take note of the minutes of the committee meetings held in the previous calendar quarter, at its meetings.

**A. Audit Committee**

**Composition**

The Audit Committee has been set up consisting of three Independent Directors, Mr. Anant Talaulicar is the Chairman of this Committee, Ms. Shubhalakshmi Panse & Mr. B V R Subbu are the other members. All members of this Committee are financially literate. A brief profile of all the Committee members is provided in 'Additional Shareholders Information' section of this Annual Report. The Company Secretary is the Secretary to the Committee. The Statutory Auditors and the Internal Auditors also make their presentations at the Committee meetings.

**Role and objectives**

The Company has duly defined the role and objectives of the Audit Committee. The role and objectives of the Audit Committee, as defined by the Board of Directors, inter alia include:

1. oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    b) changes, if any, in accounting policies and practices and reasons for the same;
    c) major accounting entries involving estimates based on the exercise of judgment by management;
    d) significant adjustments made in the financial statements arising out of audit findings;
    e) compliance with listing and other legal requirements relating to financial statements;
    f) disclosure of any related party transactions;
    g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the Company with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function,

if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. carrying out any other function as is mentioned in the terms of reference of the audit committee;
21. management discussion and analysis of financial condition and results of operations;
22. statement of significant related party transactions (as defined by the audit committee), submitted by management;
23. management letters / letters of internal control weaknesses issued by the statutory auditors;
24. internal audit reports relating to internal control weaknesses;
25. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
26. reviewing the utilization of loans and/or advances from investment by the holding company in the subsidiary exceeding Rs.100 Crores or 10% of the asset size of the subsidiary whichever is lower including existing loan / advances / investments existing as on the date of coming into force of this provision.
27. statement of deviations:
    a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
    b) annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).
28. approval or any subsequent modification of transactions of the company with related parties.

**Meetings**

During FY 2019-20, the Audit Committee met four times – May 14 & 15, 2019, July 25 & 26, 2019, October 22 & 23, 2019 and January 28 & 29, 2020. The details of meetings and attendance are given in Table 3.

**Table 3: Audit Committee - meetings and attendance**

| Sr. No. | Name of the Committee Member | No. of meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1 | Mr. Anant Talaulicar – Chairman | 4 | 4 |
| 2 | Ms. Shubhalakshmi Panse | 4 | 3 |
| 3 | Mr. BVR Subbu | 4 | 4 |

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

**Composition**

The Company has set up a Nomination and Remuneration (HR) Committee consisting of three Independent Directors and one Non-executive Director. Ms. Shubhalakshmi Panse chairs this Committee, Mr. Anant Talaulicar, Mr. B V R Subbu and Mr. S. B. (Ravi) Pandit are the other members of the Committee.

**Role and objectives**

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

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

2. formulation of criteria for evaluation of performance of independent directors and the board of directors;

3. devising a policy on diversity of Board of Directors;

4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;

5. decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

6. recommend to the Board all remuneration in whatever form payable to senior management

7. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.

8. formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

**Meetings**

During FY 2019-20, the Nomination and Remuneration (HR) Committee met five times – May 14, 2019, June 17, 2019, July 25, 2019, October 22, 2019 and January 28, 2020. The details of meetings and attendance are given in Table 4.

**Table 4: Nomination and Remuneration (HR) Committee - meetings and attendance.**

| Sr. No. | Name of the Committee Member | No. of meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1 | Ms. Shubhalakshmi Panse - Chairperson | 5 | 4 |
| 2 | Mr. S. B. (Ravi) Pandit | 5 | 5 |
| 3 | Mr. Anant Talaulicar | 5 | 5 |
| 4 | Mr. B V R Subbu | 5 | 4 |

**C. Stakeholders Relationship Committee**

**Composition**

The Board has formed a Stakeholders Relationship Committee to look into shareholder-related matters consisting of Mr. B V R Subbu as the Chairman of the Committee, Mr. Sachin Tikekar and Mr. Kishor Patil are the other members of the Committee. The details of complaints received, solved and pending from the shareholders / investors are given elsewhere in this Annual Report. The Company has a dedicated e-mail address: grievances@kpit.com for communicating shareholders' grievances.

**Role and objectives**

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

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. Consider and resolve the grievances of security holders of the company.

**Meetings**

During FY 2019-20, the Stakeholders Relationship Committee met two times – July 25, 2019 and January 29, 2020. The details of meetings and attendance are given in Table 5.

**Table 5: 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 | Mr. B V R Subbu - Chairman | 2 | 2 |
| 2 | Mr. Sachin Tikekar | 2 | 2 |
| 3 | Mr. Kishor Patil | 2 | 2 |

**D. Corporate Social Responsibility (CSR) Committee**

**Composition**

The Company has set up a Corporate Social Responsibility (CSR) Committee as per the provisions of the Companies Act, 2013 and the rules framed thereunder, to oversee the discharge of Corporate Social Responsibility obligations, as required by Section 135 of the Companies Act, 2013 and the relevant rules. The Committee consists of three directors including one Independent Director. Mr. Anant Talaulicar is the Chairman of the Committee. Mr. S. B. (Ravi) Pandit and Mr. Sachin Tikekar are the other members of the Committee.

**Role and objectives**

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

1. formulation and recommendation of CSR policy to the Board;
2. identification of activities to be undertaken by the Company pursuant to Schedule VII of the Companies Act, 2013;
3. recommendation of amount of expenditure on CSR activities;
4. monitor the CSR policy from time to time.

**Meetings**

During FY 2019-20, the Corporate Social Responsibility (CSR) Committee met two times May 15, 2019 and October 22, 2019. The details of meetings and attendance are given in Table 6.

**Table 6: Corporate Social Responsibility (CSR) Committee - meetings and attendance**

| Sr. No. | Name of the Committee Member | No. of meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1 | Mr. Anant Talaulicar - Chairman | 2 | 2 |
| 2 | Mr. S. B. (Ravi) Pandit | 2 | 2 |
| 3 | Mr. Sachin Tikekar | 2 | 2 |

**E. Enterprise Risk Management Committee**

**Composition**

The Company has set up Enterprise Risk Management Committee with effect from July 26, 2019 which consists of three Independent Directors. 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.

Mr. Anant Talaulicar is the Chairman of the Committee. Ms. Shubhalakshmi Panse and Mr. B V R Subbu are the other members of the Committee.

**Role and objectives**

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

1. To monitor and review the Risk Management Plan of the Company
2. To monitor and review cyber security measures.

**Meetings**

During FY 2019-20, the Enterprise Risk Management Committee met one time i.e. on October 22, 2019. The details of meetings and attendance are given in Table 7.

**Table 7: Enterprise Risk Management Committee - meetings and attendance**

| Sr. No. | Name of the Committee Member | No. of meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1 | Mr. Anant Talaulicar - Chairman | 1 | 1 |
| 2 | Ms. Shubhalakshmi Panse | 1 | 1 |
| 3 | Mr. B V R Subbu | 1 | 1 |

## III. SUBSIDIARY COMPANIES

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

Following are the key matters relating to subsidiaries which are taken up in the Board meeting:

- Minutes of all the meetings of subsidiaries held in the previous quarter;
- Review of the financial statements, the investments made by the subsidiaries;
- Major dealings of subsidiaries' investment, fixed assets, loans, etc.;
- Statement of all significant transactions and arrangements;
- Compliances by subsidiaries with all applicable laws of that country.

The Company has formulated a policy for determining 'material subsidiaries' and the said policy has been uploaded on the Company's website. (https://www.kpit.com/investors/#policies-reports-filings)

## IV. DISCLOSURES

### A. Related Party Transactions

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions and the same has been uploaded on the Company's website (https://www.kpit.com/investors/#policies-reports-filings). The related party transactions are placed before the Board for their approval / noting as the case may be. There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, subsidiary or relatives except for those disclosed in the financial statements for the year ended March 31, 2020. Details of all material transactions with related parties have been disclosed quarterly to the stock exchanges along with the compliance report on corporate governance.

### B. Disclosure of Accounting Treatment

The Company has adopted the prescribed accounting standards i.e. Indian Accounting Standards (Ind AS), for preparation of financial statements during the year.

### C. Remuneration of Auditors

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W – 100022) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

(Amount in ₹ million)

| Particulars | Amount |
|---|---|
| Audit Fees – Standalone and Consolidated | 5.20 |
| Audit Fees - Limited review quarterly | 1.80 |
| Certification fees and other Services | 1.70 |
| Out of pocket Expenses | 0.20 |
| **Total** | **8.90** |

**D. Remuneration of Directors**

Within the limits prescribed under the Companies Act, 2013, the Nomination and Remuneration (HR) Committee determines and recommends to the Company's Board the remuneration payable to Executive and Non-Executive Directors and thereafter, the Board and shareholders consider the same for approval. During the year under review, no ESOPs were granted to the Directors. The details of remuneration paid to the Executive Directors of the Company are given in Table 8 below:

**Table 8: Remuneration paid to Executive Directors in FY 2019-20**

(Amount in ₹ million)

| Name of Director/Remuneration Details | Mr. S. B. (Ravi) Pandit* | Mr. Kishor Patil | Mr. Sachin Tikekar# |
|---|---|---|---|
| | Chairman | CEO & Managing Director | Whole-time Director |
| Salary | 10.90 | 10.88 | 11.64 |
| PF | 1.36 | 1.36 | 0.44 |
| Leave Encashment | 0.31 | 0.30 | 0.10 |
| Variable Performance Incentive | 29.26 | 24.19 | 20.54 |
| Perquisites | - | 0.28 | - |
| Bonus | 0.06 | - | - |
| Notice Period | 6 Months | 6 Months | 6 Months |
| Severance fees | Notice pay | Notice pay | Notice pay |
| **Total** | **41.89** | **37.01** | **32.72** |

*During the year under review, the shareholders have approved appointment of Mr. S. B. (Ravi) Pandit as a Chairman and Executive Director of the Company with effect from January 16, 2019, for a period ending March 28, 2020 and thereafter as a Chairman and Non-Executive Director of the Company with effect from March 29, 2020.

#Does not include USD 4,800 paid to Mr. Sachin Tikekar by KPIT Technologies Inc., USA, during FY 2019-20.

**Note:**

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

2. Part of Variable Performance Incentive ("VPI") mentioned above belongs to FY 2018-19 which was paid in FY 2019-20. However, VPI for FY 2019-20 is as under:

(Amount in ₹ million)

| Name of Director /Remuneration Details | Mr. S. B. (Ravi) Pandit | Mr. Kishor Patil | Mr. Sachin Tikekar |
|---|---|---|---|
| | Chairman | CEO & Managing Director | Whole-time Director |
| Variable Performance Incentive | 24.98 | 22.77 | 20.60 |

Under Section 197 of the Companies Act, 2013, a Director who is neither in the whole-time employment of the Company nor a Managing Director ('Non-Executive Directors'), may be paid remuneration by way of commission if the members of the Company, authorize such payment. However, the remuneration paid to all such Non-executive Directors taken together should be up to 1% of the net profit of the Company in any relevant financial year, if the Company has a Managing or a Whole-time Director or Manager. The Board of Directors of the Company has approved a commission of ₹ 13.10 million (previous year ₹ 5.6 million) to the Non-executive Directors of the Company for the financial year 2019-20. There is no other remuneration to the Non-executive Independent Directors, except Commission. The details of remuneration to the Non-executive Independent Directors for the financial year 2019-20 are given in Table 9.

**Table 9: Remuneration to Non-Executive Independent Directors**

(Amount in ₹ million)

| Name of Director | Commission | Sitting fees |
|---|---|---|
| Ms. Anant Talaulicar | 2.95 | 0.30 |
| Mr. B V R Subbu | 2.60 | 0.24 |
| Ms. Shubhalakshmi Panse | 2.05 | 0.21 |
| Prof. Alberto Sangiovanni Vincentelli | 2.37 | 0.07 |
| Mr. Nickhil Jakatdar | 1.53 | 0.08 |
| Mr. Rafi Maor | 1.60 | 0.05 |
| **TOTAL** | **13.10** | **0.95** |

**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 paid to the Non-executive Directors for FY 2019-20 is ₹ 13.10 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. | | |

**E. Management Discussion & Analysis**

A detailed Management Discussion and Analysis is given as a separate section in this Annual Report. During the year, there have been no material financial and commercial transactions made by the management, where they had personal interest conflicting with the interest of the Company at large.

**F. Legal Compliance Reporting**

The consolidated report on compliance with applicable laws is presented to the Board. The Company is constantly striving to strengthen the reporting system to take care of the continuously evolving compliance scenario. The Company has in place a compliance tool which provides automated Statutory Compliance Report from various functions on PAN India basis for compliance with laws applicable to the respective function.

**G. Reconciliation of Share Capital**

As stipulated by the Securities and Exchange Board of India (SEBI), a Practicing Company Secretary carries out the audit of Reconciliation of Share Capital and provides a report to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and Central Depository

Services (India) Limited (CDSL) and the total issued and listed capital. This reconciliation is carried out every quarter and the report thereon submitted to the stock exchanges and 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.

## H. Shareholders

### i) Disclosure regarding appointment or re-appointment of Directors

According to the provisions of the Companies Act, 2013, at least two-third of the Non-Independent Directors are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire at every Annual General Meeting and, if eligible and willing, may be re-appointed by the shareholders. Accordingly, Mr. Kishor Patil retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board has recommended his re-appointment. Detailed resume of Mr. Kishor Patil is provided in 'Additional Shareholders Information' section in this Annual Report.

### ii) Communication to shareholders

The Company's quarter and year-end financial results as on March 31, 2020, investor updates and other investor related information are posted on the Company's website (www.kpit.com). The financial results relating to quarter and year end March 31, 2020 of the Company were published in Financial Express and Loksatta. Financial results and all material information are also regularly provided to the Stock Exchanges as per the requirements of the SEBI (LODR) Regulations, 2015. Any presentation made to analysts and others are also posted on the Company's website.

The details of correspondence received from the shareholders / investors during the period April 1, 2019 to March 31, 2020, are given in the 'Additional Shareholders Information' section in this Annual Report.

### iii) General body meetings

**Table 10: Details in respect of the last two Annual General Meeting (AGM) of the Company**

| Date of the meeting (year) | Venue of the meeting | Time of the meeting | Special Resolution Passed |
|---|---|---|---|
| August 29, 2018 (2017-18) | 35 & 36, Rajiv Gandhi Infotech Park, Phase - I, MIDC, Hinjawadi, Pune - 411057. | 9.30 A.M. | To borrow funds under Section 180 (1) (c) |
| August 28, 2019 (2018-19) | "Vivanta Pune", Xion Complex, Hinjawadi Road, Hinjawadi, Pune - 411057 | 10.30 A.M. | - |

### iv) Special Resolutions through Postal Ballot

| Date of passing special resolutions | Special resolutions through Postal Ballot |
|---|---|
| July 23, 2019 | 1. Approval of 'KPIT Technologies Limited - Employee Stock Option Scheme 2019A' and grant of Stock Options to the employees of the Company. |
| | 2. Grant of Stock Options to the employees of the Subsidiary Company(ies) of the Company under KPIT Technologies Limited - Employee Stock Option Scheme 2019A. |
| | 3. Approval of KPIT Technologies Limited - Employee Stock Purchase Scheme 2019 and grant of equity shares to the employees of the Company. |
| | 4. Grant of equity shares to the employees of the Subsidiary Company(ies) of the Company under KPIT Technologies Limited - Employee Stock Purchase Scheme 2019. |

v) The details of Investors'/Shareholders' Grievance Committee are given in 'Additional Shareholders Information' section in this Report.

vi) The details of Share transfer system are given in 'Additional Shareholders Information' section in this Annual Report.

vii) There are no relationships between the Directors of the Company, inter-se.

**I. Dividend Distribution Policy**

The Company has formulated Dividend Policy to state the guiding principles of dividend declaration by the Company and the same has been uploaded on the website of the Company (https://www.kpit.com/investors/#policies-reports-filings).

## V. CEO AND CFO CERTIFICATION

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

## VI. CERTIFICATE ON CORPORATE GOVERNANCE

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

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

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

## VII. COMPLIANCE WITH MANDATORY REQUIREMENTS

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

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

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

**Training of Board members**

During the year, the Board members were provided a deep and thorough insight to the business model of the Company through detailed presentations on the operational aspects of the Company's business. At every Board meeting, detailed business presentations are made which are useful to the Directors in understanding the business. The presentations are made by the business leaders so that the Directors are able to connect with the leaders and also ask them related questions. Efforts are also made to acquaint and train the Board members about the emerging trends in the industry.

**Corporate Sustainability Report**

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

**Business Responsibility Report**

Pursuant to the provisions of Regulation 34 of the SEBI (LODR) Regulations, 2015, the Company has prepared a Business Responsibility Report and the same forms a part of this Annual Report.

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

The Institute of Company Secretaries of India ('ICSI'), one of the premier professional bodies in India, has issued 10 Secretarial Standards. Out of which 4 Secretarial Standards have been made mandatory as per the provisions of the Companies Act, 2013. The Company adheres by these standards.

**Declaration of the Chief Executive Officer & Managing Director**

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

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, 2020.

| | |
|---|---|
| Pune | **Kishor Patil** |
| May 27, 2020 | CEO & Managing Director |

## Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### To the Members of KPIT Technologies Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 13 September 2019 and addendum to the engagement letter dated 18 May 2020.
2. This report contains details of compliance of conditions of Corporate Governance by KPIT Technologies Limited ('the Company'), for the year ended 31 March 2020, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

### Management's responsibility

3. The compliance with the terms and conditions contained in the Corporate Governance is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents.
4. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### Auditor's responsibility

5. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
6. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2020.
7. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016), 'Guidance Note on Certification of Corporate Governance', both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

### Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as per the Regulations 17 to 27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.
10. We 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.

### Restrictions on Use

11. The certificate is addressed and provided to the Members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

**Swapnil Dakshindas**
Partner
Membership number: 113896
ICAI UDIN: 20113896AAAABN6317

Date: 27 May 2020
Place: Pune

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

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

A. We have reviewed financial statements (consolidated and standalone) for the year April 1, 2019 to March 31, 2020 and to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year i.e. April 1, 2019 to March 31, 2020 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors , deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors

   (1) significant changes in internal control over financial reporting during the year i.e. April 1, 2019 to March 31, 2020.

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

| | | |
|---|---|---|
| Pune | **Kishor Patil** | **Vinit Teredesai** |
| May 27, 2020 | CEO & Managing Director | Chief Financial Officer |

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) read with Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To:
The Members
KPIT Technologies Limited
Plot No. 17, Rajiv Gandhi Infotech Park
MIDC SEZ, Phase-III, Maan
Taluka- Mulshi, Hinjawadi, Pune - 411057.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of KPIT Technologies Limited (Formerly known as KPIT Engineering Limited) (CIN-L74999PN2018PLC174192) and having registered office at Plot No. 17, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Maan, Taluka- Mulshi, Hinjawadi, Pune-411057, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31 March 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in the Company |
|---|---|---|---|
| 1. | Mr. S. B. (Ravi) Pandit | 00075861 | 08 January 2018 |
| 2. | Mr. Kishor Parshuram Patil | 00076190 | 08 January 2018 |
| 3. | Mr. Sachin D. Tikekar | 02918460 | 08 January 2018 |
| 4. | Mr. Anant Jaivant Talaulicar | 00031051 | 16 January 2019 |
| 5. | Mr. Subbu Venkata Rama Behara | 00289721 | 16 January 2019 |
| 6. | Ms. Shubhalakshmi Aamod Panse | 02599310 | 16 January 2019 |
| 7. | Mr. Nickhil Harshavardhan Jakatdar | 05139034 | 16 January 2019 |
| 8. | Prof. Alberto Luigi Sangiovanni Vincentelli | 05260121 | 16 January 2019 |
| 9. | Mr. Rafi Maor | 08474070 | 23 October 2019 |

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date: 27 May 2020

**Dr. K R Chandratre**
FCS No. 1370, C P No: 5144
UDIN: F001370B000289735

# Additional Shareholders Information

| | | | |
|---|---|---|---|
| **1.** | **Registered and Corporate Office** | : | Plot No. 17, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase- III, Maan, Taluka-Mulshi, Hinjawadi, Pune- 411057.<br>Tel No. +91-20-6770 6000<br>Website: www.kpit.com. |
| **2.** | **Date of Incorporation** | : | January 8, 2018 |
| **3.** | **Registration No./CIN** | : | L74999PN2018PLC174192 |
| **4.** | **Date, Time and Venue of 3rd AGM** | : | September 2, 2020, 10.30 a.m. through Video Conferencing/ Other Audio-Visual Means. The Notice of the Annual General Meeting is being sent to the Members along with this Annual Report. |
| **5.** | **Record Date** | : | NA |
| **6.** | **Dividend Payment Date** | : | NA |
| **7.** | **Financial Year** | : | April 01, 2019 - March 31, 2020. |
| **8.** | **Financial Calendar for 2020-2021 (tentative and subject to change)** | | |
| | Financial reporting for the first quarter ending June 30, 2020 | : | August 3, 2020. |
| | Financial reporting for the second quarter ending September 30, 2020 | : | October 21, 2020 |
| | Financial reporting for the third quarter ending December 31, 2020 | : | January 28, 2021 |
| | Financial reporting for the last quarter and year ending March 31, 2021 | : | April 28, 2021 |
| | Annual General Meeting for the year ending March 31, 2021 | : | August, 2021 |
| **9.** | **The shares of the Company are listed on the following Stock Exchanges:** | | |
| | National Stock Exchange of India Limited | : | Exchange Plaza, Plot No. C/1, G Block,<br>Bandra-Kurla Complex, Bandra (E), Mumbai – 400051.<br>**NSE Code : KPITTECH** |
| | BSE Limited | : | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.<br>**BSE Code: 542651** |
| | ISIN Number of the Company | : | **INE04I401011** |

The Company has paid the Annual Listing Fee for the Financial Year 2020-21 to both 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:**

KFin Technologies Private Limited (Formerly known as Karvy Fintech Pvt. Ltd.), Contact Person: Mr. S V Raju, Selenium Tower B, Plot no. 31 & 32, Gachibowli, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032. Phone: +91 40-6716 2222, E-mail: einward.ris@kfintech.com; Website: www.kfintech.com. You can also contact Ms. Nida Deshpande, Company Secretary and Compliance Officer, No.: +91 20-6770 6000 Extn. – 6967, E-mail: Nida.Deshpande@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 Hyderabad. The share transfers are carried out within a period of fifteen days from the date of receipt of request for transfer, provided, all the documents received are in order.

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

As on March 31, 2020, 99.67% 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, 2020:**

KPIT Technologies Employees Welfare Trust (“the Trust”) is a trust formed for employee welfare activities, which includes, administration of Company’s Employee Stock Option Schemes. As a part of allotment pursuant to clause 25 of the Composite Scheme of Arrangement amongst Birlasoft (India) Limited (“Transferor Company”) and KPIT Technologies Limited (“Transferee Company”) and KPIT Engineering Limited (“Company or Resulting Company”) (renamed as KPIT Technologies Limited) and their respective shareholders, the Trust has been allotted 56,41,373 equity shares of ₹ 10/- each in the ratio of 1:1 on January 29, 2019. Trust is engaged in holding, transferring and sell of shares and the sale on behalf of the employees.

Further, the Company has not given any loan to the Trust for execution of “KPIT Technologies Limited - Employee Stock Option Scheme 2019A” and “KPIT Technologies Limited- Employee Stock Purchase Scheme 2019” (“Schemes”) during the year under review. If there is any requirement of loan to be given for execution of said schemes, necessary approvals from Board of Directors and Shareholders will be obtained by the Company as per applicable provisions of the Companies Act, 2013.

**14. Shareholding Pattern as on March 31, 2020:**

| Category | No. of shares held | % of total share capital |
|---|---|---|
| **Promoters & Promoters Companies** | **11,41,85,365** | **41.65** |
| **Public** | **154,694,370** | **56.43** |
| **Mutual Funds** | **27,488,790** | **10.03** |
| Foreign Portfolio Investors | 63,869,092 | 23.30 |
| Bodies Corporate | 9,570,966 | 3.49 |
| Non-Resident Indian | 4,772,740 | 1.74 |
| Others | 48,992,782 | 17.87 |
| **Non-Promoter – Non-Public** | **5,264,073** | **1.92** |
| **TOTAL** | **274,143,808** | **100** |

**15. As on March 31, 2020, the top ten shareholders of the Company were as under:**

| Sr. No. | Name of the Shareholder | No. of Shares held | % of total paid up share capital | Category |
|---|---|---|---|---|
| 1 | Proficient Finstock LLP | 88,861,500 | 32.41 | Promoter |
| 2 | Mr. Kishor Patil | 19,395,605 | 7.07 | Promoter |
| 3 | Reliance Capital Trustee Co Ltd A/C Nippon India Small Cap Fund | 11,054,845 | 4.03 | Mutual Funds |
| 4 | IDFC Core Equity Fund | 7,855,651 | 2.87 | Mutual Funds |
| 5 | Auburn Limited | 7,786,222 | 2.84 | Foreign Portfolio Investors (Corporate) |
| 6 | KPIT Technologies Employees Welfare Trust | 5,264,073 | 1.92 | Non-Promoter-Non-Public |
| 7 | Bengal Finance & Investment Private Limited | 5,000,000 | 1.82 | NBFCs Registered with RBI |
| 8 | New Horizon Opportunities Master Fund | 4,999,000 | 1.82 | Foreign Portfolio Investors (Corporate) |
| 9 | Acacia Partners, LP | 4,800,000 | 1.75 | Foreign Portfolio Investors (Corporate) |
| 10 | Kuwait Investment Authority Fund F238 | 4,719,103 | 1.72 | Foreign Portfolio Investors (Corporate) |
| **Total** | | **159,735,999** | **58.25** | |

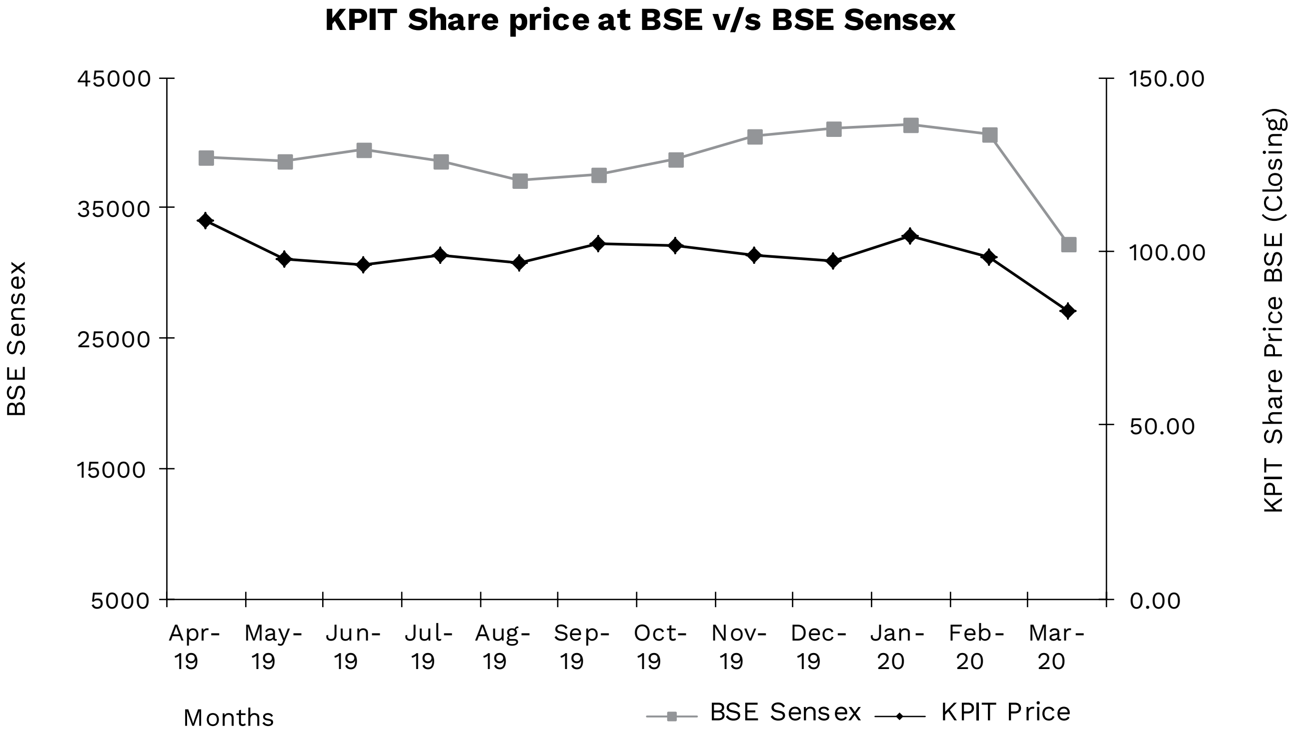
**16. Distribution Schedule as on March 31, 2020:**

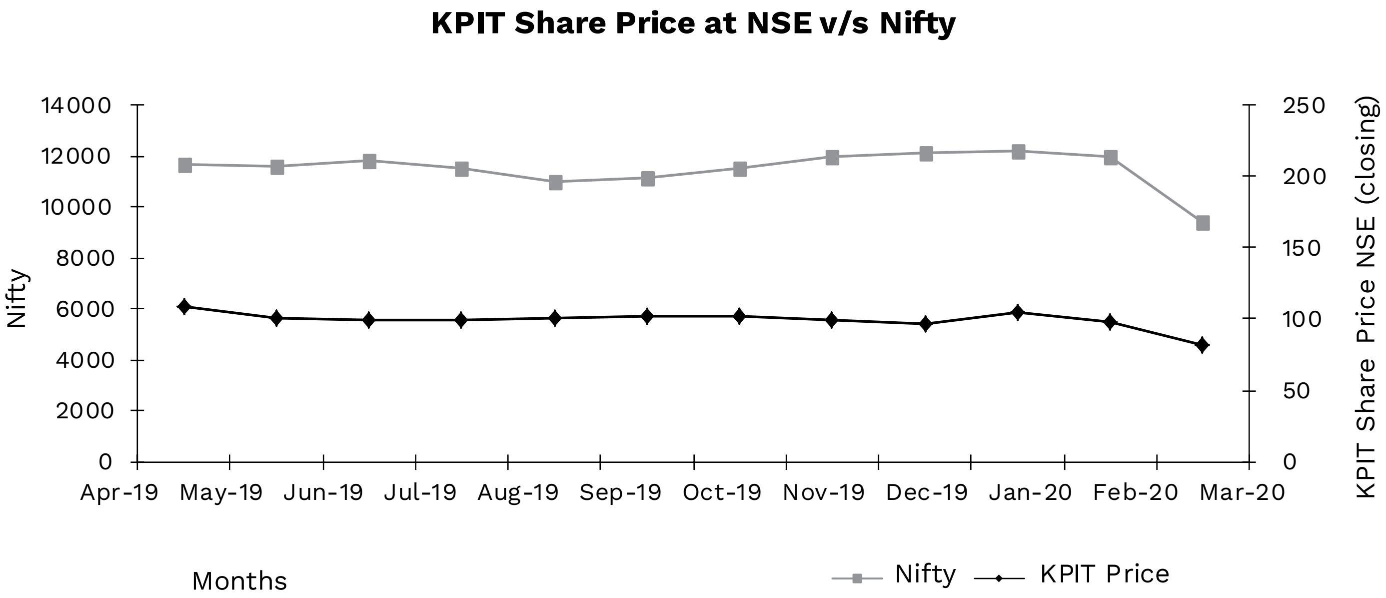
| Quantity of Shares | Shareholders | | Face Value of shares held (₹) | % |
|---|---|---|---|---|
| From – To | Number | % | | |
| 1 - 5,000 | 45,705 | 82.13 | 53,456,350 | 1.95 |
| 5001 – 10,000 | 4,763 | 8.56 | 35,484,750 | 1.29 |
| 10,001 - 20,000 | 2,490 | 4.47 | 39,222,410 | 1.43 |
| 20,001 – 30,000 | 827 | 1.49 | 20,788,180 | 0.76 |
| 30,001 – 40,000 | 483 | 0.87 | 17,157,870 | 0.63 |
| 40,001 – 50,000 | 269 | 0.48 | 12,354,970 | 0.45 |
| 50,001 – 1,00,000 | 500 | 0.90 | 36,472,420 | 1.33 |
| 1,00,001 & above | 616 | 1.11 | 2,526,501,130 | 92.16 |
| **TOTAL** | **55,653** | **100.00** | **2,741,438,080** | **100.00** |

**17. Monthly high / low and average of KPIT's share prices on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)**

| | NSE | | | | BSE | | | | Total Volume |
|---|---|---|---|---|---|---|---|---|---|
| | High | Low | Average | Volume | High | Low | Average | Volume | NSE + BSE |
| April '19 | 118.30 | 94.05 | 108.44 | 5,148,711 | 118.20 | 95.50 | 108.98 | 1,071,218 | 6,219,929 |
| May '19 | 105.00 | 99.55 | 101.15 | 1,542,833 | 107.50 | 92.00 | 97.73 | 224,455 | 1,767,288 |
| June '19 | 100.50 | 96.70 | 99.20 | 3,216,731 | 100.10 | 92.00 | 96.39 | 2,563,349 | 5,780,080 |
| July '19 | 99.70 | 97.30 | 98.80 | 1,800,980 | 102.00 | 97.80 | 98.90 | 20,617 | 1,821,597 |
| Aug '19 | 99.80 | 94.50 | 97.15 | 881,242 | 99.55 | 95.00 | 96.70 | 10,802 | 892,044 |
| Sept '19 | 105.00 | 101.00 | 102.40 | 693,308 | 105.00 | 101.70 | 102.00 | 44,596 | 737,904 |
| Oct '19 | 105.30 | 97.35 | 101.45 | 3,242,649 | 105.00 | 98.00 | 101.60 | 21,207 | 3,263,856 |
| Nov '19 | 100.35 | 96.00 | 98.70 | 1,049,046 | 100.00 | 97.95 | 98.80 | 19,261 | 1,068,307 |
| Dec '19 | 98.80 | 96.00 | 96.90 | 1,872,842 | 97.95 | 96.40 | 97.15 | 141,336 | 2,014,178 |
| Jan '20 | 112.50 | 103.10 | 104.40 | 998,988 | 111.10 | 102.70 | 104.45 | 193,958 | 1,192,946 |
| Feb '20 | 101.00 | 96.25 | 98.45 | 304,923 | 100.30 | 96.15 | 98.45 | 19,116 | 324,039 |
| Mar '20 | 89.10 | 79.15 | 81.75 | 1,080,739 | 90.00 | 79.80 | 82.70 | 36,854 | 1,117,593 |

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






**19. Details of dividend in the Unpaid / Unclaimed Dividend Accounts as on March 31, 2020:**

(₹ in million)

| Year | Balance | Date of completion of 7 years* |
|---|---|---|
| For the financial year 2018- 2019 (Final) | 0.40 | October 1, 2026 |
| For the financial year 2019-2020 (1st Interim) | 0.18 | March 3, 2027 |
| For the financial year 2019-2020 (2nd Interim) | 0.50 | April 8, 2027 |

*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 Registrar & Share Transfer Agent of the Company for the purpose of revalidation/reissue.

National Company Law Tribunal (“NCLT”), Mumbai Bench vide its Order dated November 29, 2018 approved the Composite Scheme of Arrangement amongst KPIT Technologies Limited, (“Transferee Company” or the “Demerged Company”) (renamed as Birlasoft Limited) and Birlasoft (India) Limited, (“Transferor Company”) and KPIT Engineering Limited, (“Resulting Company”) (renamed as KPIT Technologies Limited).

Pursuant to the Clause 20 of the said Composite Scheme, on January 29, 2019 the Resulting Company has allotted shares in the ratio of 1:1 to the existing shareholders of Transferee Company (record date was January 25, 2019).

On the said record date, Investor Education and Protection Fund (“IEPF Authority”) was holding 175,113 shares of Transferee Company, as a result of which shares of Resulting Company were allotted to the IEPF Authority in ratio 1:1. Aforementioned 175,113 shares were transferred to IEPF Authority by Transferee Company prior to the NCLT order, being unpaid, unclaimed shares liable to transfer to IEPF Authority on completion of seven years as per the provisions of section 124 of the Companies Act, 2013. The KPIT Technologies Limited has declared and paid a final dividend and 2 interim dividends during the Financial year 2019-20. The Dividend on Shares transferred to IEPF are credited with IEPF Authority. Members can claim back such dividend and shares including all benefits accruing on such shares from IEPF Authority after following the procedure prescribed in the Rules. Details of name and years of transfer are available on Transferor Company's website.

**20. Details of correspondence received from the Shareholders / Investors during the period from April 1, 2019 to March 31, 2020:**

| Sr. No. | Nature of request / complaints | No. of pending requests / complaints as on April 1, 2019 | No. of requests/ complaints received | No. of requests/ complaints processed | No. of pending requests/ complaints as on March 31, 2020 |
|---|---|---|---|---|---|
| 1 | Clarification regarding shares | Nil | 67 | 67 | Nil |
| 2 | Correspondence/Query relating to NSDL operations | Nil | 7 | 7 | Nil |
| 3 | Non-receipt of Annual Report | Nil | 8 | 8 | Nil |
| 4 | Non-receipt of securities | Nil | 11 | 11 | Nil |
| 5 | Non-receipt of Dividend Warrants | Nil | 17 | 17 | Nil |
| 6 | Non-receipt of securities after transfer | Nil | - | - | Nil |
| | **Total** | **Nil** | **110** | **110** | **Nil** |

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

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

**22. Unclaimed Shares:**

There are no unclaimed shares lying in the demat suspense account/ unclaimed suspense account of the Company at the beginning of the year i.e. April 1, 2019 and at the end of the year i.e. March 31, 2020 as per Schedule 5 (F) of SEBI LODR Regulations, 2015.

| Sr. No. | Particulars | No. of shareholders | No. of shares |
|---|---|---|---|
| (i) | Aggregate number of shareholders and the shares returned undelivered at the beginning of the year i.e. April 1, 2019 | Nil | Nil |
| (ii) | Number of shareholders from (i) above, who approached the Company for transfer of shares during the year from April 1, 2019 to March 31, 2020. | Nil | Nil |
| (iii) | Number of shareholders from (ii) above, to whom shares were transferred (partially) during the year from April 1, 2019 to March 31, 2020. | Nil | Nil |
| (iv) | Aggregate number of shareholders and the shares from (i) above, which were transferred to IEPF during the year from April 1, 2019 to March 31, 2020. | Nil | Nil |
| (v) | Balance aggregate number of shareholders and the outstanding shares from (i) above, at the end of the year i.e. March 31, 2020 (Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares) | Nil | Nil |
| (vi) | Number of shares transferred to IEPF authority during the year from April 1, 2019 to March 31, 2020 (including shares & shareholders in (iv) above). | Nil | Nil |

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

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

| Date of Publication | Particulars | Newspaper |
|---|---|---|
| May 17, 2019 | Audited consolidated financial results for the quarter and year ended March 31, 2019. | The Financial Express & Loksatta |
| July 27, 2019 | Unaudited consolidated financial results for the quarter ended June 30, 2019. | The Financial Express & Loksatta |
| October 24, 2019 | Unaudited consolidated financial results for the quarter and half year ended September 30, 2019. | The Financial Express & Loksatta |
| January 30, 2020 | Unaudited consolidated financial results for the quarter and nine months ended December 31, 2019. | The Financial Express & Loksatta |

Pursuant to the relaxation offered by the Securities and Exchange Board of India vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 exempting publication of advertisements in newspapers, as required under regulation 47 of the SEBI Regulations and considering the lock-down restrictions, the Company has not be published it's audited consolidated financial results for the quarter and year ended March 31, 2020.

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

**24. Green Initiative in Corporate Governance**

KPIT is a firm believer of and has always fostering green and inclusive growth by implementing energy conservation and taking major initiatives for green growth. As a part of CSR activities KPIT has taken various initiatives to create awareness among the society and its shareholders conveying importance of Go Green. The responsibility of protecting the earth lies in the hand of each individual and businesses. Indian government has been seriously emphasising environmental preservation and as a part of it, Ministry of Corporate Affairs vide Section 20 of the Companies Act, 2013 and Rule 35 of the Companies (Incorporation) Rules, 2014 allow Companies to serve documents through electronic mode thus to encouraging the green initiatives. In order to facilitate electronic communication with shareholders, the Company has conducted email updation drive with National Securities Depository Limited and sent SMS to registered mobile number of shareholder and also a separate letter has been attached to this report requesting all the shareholders who's email addresses are not registered with their depository participants or our Registrar and Share Transfer Agent, KFin Technologies Private Limited or with the Company to update their email addresses.

**25. Board members' profiles:**

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

**Co-Founder & Chairman**

**Mr. S. B. (Ravi) Pandit** is a co-founder, Chairman and Group CEO of KPIT Technologies Limited. His vision as the founder of KPIT has steered the Company toward achieving leadership position as product engineering and IT consulting solutions and services provider, to three industries namely automotive & transportation, manufacturing and energy & utilities. He has been instrumental in shaping KPIT's vertical focus strategy and building a unique partnership model based on the tenets of innovation and sustainable development. Mr. Pandit holds a master's degree in Management from Sloan School of Management, MIT, Cambridge, USA. He is a gold medalist and fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost Accountants of India. He was the President of the Mahratta Chamber of Commerce, Industries and Agriculture during 2004-2006. He has been awarded the Rotary Excellence Award for exemplary leadership and outstanding performance and honored with the Maharashtra Corporate Excellence (MAXELL) Awards for Excellence in Entrepreneurship and for his contribution to the economic and industrial development of Pune City.

**Co-Founder, CEO & Managing Director**

**Mr. Kishor Patil** is a Co-founder, CEO & Managing Director of KPIT. He guides overall management of the Company and is responsible for customer delivery units and support functions and ensuring efficient and effective functioning of the organization as a whole. He has a particular focus and vision for growing products and platforms. Under his leadership, KPIT has filed more than 60 patents, has developed over 100 IPs in cutting-edge technologies in its focus areas, and has won several national and international awards including the Wall Street Journal Technology Innovation Award and Knowledge@Wharton Technovation Award. Mr. Patil is a member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost Accountants of India. In 2014, Mr. Patil was honored with the CA Business Leader Award - Corporate award, by the Institute of Chartered Accountants of India. For his excellence in entrepreneurship, he was honored with the Maharashtra Corporate Excellence (MAXELL) Awards 2014. In 2013, Mr. Patil was named among the top 16 entrepreneurs in India by Ernst and Young in its Entrepreneur of the Year award program, recognized among the Top 50 CEOs of 2013 by The Entrepreneur Magazine and awarded the 2013 Rotary Excellence Award. He is a prolific speaker and has presented at various national and international forums including the World Economic Forum (WEF), on topics such as entrepreneurship, innovation, building high performance organizations and business transformation.

**Whole-time Director**

**Mr. Sachin Tikekar** is a Co-founder and President of KPIT Technologies Limited. Having been with the Company since the beginning, he has provided leadership and guidance in many different areas of the Company. In his current role, Mr. Sachin Tikekar is the Executive Sponsor responsible for driving sustainable business growth across all of Asia and he leads our initiatives to launch innovative products and platforms. In both roles, he is intrinsically involved in managing and growing strategic relationships with key customers and partners. He holds a Masters' degree in Strategic Management and International Finance from Temple University's Fox School of Business and Management, Pennsylvania. He is also on board of Nostrum High Performance, Inc. Mr. Tikekar is a member of the World Wildlife Federation and pursues his fascination with wildlife, nature and adventure through travelling.

**Independent Directors**

**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 and chairs its Technology Committee. 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 in University of California, Berkeley and Department of Electrical Engineering & Computer Sciences.

**Mr. Anant Talaulicar** holds a bachelor's degree in Mechanical Engineering from Mysore University, a master's degree from the University of Michigan in Ann Arbor and a MBA degree from Tulane University, USA. He was the Chairman and Managing Director of the Cummins Group in India from March 2004 through October 2017, was a member of the Cummins Inc. global leadership team from August 2009 till October 2017 and the President of the Cummins Inc. Components Group from 2010 through 2014. He has also served as the Managing Director of Tata Cummins Private Limited, a 50:50 joint venture between Cummins Inc. and Tata Motors Limited. He has chaired the boards of four other Cummins legal entities in India as well. He worked as a financial analyst, manufacturing engineer, project manager, product manager, strategy manager before taking various general management positions. Since 2004, he has also led the Cummins India Foundation which has implemented sustainable community initiatives such as model villages and higher education. He has served as a member of the Confederation of Indian Industries, Society of Indian Automobile Manufacturers and Automobile Components Manufacturers Association in the past.

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

**Mr. Nickhil Jakatdar** is currently the CEO and Co-founder of Vuclip, a global leader in the Video-on-Demand space. Previously, he founded and ran various startups, such as Timbre Technologies (acquired by Tokyo Electron), Command CAD (acquired by Cadence Design Systems) and Praesagus (acquired by Cadence Design Systems). He is also the founding member of the Bhau Institute of Innovation, Entrepreneurship and Leadership in Pune and is an investor and advisor to Campfire Labs (acquired by Groupon), flutter.io (acquired by Google), Bash Gaming (acquired by GSN), Shoptimize, PayActiv, Viewics (acquired by Roche), Jombay, Mezi (acquired by American Express) and Blend, among others. He has been the recipient of many awards from various organizations, including the Lifetime Achievement Award from College of Engineering, Pune, the Institute of Electrical and Electronics Engineers (IEEE) Best Paper Award in Transactions on Semiconductor Manufacturing and the Berkeley Distinguished Pioneer Award. He has to his credit more than 20 conference papers and more than 60 issued patents.  He holds a bachelor's degree in Electrical Engineering from the College of Engineering, Pune and a master's degree of Ph.D. in Electrical Engineering and Computer Science from the University of California, Berkeley in 2000.

**Ms. Shubhalakshmi Panse** holds a M.Sc. degree from Pune University, D.B.M.(Diploma in Business Management), M.M.S (Master's in Management Sciences with specialization in Financial Management), Pune University and M.B.A. (Master's in Business Administration with specialization in Bank Management) Drexel University, USA and C.A.I.I.B (Certified Associate of Indian Institute of Bankers). She was appointed as Chairman & Managing Director, Allahabad Bank on 1st October 2012 and superannuated on 31st January 2014. Prior to this appointment, she was the Executive Director of Vijaya Bank for 34 months. Ms. Panse was also the Chairman of ALLBANK Finance Ltd, a subsidiary of the Bank and Director on the Board of Universal Sompo Insurance company, a joint venture company of Allahabad Bank, Indian Overseas Bank, Karnataka Bank, Sompo of Japan and Dabar Company. She was the General Manager in Bank of Maharashtra and has shouldered the responsibility in almost all key segments of Banking, in various capacities – at Branches, Zonal Office and at Corporate Office.

**Mr. Rafi Maor*** is the former Chairman of the Board, of Israel Aerospace Industries (IAI) 2013-2016. Mr. Maor, 69, was overseeing the strategic direction of the Israel-based company. With more than 15,000 employees in Israel and in other countries, IAI is Israel's largest aerospace company with over 4.0 billion US$ annual revenues (over 80% export) and 12 billion US$ of backlog. IAI is a world leading System House for Aircrafts, UAV systems, Robotic systems, Satellites, Missiles, Command & Control systems and advanced sensors. The company serves as a design house for a wide range of military and civilian air platforms, among others, IAI designs, certifies and produces the G-150, and G-280 mid-size and super mid-size business-jets in close partnership with Gulfstream. Before taking the helm at IAI in November 2013, Mr. Maor held several senior positions in the Global Israeli High Tech sector. In his recent position, Mr. Maor served as Chairman of the Board of ECI-Telecom, a global technology company providing scalable Telecommunication Solutions. Prior to this assignment, Rafi served as President and CEO of the company. Mr. Maor led a complete restructure of the company – including new strategy, corporate culture, and operating model, so that ECI-Telecom can better address the new realities in the global Telecommunication markets. Mr. Maor then led the sale of ECI for 1.25 billion US$, to Ashmore a very large British public Edge Fund managing over 50 billion US$ and Swarth, private Edge Fund managing several billion US$. He joined ECI-Telecom in 2004 after 10 years at INDIGO NV. Mr. Maor joined Indigo in 1995. He served as President & COO and Member of the Management Board. In 2001 HP acquired the company for approx. $1 Billion and Mr. Maor led the company Post Merge Integration (PMI) into HP as Corporate VP & GM of Hewlett-Packard's Indigo Division worldwide. Before joining Indigo, Mr. Maor worked at IAI for 20 years. He started at IAI in 1975 as a design engineer and since held a wide variety of positions including Manager of flight-test operations for the Lavi fighter program; General-manager of a large scale complex military program and later as General Manager of MALAT – IAI's UAV Division. By appointment of Israel's Prime- minister Ariel Sharon, Mr. Maor was member of "ISRAEL 2028" (Israel's Economic & Strategy Committee, led by Eli Hurvitz). He is a member of the Israeli friend of Tel-Aviv University, Israel's association of Software & Electronics Industries. Rafi and his family also support several organizations among them Beit Issie Shapiro – Israel's leading organization in the field of treating children with intellectual and physical disabilities, Gesher Theater, The Israeli Philharmonic Orchestra and others. Mr. Maor earned a B.Sc. degree in Aeronautical engineering from Tel-Aviv University in 1975, has graduated with honor from the joint business management program of IAI in cooperation with the University of Jerusalem business school. Mr. Maor is also a graduate of INSEAD's Executive Business Program in Fontainebleau, France.

* Resigned with effect from June 9, 2020.

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | | |
|---|---|---|---|
| **1.** | **Corporate Identity Number (CIN) of the Company** | : | L74999PN2018PLC174192 |
| **2.** | **Name of the Company** | : | KPIT Technologies Limited (Formerly KPIT Engineering Limited) |
| **3.** | **Registered address** | : | Plot No. 17, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Maan, Taluka - Mulshi, Hinjawadi, Pune-411057 |
| **4.** | **Website** | : | www.kpit.com |
| **5.** | **E-mail ID:** | : | grievances@kpit.com |
| **6.** | **Financial Year reported** | : | 2019-20 |
| **7.** | **Sector(s) that the Company is engaged in (industrial activity code-wise)** | : | Architecture and Engineering Activities; Technical testing and analysis. : Code 71 |

**8. List three key products/services that the Company manufactures/provides (as in balance sheet):**

KPIT is a global technology company with software solutions that will help mobility leapfrog towards autonomous, clean, smart and connected future. KPIT provides embedded software, AI & Digital solutions for its clients in the areas of Electric and Conventional Powertrain, Autonomous Driving, Connected Vehicles, Vehicle Networks, Vehicle Diagnostics and Mechatronics.

For details please refer Board's report which forms a part of this Annual Report.

**9. Total number of locations where business activity is undertaken by the Company (Major locations):**

**(a) Number of International Locations:**

| Sr. No. | Region | Country |
|---|---|---|
| 1 | USA | United States of America<br>Brazil |
| 2 | Europe | United Kingdom<br>Germany<br>Netherlands<br>Italy<br>Sweden |
| 3 | APAC | China<br>Japan<br>Korea<br>Singapore<br>Thailand |

**(b) Number of National Locations:**

1. Pune, Maharashtra
2. Bengaluru, Karnataka

**10. Markets served by the Company – Local/State/National/International:** Company serves the Indian as well as international markets.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR) – 2,688.80 million**
2. **Total Turnover (INR) – 9,552.50 million**
3. **Total profit after taxes (INR) - 1,784.47 million**
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (INR) –** The Company was required to spend ₹ 9.89 million towards Corporate Social Responsibility. During the year, the Company has spent and paid ₹ 18.41 million (Previous year ₹ 13.64 million) towards Corporate Social Responsibility through external people, in various activities as specified in Schedule VII of the Companies Act 2013, read with the Rules thereunder, as direct spend for purposes other than construction/acquisition of any asset. In addition, the Company spent Rs. 8.42 million on account of usage of its internal resources on CSR, thereby aggregating to a total of Rs. 26.83 million.
5. **List of activities in which expenditure in 4 above has been incurred -**

   1) Water Conservation Program
   2) Zero Garbage Project
   3) Chhote Scientists
   4) Teach for India
   5) Smart India HACKATHON
   6) Sparkle
   7) Avartan Gurukul Project

## SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/Companies?**

Yes, the Company has the following subsidiaries:

| Sr. No. | Name of Subsidiary | Nature |
|---|---|---|
| 1 | KPIT Technologies (UK) Limited | Wholly owned subsidiary |
| 2 | KPIT Technologies GmbH | Subsidiary of KPIT Technologies (UK) Limited |
| 3 | ThaiGerTec Co., Limited | Subsidiary of KPIT Technologies (UK) Limited |
| 4 | MicroFuzzy Industrie-Elektronic GmbH | Subsidiary of KPIT Technologies GmbH |
| 5 | KPIT Technologies Netherlands B. V. | Wholly owned subsidiary |
| 6 | KPIT (Shanghai) Software Technology Co. Limited | Wholly owned subsidiary |
| 7 | KPIT Technologies GK | Wholly owned subsidiary |
| 8 | KPIT Technologies Pte. Limited | Wholly owned subsidiary |
| 9 | Impact Automotive Solutions Limited | Wholly owned subsidiary |
| 10 | KPIT Technologies Holding Inc. | Wholly owned subsidiary |
| 11 | KPIT Technologies Inc. | Subsidiary of KPIT Technologies Holding Inc. |
| 12 | Microfuzzy KPIT Tecnologia Ltda. | Wholly owned subsidiary |

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

Yes, three subsidiaries take up BR initiatives in line with the initiatives of the parent company.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%].**

No.

## SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR:**

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

1. DIN: 02918460
2. Name: Mr. Sachin Tikekar
3. Designation: Whole-time Director

(b) Details of the BR head:

| No. | Particulars | Details |
|---|---|---|
| 1 | DIN | 02918460 |
| 2 | Name | Mr. Sachin Tikekar |
| 3 | Designation | Whole-time Director |
| 4 | Telephone number | +91 20 6770 6000 |
| 5 | E-mail ID | grievances@kpit.com |

**2. Principle-wise (as per NVGs) BR Policy/policies:**

(a) Details of compliance (Reply in Y/N)

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/policies for... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national/international standards? If yes, specify? (50 words)<br><br>These policies have been devised in confirmation to respective regulations/ national standards that come into effect from time to time (like ISO 9001, ISO 14000, OHSAS 18000, OHSAS 27001:2005, ISO 20000:2011, ISO 22301:2012)<br><br>These policies are revisited on regular basis and are updated as and when there is any change in the norms. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/appropriate Board Director?<br><br>These policies are signed by the respective owners. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 6 | Indicate the link for the policy to be viewed online? | Code of conduct & Whistler Blower Policy | Available on our intranet | Available on our intranet | CSR policy | POSH & Whistler Blower Policy | Available on our intranet | Available on our intranet | CSR Policy | Code of conduct |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The Company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The Company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

**3. Governance related to BR**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the Sustainability report yearly. The same is available on (https://www.kpit.com/company/investors/corporate-governance).

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company?

   No, it also covers the Subsidiary Companies.

2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors /NGOs/Others?

   The policy covers employees of the Company as well as its Subsidiaries, contractual service providers, contractors, customers & other third parties dealing with the Company.

3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   During the year, 1 complaint were registered with SEBI.

   The Company's code of conduct outlines and creates a set of values for all concerned people to behave in an ethical manner while working for and on behalf of the Company. It takes into account factors like regulatory compliance, equal employment opportunity, non-harassment & prevention of sexual harassment, prevention of use of alcohol, illegal drug or medication, use of Company's, Customers' and Suppliers' resources and competition.

   It is applicable to all, Directors and 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).

   Prevention of Sexual Harassment (POSH) policy: The policy framework aims at educating employees on any sort of harassment (including sexual harassment) and report about it appropriately when seen or experienced at the workplace. All the cases are acted upon immediately and corrective actions are taken. E-learning on POSH has been mandated for all employees.

### Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   KPIT works with global mobility and automotive companies which brings cleaner and greener vehicles to the market. In such engagements, KPIT provides software and technology solutions which helps in reducing environmental concern of increasing pollution and $CO_2$ emissions. Some examples are;

   1. Providing software, control algorithms and battery management solutions for new electric vehicles;

   2. Providing software and testing of solutions which help in reduction of $CO_2$ in gasoline and diesel engines.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   KPIT focuses on envisioning and enabling a cleaner, greener, intelligent world - a world that is self-sufficient, sustainable and efficient. We provide technologies that help our clients succeed, such that the products and solutions they offer to their end-customers are of high quality, targeted, affordable, energy efficient and use lessor material and improve the state of industries they operate in. KPIT, in collaboration with its clients and its suppliers, works toward improving the world through technology and engineering innovations.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Sustainable sourcing at KPIT represents contribution to the following areas namely: Waste Management, Water management, Energy conservation, Environment Awareness

**Water Management:**

50% of the water is recycled through treatment plant and used for flushing and gardening purpose which reduced the overall demand of the fresh water. Rainwater harvesting carried out by various ways to improve groundwater level.

The rainwater channelized and stored in waterbody of 80 lacs liter which helps to improve the ground water level also provides water in extreme dry seasons.

**Energy Conservation:**

The energy conservation is always a focus of KPIT. More than 50% of energy is consumed by HVAC. Hence, the focus was on HVAC operations to maximize efficiency. The investment done for most energy efficient HVAC VRF system which gives most efficient and flexibility to control smaller areas as per operational requirement. Many measures were practiced such as setting up temperature, change operations timings as per seasonal variation, change in operations based on ambient temperature, monitoring non-working areas, frequent switching off indoor units for meeting rooms etc. We have also focused on other utilities by continuous monitoring and measurement. Energy consumption is regularly monitored for betterment in efficiency.

**E-waste Management:**

Being an IT Company, we generate e-waste like laptops, computers, monitors, servers, etc. Apart from this we also generate electrical waste like wires etc. We have a waste management policy in place, which is the defining guideline for handling all types of waste and complying with the Government and Maharashtra Pollution Control Board (MPCB) norms.

**Hazardous Waste:**

Hazardous waste is disposed through authorized agencies as per the guidelines of Ministry of Environment and Forests (MoEF). Additionally, all the used printer cartridges are sent back to the manufacturer to ensure proper recycling.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company through its CSR activities contributes to the society through its projects like Water & Forest Conservation, Tree plantation, KPIT Sparkle, Teaching the under privileged students, donating school kits in association with agencies, etc.

   As a part of World Environment Day celebrations at KPIT Pune & Bengaluru offices, we invited three different NGOs to train our employees on Paper bag making and art of Vermicomposting. In KPIT Bengaluru office, three recycled and organic product stalls were organized, promoting eco-consciousness in our consumptive habits. Five more such stalls were organized in KPIT Pune office where the vendors (NGOs and small-scale eco-entrepreneurs) were given a free-of-cost platform to showcase and promote their products and services.

   On the occasion of Diwali, we invited local NGOs and Small producers for showcasing their products for sale at KPIT Pune and Bengaluru offices. Similarly, on Women's day, we have invited Women Self-Help groups to setup stalls to sell the sweets prepared by them.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

   The Company has taken the following initiatives to recycle products and waste:

   - Sewage Water received at STP plant, is treated and used for flushing and gardening purpose. We have treated around 16889 Cu.M3 of water and reused in last year.
   - Recyclable waste such as paper, plastic, corrugated sheet, metal etc. are send through MPCB authorized scrap dealer. In the year 2019-20, we have disposed around 11,377 Kg of recyclable waste.
   - Other mixed dry waste as used tissue paper is sent to PMC waste collection center. This is being carried out by organization known as Swach and other authorized agency.
   - As per MPCB rules, Hazardous waste and e-waste is to be disposed through authorized recycler. Being our assets are new, there has been no generation and disposing of any e-waste and Hazardous waste, nor any disposal of any printer and toner cartridges in the year 2019-20.

## Principle 3

1. Please indicate the total number of employees.

   7,125

2. Please indicate the total number of employees hired on temporary/contractual/casual basis.

   5% of employees are hired through contractors and sub-contractors.

3. Please indicate the number of permanent women employees.

   28% are women employees.

4. Please indicate the number of permanent employees with disabilities.

   Less than 1%.

5. Do you have an employee association that is recognized by management.

   No.

6. What percentage of your permanent employees are members of this recognized employee association?

   Not applicable.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

   No complaints were received relating to child labour, forced labour, involuntary labour during the year and 1 complaint was registered under Sexual Harassment against which corrective actions were taken by ICC members within stipulated time frame.

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

   - Percentage of Permanent Employees Undergone Training in year 2019 - 20 : 22.21%
   - Percentage of Permanent Female Employees Undergone Training in year 2019 – 20 : 24.28%
   - Percentage of Non - Permanent Employees Undergone Training in year 2019 - 20 : 2.04%
   - Employees with Disabilities: We don’t maintain the data of employees with special abilities separately. They have equal participation as other employees in all types of trainings.

**Campus Recruitment @ KPIT**

Team campus recruitment is an integral part of ECoDe. Objective of having exclusive campus recruitment team is to bring in focus in identifying young engineering talent from the premier, tier 1 and tier 2 colleges across India. About 8100+ students from 170 colleges underwent well-defined multiple levels of assessment resulting in 760+ hires (funnel ratio at 9%) out of which 40% with women representation.

**Sparkle @ KPIT**

KPITs Sparkle has become flagship event over a period of time, promoting the culture of innovation at the grass-root levels within the country. The theme for KPIT Sparkle 2020 was Mobility & Energy for the future. Event was held in February-March 2020 at Pune. This year the contest attracted participation from 1000+ colleges from 25 States and 4 Union Territories of India, representing an astonishing 20000+ students through 3000+ projects. Key highlights for this year was the increased participation from premier institutes (IITs – 17, NITs – 21). This year, KPIT Sparkle featured two competitions -

- i Innovate
- i can crack IT challenge

**i Innovate**, a design and development challenge, which received more than 3000 ideas from over 20,000 students across 1000+ colleges in India. It provided students of undergraduate, post-graduate and Ph.D. courses from science, engineering, design and management colleges and universities across India with an opportunity to develop smart, safe and clean solutions for the energy and transportation sectors.

The Top 30 teams presented working prototypes of their solutions at the grand finale.

**i can crack IT challenge**, which invited students and faculty members from science, engineering, design and management colleges, and universities to solve industrial problems provided by a team of technical experts from KPIT.

While the focus was on innovation and presenting their ideas. Students were also keen to pursue career with KPIT. Total count of 1600+ students from 140+ colleges applied and underwent assessments resulting in 30+ hires.

Campus recruitment team, CTO Organization and Practice teams came together by innovating multiple programs which enabled in identifying right talent for the Organization. These programs helped in increasing diversity in all aspects and covering length & breadth of the Country by creating platform for students to showcase their talent and resulting in job offer from KPIT.

**PACE: Program for Academic Collaboration and Engagement**

KPIT has strategic partnership with 20 + technical universities pan India. This program gives significant visibility to quality talent from campuses and attracts them to join KPIT. KPIT has created industry relevant courses and has trained 160 faculty members from its partner institutions. The KPIT Online education platform KPIT-Eduonline, serves as a source for learning Automotive technologies for students and faculty.

As part of this initiative on-campus support is provided by KPIT SMEs through Guest lectures, internships, Project mentorship, hosting technical events, syllabus formulation and student contests. KPIT SMEs are Board of Studies Members in many of these universities and on Academic Council.

**VIRTUAL GENESIS: Virtual Graduate Engineering Training Programme**

Virtual Genesis is an online training program, which is a first phase of the Genesis program for enabling smooth campus to corporate transition of fresh graduate engineers, offered by the company. The program aims to expedite the process of absorption into customer projects, incorporate self-learning culture, make talents independent and seek professionalism in their career. It is a mandatory training program comprising of various technical and professional skills development modules along with necessary assessments. Modules' delivery is a combination of hands on sessions, self-learning videos, faculty connect through online platforms, discussions forums, etc. The initiative is an extremely crucial one, since it has a direct business impact, in terms of talents being useful contributors in company's growth.

**GENESIS: Graduate Engineering Training Programme**

Duration of GENESIS Program is 8 to 10 weeks comprising of Technical, Domain and Process and Professional skills. GENESIS program is executed through **"Engineering Academy"**. This program ensures that talent skill requirements and learning models are aligned and released to the respective projects in a timely manner. Over 1200+ graduate engineers are trained every year aligned to needs of the organization. They are trained under AUTOSAR, AD/ADAS, Infotainment & cluster, Model Based development and Embedded tracks. All the Training Modules, case studies and assessments are aligned with Business requirements. The focus is on transforming graduates to job-ready professionals by giving them an opportunity to learn & execute modern day IT skills on real-time projects. Our training program enables candidates to upskill themselves to become comprehensive IT professionals before starting their career with KPIT.

Professional Skills Academy imparts training on language and personality development skills. Its curriculum also incorporates written and verbal communication, email writing skills, telephone skills and the business ethics.

After the completion of GENESIS Program, every Graduate engineer gets a course completion certificate. BEST PERFORMER and TRAINER CHOICE Awards are given away during the graduation ceremony.

**Internship program @ KPIT**

Internship program for M. Tech students for a duration of 10 months which gave opportunity for interns to evaluate the work that are executed at KPIT. This program also helped to sow the seed of automotive electronics into students. Batch of 1500+ interns from different colleges underwent similar assessment out of which 181 students were offered internship, 128 joined under internship program resulting in 59 pre-placements offers. Mentee-mentor connect played a vital role in the conversion 46% conversion.

**CONTINOUS EDUCATION:**

**ECoDe Kaizen:**

To cater to the prerogative of lifelong learning, which is the need of the hour, this certification program looks at streamlining the certification and prowess honing skills across Technology, Project Management, Domains, Processes, Professional Skills and Leadership Development for employees globally at various experience levels. This allows them to move on to the next level in their career paths and helps them get cross-skilled and stay relevant.

**Training on Demand:**

To provide an opportunity for business leaders to raise a request for relevant training for themselves or their team members and provide a seamless time bound service. Training on Demand (ToD) system is a platform through which ECoDe can capture & service business/project specific learning requirements raised by business swiftly which is over and above the ECoDe | KAIZEN program. Thereby, enhancing the overall learning experience.

**Project Management Development Program (PMDP) and Agile CoE:**

PMDP is offered to associates who are currently playing the role of Project Lead, Project Manager, Sr. Project Manager and Program Manager. The PMDP framework is well aligned with the international standard such as PMI PMP® and is completely hands on with a pragmatic approach in training delivery. Programs are classified as per the grades and are called PMDP Foundation, PMDP Silver and PMDP Gold. These programs are being developed in collaboration with IIM's & top business schools.

In order to compete in the VUCA world, companies have to be highly agile and nimble. The Agile CoE aims at training, consulting, coaching and mentoring various projects and teams to be agile in their approach to deliver successful outcome to their customers. These programs have been developed with industry best practices and aligned to the core philosophy of agility.

**Grooming Young Managers Program (GYM):**

Grooming Young Managers Program (GYM) is part of KPIT's objective to promote organic leadership development and role-based interventions that shape the knowledge, behavior and attitudes of future KPIT leaders.

Grooming Young Managers is an 11-month intervention aimed at helping Project Leads/ Project Managers manage their role, responsibilities and accountability drawing from best business practices and learning from leaders.

**Competency development framework:**

In order to develop a competency-based organization this initiative aims at providing clear growth path for the employees, build a culture of continuous learning based on competencies, objectively assess people's performance and drive project allocations based on competency. Each associate will go through a competency baseline exercise aligned with the appraisal cycle. This competency repository will be key to all the different aspects of the organization.

**eduOnline:**

KPIT eduOnline is an e-learning platform that offers interactive online courses for the employees. The eduOnline allows the employees to access course content including videos, textbooks and problems and it also check their progress in the course. The eduOnline also offers a forum for discussion and a wiki open to both employees and course team members to contribute. For course team members, the eduOnline includes an Instructor Dashboard, with options for employees to enroll, produce reports, and administer a course while it runs. One can access and use the eduOnline directly through a browser.

**Higher Education Initiative:**

Learning is an incessant process and KPIT truly believes in creating a conducive learning environment for the employees. The Higher Education Initiative (HEI) at KPIT encourages KPIT Full Time Employees (FTE) for continuing education, leading to Master's Degree from reputed Indian and Overseas Universities. This is to enable employees to acquire higher professional knowledge in areas of their interest and/or those that align with the growing business needs of the organization, including Product Engineering, Information Technology and Management education and allied fields. We offered two master's programs M Tech in Automotive Electronics and MBA in Strategic Engineering Management as part of which we launched 3 cohorts covering 150+ employees. 50 Employees have earned their Master's Degree so far and cohort 2 and 3 will complete their degree later this year and next year respectively. We are looking at version 2.0 of this program to be launched this year.

## Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes. KPIT has mapped its internal and external shareholders and their mode of engagement is as below:

| Stakeholders | Mode of Engagement |
|---|---|
| Government and regulatory authorities | Industry body/forums |
| Employees | Newsletters, employee satisfaction survey and various trainings, rewards and recognitions, meeting with eminent personalities and team building activities |
| Local community | CSR activities |
| Investors and shareholders | Analyst calls, AGM and annual report |
| Bankers, customers & vendors | Visits |

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

   Yes.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

   Community Contribution is one of the seven core values at KPIT. It has a significant mention in our Mission and Vision to reflect our commitment towards it. Considering our capabilities and the need of the communities that we serve, we have reassessed the focus of our CSR initiatives. Actions in line with CSR guiding principles, our strategies for the year 2019-20 are focused on key initiatives to ensure significant impact. The initiatives are implemented through 4 focus areas:

   i) **Environment:** Making this planet a better place to live in

   ii) **Education:** Transforming lives through science and technology education

   iii) **Energy:** Developing innovate solutions for efficient energy consumption and renewable supply

   iv) **Employee Engagement:** Maximizing impact through responsible volunteering

   For details please refer Community Initiatives which forms a part of this Annual Report.

## Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?

   The policies not only cover employees but also contractors, clients and others.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   NIL.

## Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?

   Policy covers only the activities in KPIT Corporate office, Pune and does not extend to Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

   Yes, pls refer to the Sustainability Report 2019-20.

   (https://www.kpit.com/company/investors/ corporate-governance).

3. Does the Company identify and assess potential environmental risks?

   Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Not applicable.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page, etc.

   Yes, please refer Question 1 & 5 of Principle 2 and Part iii of Question 3 of Principle 4 of this report.

   (https://www.kpit.com/company/investors/ corporate-governance).

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   The emission and the waste generated at KPIT Corporate office, Pune is under the permissible limits of MPCB. We have a continuous monitoring and tracking system in place which is reviewed periodically.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   No. We have not received any show cause/legal notice from MPCB for financial year 2019-20.

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

   - Mr. Kishor Patil, inaugurated and handed over a drinking water well to villagers of Salungan Village in Bhor Tehsil, about 90 km from Pune. The well will help about 100 families.
   - Construction of Vanrai Dam at Metpilaware village, Pune that holds more than 1 lakh liters of water.
   - The Environment Week on the "World Environment Day" is been celebrated for the past Ten years since 2010.
   - On the occasion of World Environment Day, 200 native trees were planted in KPIT Pune campus and 23000 saplings were planted in association with the Wildlife Research & Conservation Society (WRCS) at the Koyna-Chandoli corridor
   - Aerial Reforestation in Bengaluru by 250 seed-ball bombings
   - Mutha River Cleaning at Aundh, Pune – KPIT volunteers cleaned the riverbank, collected and segregated garbage. A total of 159 employee volunteers with their family members participated in the activity

- Watering of Plants and Collecting Litter at Shivanahalli Forest, Bengaluru
- De-weeding at Jakkur lake, Bengaluru
- Sapling plantation by KPIT Family with the legend: Padma Shri Saalumarada Thimmakka. 100 saplings were planted.

## Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

   a. NASSCOM

   b. MCCIA

   c. ACMA

   d. ARAI

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).

   KPIT has participated through NASSCOM ER&D Council and provided Inputs related to Economic reforms, Governance and administration.

   KPIT is also an active member of Hinjawadi Industries Association (HIA) and helps HIA to voice common concerns with the government authorities and to interact with all the stakeholders such as State Government, local bodies and authorities to make improvements in the Infrastructure, Safety and Security, mode of Transport and Traffic related issues in Hinjawadi.

## Principle 8

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes, please refer Question 3 of Principle 4 of this report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

   The initiatives are undertaken jointly with agencies and partner NGOs.

3. Have you done any impact assessment of your initiative?

   Every activity/initiative undertaken by the Company is assessed and its impact to the society is published in the Annual Report and the Sustainability Report.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

   For details, please refer CSR annexure which forms a part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   KPIT Sparkle successfully transformed from innovation contest to innovation platform. For this efforts KPIT Sparkle was accepted by both Incubation communities and various Government institutions.

   KPIT Sparkle 2020 was privileged to be associated with the Government of India's Department of Science and Technology (DST); NITI Aayog's Atal Innovation Mission (AIM); All India Council for Technical Education (AICTE); India Design Council; National Institute of Design; and ONGC Energy Centre as its knowledge partners.

   Contributing to the startup ecosystem of the country, KPIT partnered with the Centre for Innovation Incubation & Entrepreneurship (CIIE), IIM Ahmedabad; Incubation Cell, Science and Technology Park, University of Pune; Bhau Institute of Innovation, Entrepreneurship and Leadership, College of Engineering Pune; Aartech (AIC), one of the first corporate Atal Incubation Centers established under the Atal Innovation Mission (AIM); Sandip Incubators; Forge, I Create, PDPU Innovation & Incubation Centre, SIBM Pune, MAGIC, SPPU CIIL to provide incubation opportunities to the deserving ideas.

KPIT also as a part of its community development initiative, handed over a drinking water well to villagers of Salungan Village in Bhor Tehsil, about 90 km from Pune. This project witnessed a unique three-way partnership. KPIT and the villagers contributed with funds as well as hard work in realizing this achievement. The initiative was accomplished under the able guidance of Jnana Prabodhini, KPIT's NGO partner.

## Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   NIL.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A/ Remarks (additional information).

   Not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   NIL.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   Yes, customers share their feedback through a web based system - CSAT Survey, considering various parameters like Delivery, Quality, Cost, Responsiveness, etc.

# Financial Statements

# Independent Auditors' Report

## To the Members of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited)

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020 and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Description of Key Audit Matter

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| Revenue recognition in respect of fixed price contracts<br><br>The Company engages into fixed-price contracts with customers. In respect of fixed-price contracts, revenue is recognized using percentage of completion computed as per the input method. This is based on the Company's estimate of contract costs and efforts for completion of contract. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date. | Our audit procedures in this area included the following:<br><br>• Obtained an understanding of the systems, processes and controls implemented by the Company and evaluating the design and implementation of internal controls for measuring and recording revenue and the associated contract assets and unearned revenue.<br><br>• Tested the design and operating effectiveness of key IT controls over IT environment in which the business systems operate. This includes access controls, program change controls, program development controls and IT operation controls; |

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Contract estimates are formed by the Company considering the following:<br>• Application of the revenue recognition accounting standard is complex. It involves a number of key judgements and estimates. One of the key estimate is total cost-to-completion of these contracts. It is used to determine the percentage of completion of the relevant performance obligation.<br>• There is judgement involved in identification of distinct performance obligations and determination of transaction price for such performance obligations.<br>• COVID 19 pandemic may impact the total revenue and costs to complete the contracts. In some cases, Company's contract interests are adequately protected. In other cases, there may be possible significant risks though the Company is cautious of them.<br>• These contracts may involve onerous obligations on the Company requiring critical estimates to be made.<br>• Contracts are subject to modification to account for changes in contract specification and requirements.<br>• At year-end a significant amount of work in progress (Contract assets and liabilities) related to these contracts is recognised on the balance sheet representing the work completed, costs incurred and accrued.<br>Considering the significant estimate involved in recognition of revenue based on percentage of completion method in respect of fixed price contracts, we have considered this as key audit matter.<br>(Refer note 1.2 and 40 to the standalone financial statements)</td><td>• For selected samples of contracts, we inspected the terms of the contract and assessed the revenue recognized in accordance with Ind AS by:<br>➢ Evaluating the identification of performance obligations.<br>➢ Agreeing the transaction price to the underlying contracts.<br>➢ Inspecting the approval of the estimates of cost to complete.<br>➢ Evaluating the impact on the total revenue and the cost to complete the contract from COVID 19 pandemic.<br>➢ Challenging the Company's estimate of contract cost through a retrospective comparison of costs incurred with budgeted costs. Identifying significant variations and testing variations resulting into re-estimating the remaining costs to complete the contract.<br>➢ Assessing the work in progress (contract assets) on the balance sheet date by inspecting the underlying invoices and signed agreements on sample basis to identify possible delays in achieving milestones. Those may require change in estimated costs to complete the remaining performance obligations.<br>➢ Comparing, on a sample basis, revenue transactions recorded during the year with the underlying contracts, actual costs incurred, and invoices raised on customers. Also, checked the related revenue, contract costs, provision for onerous contracts, contract assets and unearned revenue had been recognised in accordance with the requirements of Ind AS 115.<br>➢ Performing analytical procedures on incurred and estimated contract costs or efforts. It includes assessment of contracts with unusual or negative margins, little or no movement in efforts from previous periods. We also performed analytical procedures on contract assets with little or no movement in invoicing from previous periods.</td></tr>
</table>

### Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position in its standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

**Swapnil Dakshindas**
Partner
Membership No. 113896
UDIN: 20113896AAAABJ9143

Place : Pune
Date : 27 May 2020

# Annexure A to the Independent Auditors' report on the standalone financial statements for the year ended 31 March 2020

With reference to the Annexure referred to in paragraph 1 in "Report on Other Legal and Regulatory Requirements" of the Independent Auditors' Report to the Members of the Company on the standalone financial statements for the year ended 31 March 2020, we report that:

(i) In respect of its fixed assets:

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

b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this 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. The title deeds of the immovable properties are in the process of being transferred in the name of the Company under the Scheme of arrangement. (Refer note 42(1) of the standalone financial statements)

(ii) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable and there were no material discrepancies noted during such verification.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to information and explanation given to us, the Company has complied with provisions of Section 186 of the Act with respect to investments made, loans and guarantees during the year. The Company has not given any loan, guarantee or security covered under Section 185 of the Act during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to Section 76 of the Act and the rules framed there under apply. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including employee's state insurance, income tax, goods and services tax and any other statutory dues have generally been regularly deposited during the year by the Company to the appropriate authorities except for certain delays in payment of Income tax (tax deducted at source) ranging from 5 days to 22 days and provident fund ranging from 6 days to 188 days. As explained to us, the Company did not have any dues on account of custom duty and cess.

According to the information and explanations given to us, no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable, except as disclosed below.

| Nature of Statute | Nature of Dues | Amount (Rs. in million) | Period to which amount relates | Due date | Date of payment |
|---|---|---|---|---|---|
| Employees Provident Fund and Miscellaneous Provisions Act, 1952 | Provident Fund | 0.99 | 2019-20 | Various | 20 April 2020 |

b. According to the information and explanations given to us, there are no dues with respect to income tax, sales tax, goods and services tax, value added tax, custom duty, excise duty, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks, financial institution and government. The Company did not have any borrowings from debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Hence the provisions of clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Swapnil Dakshindas**
Partner
Membership No. 113896
UDIN: 20113896AAAABJ9143

Place : Pune
Date : 27 May 2020

# Annexure B to the Independent Auditors' report on the standalone financial statements for the period ended 31 March 2020

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 1A (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## Opinion

We have audited the internal financial controls with reference to financial statements of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial controls with Reference to Financial Statements

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

### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

**Swapnil Dakshindas**
Partner
Membership No. 113896
UDIN: 20113896AAAABJ9143

Place : Pune
Date : 27 May 2020

# Balance Sheet

(Amount in ₹ million)

| | Note | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2A | 1,922.70 | 2,380.52 |
| Right-of-use assets | 2B | 1,102.08 | - |
| Capital work-in-progress | | 49.51 | 1.00 |
| Other intangible assets | 2C | 448.73 | 594.72 |
| Intangible assets under development | | 0.13 | 4.07 |
| Financial assets | | | |
| Investments | 3 | 4,087.94 | 3,726.67 |
| Loans | 4 | 714.79 | 146.87 |
| Income tax assets (net) | | 105.17 | 0.10 |
| Deferred tax assets (net) | 5 | 340.01 | 1.82 |
| Other non-current assets | 6 | 66.27 | 30.45 |
| | | **8,837.33** | **6,886.22** |
| **Current assets** | | | |
| Inventories | 7 | 0.01 | 9.18 |
| Financial assets | | | |
| Investments | 8 | 82.24 | 487.06 |
| Trade receivables | 9 | 2,980.03 | 2,192.34 |
| Cash and cash equivalents | 10 | 455.05 | 389.93 |
| Other balances with banks | 10 | 2.08 | - |
| Loans | 11 | 19.97 | 112.68 |
| Unbilled revenue | | 306.89 | 259.43 |
| Other financial assets | 12 | 301.00 | 1,643.91 |
| Other current assets | 13 | 268.65 | 406.74 |
| | | **4,415.92** | **5,501.27** |
| | | | |
| **TOTAL ASSETS** | | **13,253.25** | **12,387.49** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 2,688.80 | 2,685.02 |
| Other equity | 28 | 7,558.60 | 6,549.71 |
| **Total equity** | | **10,247.40** | **9,234.73** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 15 | 29.73 | 370.93 |
| Lease liabilities | | 761.72 | - |
| Provisions | 16 | 119.06 | 199.84 |
| | | **910.51** | **570.77** |

# Balance Sheet

(Amount in ₹ million)

| | Note | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 166.10 | 599.68 |
| Trade payables | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 31 | 0.07 | 0.42 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 354.28 | 398.22 |
| Lease liabilities | | 154.18 | - |
| Other financial liabilities | 18 | 688.88 | 989.72 |
| Other current liabilities | 19 | 583.91 | 459.61 |
| Provisions | 20 | 147.92 | 57.10 |
| Income tax liabilities (net) | | - | 77.24 |
| | | **2,095.34** | **2,581.99** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **13,253.25** | **12,387.49** |

| | |
|---|---|
| Significant accounting policies | 1 |
| Notes referred to above form an integral part of the standalone financial statements | 2-42 |

As per our report of even date attached

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Statement of Profit and Loss

(Amount in ₹ million)

| | Note | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Revenue from operations | 21 | 9,552.50 | 2,303.00 |
| Other income | 22 | 231.87 | 357.75 |
| **Total income** | | **9,784.37** | **2,660.75** |
| | | | |
| **Expenses** | | | |
| Cost of materials consumed | 23 | 1.22 | 2.31 |
| Employee benefits expense | 24 | 5,324.94 | 1,040.65 |
| Finance costs | 25 | 151.13 | 61.25 |
| Depreciation and amortisation expense | 2 | 837.02 | 157.74 |
| Other expenses | 26 | 1,459.69 | 483.16 |
| **Total expenses** | | **7,774.00** | **1,745.11** |
| | | | |
| **Profit before exceptional items and tax** | | 2,010.37 | 915.64 |
| Exceptional items | 42(3) | (36.57) | (101.40) |
| **Profit before tax** | | 1,973.80 | 814.24 |
| | | | |
| **Tax expense** | 41(A) | | |
| Current tax | | 469.02 | 117.87 |
| Deferred tax (benefit)/charge | | (279.69) | (48.10) |
| **Total tax expense** | | **189.33** | **69.77** |
| | | | |
| **Profit for the year** | | **1,784.47** | **744.47** |
| | | | |
| **Other comprehensive income/(loss)** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans - gain/(loss) | 29 | (29.36) | (24.51) |
| Income tax on items that will not be reclassified to profit or loss | | 6.56 | (11.40) |
| | | | |
| Items that will be reclassified to profit or loss | | | |
| Effective portion of gains/(losses) on hedging instruments in cash flow hedges | 27 | (114.38) | 12.59 |
| Income tax on items that will be reclassified to profit or loss | | 39.97 | (4.39) |
| | | | |
| **Total other comprehensive income/(loss)** | | **(97.21)** | **(27.71)** |
| | | | |
| **Total comprehensive income for the year** | | **1,687.26** | **716.76** |

# Statement of Profit and Loss

(Amount in ₹ million)

| | Note | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Earnings per equity share (face value per share ₹ 10 each)** | | | |
| Basic | 37 | 6.64 | 11.23 |
| Diluted | 37 | 6.62 | 11.20 |

| | |
|---|---|
| Significant accounting policies | 1 |
| Notes referred to above form an integral part of the standalone financial statements | 2-42 |

As per our report of even date attached

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Statement of Changes in Equity

**A Equity share capital**

| | |
|---|---|
| **Balance as at 1 April 2018** | 1.00 |
| Cancellation of shares pursuant to demerger scheme (Refer note 42(1)) | **(1.00)** |
| Issue of share capital pursuant to demerger scheme (net of shares issued to employee welfare trust ₹ 56.41 million) (Refer note 42(1)) | 2,685.02 |
| **Balance as at 31 March 2019** | **2,685.02** |
| Changes during the year | 3.78 |
| **Balance as at 31 March 2020** | **2,688.80** |

**B Other equity**

| | Reserves & surplus | | | | | Items of other comprehensive income | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve (Refer note 28) | General reserve (Refer note 28) | Retained earnings | Share based payment reserve (Refer note 30) | Remeasurement of the net defined benefit Plans (Refer Note 29) | Effective portion of cash flow hedges (Refer note 27) | |
| **Balance as on 1 April 2018** | - | - | (2.66) | - | - | - | (2.66) |
| Profit for the year | - | - | 744.47 | - | - | - | 744.47 |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - | (35.91) | 8.20 | (27.71) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **744.47** | **-** | **(35.91)** | **8.20** | **716.76** |
| **Others** | | | | | | | |
| Accumulated deficit of employee welfare trust | - | - | (72.23) | - | - | - | (72.23) |
| Pursuant to demerger scheme (Refer note 42(1)) | 2,179.70 | 34.38 | 3,762.09 | - | (44.16) | 9.75 | 5,941.76 |
| Share issue and listing expenses | - | - | (33.92) | - | - | - | (33.92) |
| **Balance as on 31 March 2019** | **2,179.70** | **34.38** | **4,397.75** | **-** | **(80.07)** | **17.95** | **6,549.71** |
| | | | | | | | |
| **Balance as on 1 April 2019** | 2,179.70 | 34.38 | 4,397.75 | - | (80.07) | 17.95 | 6,549.71 |
| Effect of transition to Ind AS 116 (net of tax) (Refer note 36) | - | - | (168.92) | - | - | - | (168.92) |
| **Restated balance as on 1 April 2019** | **2,179.70** | **34.38** | **4,228.83** | **-** | **(80.07)** | **17.95** | **6,380.79** |
| Profit for the year | - | - | 1,784.47 | - | - | - | 1,784.47 |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - | (22.80) | (74.41) | (97.21) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **1,784.47** | **-** | **(22.80)** | **(74.41)** | **1,687.26** |

# Statement of Changes in Equity

**B Other equity**

| | Reserves & surplus | | | | | Items of other comprehensive income | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve (Refer note 28) | General reserve (Refer note 28) | Retained earnings | Share based payment reserve (Refer note 30) | Remeasurement of the net defined benefit Plans (Refer Note 29) | Effective portion of cash flow hedges (Refer note 27) | |
| **Others** | | | | | | | |
| Dividends | - | - | (470.24) | - | - | - | (470.24) |
| Dividend distribution tax | - | - | (98.61) | - | - | - | (98.61) |
| Accumulated surplus/(deficit) of employee welfare trust | - | - | 10.70 | - | - | - | 10.70 |
| Share based payment to employees (net) | - | - | - | 48.70 | - | - | 48.70 |
| **Balance as on 31 March 2020** | **2,179.70** | **34.38** | **5,455.15** | **48.70** | **(102.87)** | **(56.46)** | **7,558.60** |

Significant accounting policies 1

Notes referred to above form an integral part of the standalone financial statements 2-42

As per our report of even date attached

**For B S R & Co. LLP**

**Chartered Accountants**

**Firm Registration Number: 101248W / W-100022**

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**

**KPIT TECHNOLOGIES LIMITED**

**(erstwhile KPIT ENGINEERING LIMITED)**

CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Statement of Cash Flows

(Amount in ₹ million)

| | | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Profit for the year | 1,784.47 | 744.47 |
| | **Adjustments for:** | | |
| | Income tax expense | 189.33 | 69.77 |
| | Profit on sale of fixed assets (net) | (1.87) | (0.67) |
| | Depreciation and amortisation expense | 837.02 | 157.74 |
| | Interest expense | 121.70 | 61.25 |
| | Interest income | (26.62) | (4.27) |
| | Dividend income | (13.82) | (0.10) |
| | Exceptional items | 36.57 | 101.40 |
| | Net loss/(gain) on investment carried at fair value through profit and loss | 56.92 | (319.01) |
| | Provision for doubtful debts and advances (net) | (31.66) | 17.06 |
| | Bad debts written off | 0.35 | - |
| | Share based compensation expenses | 32.06 | - |
| | Net unrealised foreign exchange loss/(gain) | (115.37) | 26.81 |
| | Operating profit before working capital changes | **2,869.08** | **854.45** |
| | | | |
| | **Adjustments for changes in working capital:** | | |
| | Trade receivables and unbilled revenue | (663.45) | 2.93 |
| | Inventories | (22.63) | 4.67 |
| | Other financials assets and other assets | 1,482.84 | 458.31 |
| | Trade payables | (46.74) | (163.76) |
| | Other financial liabilities and other liabilities | (530.02) | 326.10 |
| | **Cash generated from operations** | **3,089.08** | **1,482.70** |
| | Income taxes paid (net) | (650.64) | (40.63) |
| | **Net cash from operating activities (A)** | **2,438.44** | **1,442.07** |

# Statement of Cash Flows

(Amount in ₹ million)

| | | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES (Refer note 42(1))** | | |
| | Purchase of property, plant and equipment | (339.61) | (207.47) |
| | Proceeds from sale of property, plant and equipment | 5.11 | 7.99 |
| | Investment in subsidiary | (361.27) | (1,289.58) |
| | Investment in mutual fund | (842.00) | (100.00) |
| | Proceeds from sale of investment in mutual fund | 842.00 | 100.00 |
| | Proceed from sale of investments carried at fair value through profit and loss | 347.90 | - |
| | Loan given to subsidiary | (474.00) | - |
| | Interest received | 5.77 | 3.09 |
| | Dividend received | 13.82 | 0.10 |
| | Fixed deposits with banks (net) having maturity over three months | (1.00) | - |
| | **Net cash used in investing activities (B)** | **(803.28)** | **(1,485.87)** |
| | | | |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES (Refer note 42(1))** | | |
| | Proceeds from Long term loan from banks | 9.04 | - |
| | Repayment of Long term loan from banks | (381.82) | (172.93) |
| | Payment of lease liabilities | (170.82) | - |
| | Payment towards shares issue and listing expenses | (0.12) | (33.80) |
| | Proceeds from Working Capital loan | 1,267.21 | 1,899.61 |
| | Repayment of Working Capital loan | (1,705.61) | (1,300.00) |
| | Proceeds from shares issued / purchased by Employee Welfare Trust (net) | 14.48 | 20.26 |
| | Dividend paid including corporate dividend tax | (568.85) | - |
| | Interest and finance charges paid | (52.43) | (63.56) |
| | **Net cash from/(used in) financing activities (C)** | **(1,588.92)** | **349.58** |
| | | | |
| **D** | **Exchange differences on translation of foreign currency cash and cash equivalents** | 18.88 | (2.67) |
| | **Net increase in cash and cash equivalents (A + B + C + D)** | **65.12** | **303.11** |
| | Cash and cash equivalents at close of the year (Refer note 1 below) | 455.05 | 389.93 |
| | Cash and cash equivalents at beginning of the year (Refer note 1 below) | 389.93 | 0.95 |
| | Cash and cash equivalents transferred pursuant to scheme of demerger | - | 85.87 |
| | **Cash surplus for the year** | **65.12** | **303.11** |

# Statement of Cash Flows

(Amount in ₹ million)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **Note 1 :** | | |
| **Cash and cash equivalents include:** | | |
| Cash on hand | 0.04 | 0.02 |
| Balance with banks | | |
| - In current accounts | 285.01 | 389.91 |
| - In deposit accounts (with original maturity of 3 months or less) | 170.00 | - |
| **Total Cash and cash equivalents** | **455.05** | **389.93** |

**Note 2:**

Figures in brackets represent outflows of cash and cash equivalents.

**Note 3:**

The above statement of cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind-AS) 7 on statement of cash flows.

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

**Company Overview**

KPIT Technologies Limited (erstwhile KPIT Engineering Limited) ("the Company") is a public limited company incorporated on 8 January 2018 under the Companies Act, 2013 and has been listed with effect from 22 April 2019 on Bombay Stock Exchange and National Stock Exchange. The Company's registered office is in Pune and it has subsidiaries across multiple geographies.

The Company is a global technology company specializing in providing Product Engineering solutions and services to Automobile and Mobility Sector. Refer note 42(1) for details of the Scheme of Demerger during the previous year.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 27 May 2020.

**1. Significant accounting policies**

Basis of preparation of standalone financial statements

The standalone financial statements are prepared in accordance with the Indian Accounting Standards ("Ind-AS") as specified under Section 133 of the Companies Act, 2013 read with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of Companies Act, 2013. The standalone financial statements are presented in millions of Indian rupees rounded off to two decimal places, except per share information, unless otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared on the historical cost basis, except for share based payments, defined benefit obligations and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

**Use of estimates**

The preparation of standalone 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 recognised in the year in which the results are known / materialized.

**Critical accounting estimates**

**a. Revenue Recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total estimated costs to be expended. Efforts or costs expended have been used to measure progress towards completion as generally there is a direct efforts or relationship between input and output in respect of work completed.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income tax**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions (if any).

**c. Measurement of defined benefit obligation, key actuarial assumptions and share based payments**

Information about assumptions and estimation uncertainties in respect of defined benefit obligation and share based payments are included in note 29(2) and note 30 respectively.

**d. Impairment of investment in subsidiaries**

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

**e. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities.

**f. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind-AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the Company and affects whether it is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

**g. Valuation of deferred tax assets**

The Company reviews carrying amount of deferred tax asset at the end of each reporting period. The policy has been explained under note 1.13.

**h. Estimation of uncertainties relating to the global health pandemic from COVID-19**

In view of pandemic relating to COVID -19, the Company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, intangible assets, investment in subsidiaries and other financial assets. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment this situation does not materially impact this standalone financial statements as on 31 March 2020. However, the actual impact of COVID-19 on the Company's standalone financial statements, in future, may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

## 1.1 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 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.

**Liabilities**

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;

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

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.

### 1.2 Revenue recognition

The Company derives revenues primarily from providing engineering services which includes design engineering services, embedded software development with its related services and from the sale of licenses and products.

The following is the summary of significant accounting policies related to revenue recognition:

Revenue is recognised upon transfer of control of promised services or products to customers for an amount that reflects the consideration expected to be received in exchange of those services or products.

Arrangements with customers for such engineering and its related services are bifurcated into following key categories:

a. Revenue on time and material contracts for the reporting period is recognised as and when the related services are performed and billed to the end customers. If billing for the related services is not done during the reporting period, revenue is recognized as unbilled revenue at the end of the reporting period.

b. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and output in respect of work completed.

c. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.

d. Revenue from client training, support and other services arising due to the sale of software products is recognised as the services are performed.

e. Revenue from internally developed software product licenses where the customer obtains a “right to use” the license is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognised over the access period.

f. Revenue from sale of third party licenses is recognised only when the sale is completed by passing ownership.

g. Revenue from sale of hardware products is recognized upon actual delivery of goods along with transfer of control and significant risks and rewards to the customers.

The following are the details of key significant accounting policies related to revenue recognition for all the above mentioned categories:

a. Revenue in excess of invoicing is classified either as contract asset (unbilled revenue) or financial asset (unbilled revenue), while invoicing in excess of revenue is classified as contract liabilities (unearned revenue).

b. Unbilled revenue is classified as contract asset when there is a right to consideration in exchange for goods or services which is conditional on something other than the passage of time. Whereas, it is classified as financial asset when such right to consideration in exchange for goods or services is conditional only on passage of time.

c. Amount billed in advance, without services being rendered, is classified as unearned revenue (contract liabilities).

   Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses and incentives, if any, as specified in the contract with the customer. Expenses reimbursed by customers during the project execution are recorded as reduction to associated costs.

d. The Company accounts for volume and / or trade discounts to customers as a reduction of revenue. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

e. When there is an uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

f. In accordance with Ind-AS 37, provision for onerous contract/ estimated losses, if any, on uncompleted contracts are recorded in a period in which such losses become probable based on the expected contract estimates at the reporting date.

g. The Company presents revenues net of indirect tax in its Statement of Profit and Loss.

h. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services(ATS). The Company has applied the principles under Ind-AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts is allocated to each performance obligation of the contract based on its relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customised as part of the implementation service, the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognised as the performance obligations are satisfied. ATS revenue is recognised ratably over the period in which the services are rendered.

i. In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

**Significant judgments in revenue recognition:**

a. The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b. Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c. The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

d. The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

e. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. The Company uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

### 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.

The exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs, are regrouped from foreign exchange differences to finance costs.

### 1.4 Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment 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. If significant parts of an item of property, plant and equipment have different useful lives , then they are accounted for as separate items (major components) of property, plant and equipment. The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets under construction are disclosed as capital work-in-progress.

### 1.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment, if any.

In case of internally generated intangibles, costs incurred during the research phase of a project are expensed when incurred. Development activities

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

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

Intangible fixed assets are derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal or when the economic benefits are not measurable.

### 1.6 Depreciation and amortization

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of the assets. The estimated useful lives are as follows:

| Type of asset | Useful life (No. of years) |
|---|---|
| Buildings | 30 |
| Plant and equipment[1] | 4-5 |
| Office Equipment[1] | 10 |
| Owned Vehicle[1] | 5 |
| Furniture and fixtures[1] | 8 |

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

The right-of-use assets is depreciated over shorter of useful life and lease term.

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

Capitalised development costs are amortised over a period of 3 to 4 years.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

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

Depreciation and amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

### 1.7 Impairment

a. Financial assets

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind-AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recorded as an impairment gain or loss in the Statement of Profit and Loss.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. While assessing the recoverability of receivables including unbilled receivables, the Company has considered internal and external information up to the date of approval of these standalone financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions. The Company expects to recover the carrying amount of these assets.

**b. Non- financial assets**

**Property, plant and equipment and intangible assets**

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's fair value less cost of disposal 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 assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.

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

### 1.8 Inventories

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

### 1.9 Leases

A contract, or part of a contract, is a lease if that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**The Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the Statement of Profit and Loss.

The Company has elected not to apply the requirements of Ind-AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind-AS 115 Revenue to allocate the consideration in the contract.

**Transition to Ind AS 116**

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new lease accounting standard on 30 March 2019 and came into force with effect from 1 April 2019. Ind AS 116 has replaced the guidance in

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

Ind AS 17 "Leases". The effect of initially applying this standard is recognised at date of initial application (i.e. 1 April 2019). Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

a. **Operating lease:**

Accordingly, the Company has applied Ind AS 116 using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity. Accordingly the company has not restated the comparative information, i.e. comparative information continues to be reported under Ind AS 17.

b. **Finance lease:**

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

Refer note 1.9 Leases under significant accounting policies in the annual report of the Company for the year ended 31 March 2019, for the policy as per Ind-AS 17.

### 1.10 Earnings per share

Basic earnings per share are computed by dividing the net profit for the year after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year 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. **Functional and presentation currency**

Indian Rupee is the Company's functional as well as presentation currency.

b. Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the year-end rates. The exchange differences so determined and also the realised exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate prevalent at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and measured at historical cost are translated into the functional currency at the exchange rate prevalent at the date of transaction.

### 1.12 Employee benefits

a. **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. Remeasurement of net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effects of asset ceiling (if any, excluding interest) are recognised in other comprehensive income for the period in which they occur. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss. 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, if any. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

**b. 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.

**c. 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 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Minimum Alternate Tax**

Minimum Alternate 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 recognises provisions only when it has a present legal or constructive 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

No provision is recognised 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 recognised 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 disclosed 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 recognised in the standalone financial statements since this may result in the recognition of income that may never be realised.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognises any impairment loss on the assets associated with that contract.

**Warranty**

The Company has an obligation by way of warranty to maintain the software during the period of warranty, as per the contractual requirements, for certain products/licenses. Costs associated with such sale 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 recognised as an intangible asset in accordance with policy defined in 1.5.

### 1.16 Employee stock option

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the Company recognises employee compensation expense, using the grant date fair value in accordance with Ind-AS 102 - Share Based Payment, on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

### 1.17 Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

### 1.18 Financial instruments

**a. Initial recognition**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**b. Subsequent measurement**

**i) Non-derivative financial instruments**

**Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose

# Notes forming part of the standalone financial statements
## for the year ended on 31 March 2020

objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

However, in cases where the Company has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognised in other comprehensive income.

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. 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.

**Financial assets or financial liabilities, at fair value through profit or loss**

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the statement of profit and loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

**Cash flow hedge**

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 designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitments and highly probable forecast transactions.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised 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 recognised in cash flow hedging reserve 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 recognised in cash flow hedging reserve is transferred to the Statement of Profit and Loss.

The amount recognised in Other Comprehensive Income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the Statement of Profit and Loss and other comprehensive income.

**iii) Treasury Shares**

When any entity within the Group (KPIT Technologies Limited (erstwhile KPIT Engineering Limited) and its subsidiaries) purchases the Company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

**c. Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind-AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**d. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, the Company uses discounted cash flow analysis method for the fair value of its financial instruments except for employee stock options, where Black and Scholes options pricing model is used. The method of assessing fair value results in general approximation of value and such value may never actually be realised.

For all other financial instruments the carrying amount approximates fair value due to short maturity of those instruments.

### 1.19 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a short maturity of three months or less from the date of investment.

### 1.20 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

# Notes forming part of the standalone financial statements

## 2A Property, plant and equipment

(Amount in ₹ million)

| | Land (Leasehold) | Building | Leasehold improvements | Plant and Equipment | Furniture and Fixtures | Vehicles Leased | Vehicles Owned | Office Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at 1 April 2018** | - | - | - | - | - | - | - | - | - |
| Additions pursuant to scheme of demerger (Refer note 42(1)) | 405.40 | 1,035.26 | 171.39 | 695.69 | 148.41 | 6.70 | 29.41 | 341.17 | 2,833.43 |
| Additions | - | - | - | 6.25 | 1.14 | - | 4.30 | 2.91 | 14.60 |
| Disposal/retirements/derecognition | - | 1.51 | 3.55 | 4.93 | 4.10 | - | - | 2.34 | 16.43 |
| **Gross carrying amount as at 31 March 2019** | **405.40** | **1,033.75** | **167.84** | **697.01** | **145.45** | **6.70** | **33.71** | **341.74** | **2,831.60** |
| **Accumulated depreciation as at 1 April 2018** | - | - | - | - | - | - | - | - | - |
| Additions pursuant to scheme of demerger (Refer note 42(1)) | 15.24 | 0.55 | 76.39 | 157.26 | 51.37 | 6.64 | 12.65 | 71.15 | 391.25 |
| Depreciation for the year | 1.09 | 8.79 | 5.65 | 38.01 | 4.70 | 0.06 | 1.21 | 9.40 | 68.91 |
| Disposal/retirements/derecognition | - | 0.55 | 1.83 | 3.93 | 1.69 | - | - | 1.08 | 9.08 |
| **Accumulated depreciation as at 31 March 2019** | **16.33** | **8.79** | **80.21** | **191.34** | **54.38** | **6.70** | **13.86** | **79.47** | **451.08** |
| **Carrying amount as at 31 March 2019** | **389.07** | **1,024.96** | **87.63** | **505.67** | **91.07** | **-** | **19.85** | **262.27** | **2,380.52** |
| Gross carrying amount as at 1 April 2019 | 405.40 | 1,033.75 | 167.84 | 697.01 | 145.45 | 6.70 | 33.71 | 341.74 | 2,831.60 |
| Additions | - | 3.23 | - | 166.76 | 12.99 | - | 10.77 | 27.93 | 221.68 |
| Disposal/retirements/derecognition | - | - | - | 0.25 | 1.22 | - | 8.66 | 1.80 | 11.93 |
| Reclassification on adoption of Ind AS 116 - Leases (Refer note 36) | 405.40 | - | - | - | - | 6.70 | - | - | 412.10 |
| **Gross carrying amount as at 31 March 2020** | **-** | **1,036.98** | **167.84** | **863.52** | **157.22** | **-** | **35.82** | **367.87** | **2,629.25** |
| **Accumulated depreciation as at 1 April 2019** | **16.33** | **8.79** | **80.21** | **191.34** | **54.38** | **6.70** | **13.86** | **79.47** | **451.08** |
| Depreciation for the year | - | 35.75 | 21.54 | 169.52 | 19.20 | - | 5.28 | 35.90 | 287.19 |
| Disposal/retirements/derecognition | - | - | - | 0.14 | 1.04 | - | 6.85 | 0.66 | 8.69 |
| Reclassification on adoption of Ind AS 116 - Leases (Refer note 36) | 16.33 | - | - | - | - | 6.70 | - | - | 23.03 |
| **Accumulated depreciation as at 31 March 2020** | **-** | **44.54** | **101.75** | **360.72** | **72.54** | **-** | **12.29** | **114.71** | **706.55** |
| **Carrying amount as at 31 March 2019** | **389.07** | **1,024.96** | **87.63** | **505.67** | **91.07** | **-** | **19.85** | **262.27** | **2,380.52** |
| **Carrying amount as at 31 March 2020** | **-** | **992.44** | **66.09** | **502.80** | **84.68** | **-** | **23.53** | **253.16** | **1,922.70** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 2B Right-of-use assets (Refer note 36)

| | Building (Leasehold) | Land (Leasehold) | Vehicles Leased | Total |
|---|---|---|---|---|
| **Gross carrying amount as at 1 April 2019** | - | - | - | - |
| Effect of transition to Ind AS 116 | 569.97 | - | - | 569.97 |
| Reclassification on adoption of Ind AS 116 - Leases | - | 405.40 | 6.70 | 412.10 |
| Additions | 268.32 | - | - | 268.32 |
| **Gross carrying amount as at 31 March 2020** | **838.29** | **405.40** | **6.70** | **1,250.39** |
| **Accumulated depreciation as at 1 April 2019** | - | - | - | - |
| Reclassification on adoption of Ind AS 116 - Leases | - | 16.33 | 6.70 | 23.03 |
| Depreciation for the year | 120.85 | 4.43 | - | 125.28 |
| **Accumulated depreciation as at 31 March 2020** | **120.85** | **20.76** | **6.70** | **148.31** |
| **Carrying amount as at 31 March 2020** | **717.44** | **384.64** | **-** | **1,102.08** |

## 2C Other intangible assets

| | Internally Generated | Other than Internally Generated | Total |
|---|---|---|---|
| | Product Development Cost | Software | |
| **Gross carrying amount as at 1 April 2018** | - | - | - |
| Additions pursuant to scheme of demerger (Refer note 42(1)) | 835.21 | 791.96 | 1,627.17 |
| Additions | - | 16.50 | 16.50 |
| Disposal/retirements/derecognition | 0.36 | - | 0.36 |
| **Gross carrying amount as at 31 March 2019** | **834.85** | **808.46** | **1,643.31** |
| **Accumulated amortisation as at 1 April 2018** | - | - | - |
| Additions pursuant to scheme of demerger (Refer note 42(1)) | 421.18 | 538.97 | 960.15 |
| Amortisation for the year | 45.97 | 42.86 | 88.83 |
| Disposal/retirements/derecognition | - | 0.39 | 0.39 |
| **Accumulated amortisation as at 31 March 2019** | **467.15** | **581.44** | **1,048.59** |
| **Carrying amount as at 31 March 2019** | **367.70** | **227.02** | **594.72** |
| **Gross carrying amount as at 1 April 2019** | **834.85** | **808.46** | **1,643.31** |
| Additions | - | 278.56 | 278.56 |
| **Gross carrying amount as at 31 March 2020** | **834.85** | **1,087.02** | **1,921.87** |
| **Accumulated amortisation as at 1 April 2019** | **467.15** | **581.44** | **1,048.59** |
| Amortisation for the year | 186.45 | 238.10 | 424.55 |
| **Accumulated amortisation as at 31 March 2020** | **653.60** | **819.54** | **1,473.14** |
| **Carrying amount as at 31 March 2019** | **367.70** | **227.02** | **594.72** |
| **Carrying amount as at 31 March 2020** | **181.25** | **267.48** | **448.73** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 3 Investments

| | 31 March 2020 | 31 March 2019 |
|---|---:|---:|
| **Investments (Unquoted)** | | |
| **Investments in equity instruments of subsidiaries (at cost)** | | |
| KPIT Technologies (UK) Limited | 1,273.72 | 947.08 |
| A wholly owned subsidiary company incorporated in UK | | |
| 14,990,616 (Previous year 11,527,416) Equity shares of £ 1 each fully paid-up | | |
| | | |
| Impact Automotive Solutions Limited | 1,326.29 | 1,326.29 |
| A wholly owned subsidiary company incorporated in India | | |
| 136,750,000 (Previous year 136,750,000) Equity shares of ₹ 10 each fully paid-up | | |
| | | |
| KPIT (Shanghai) Software Technology Co. Limited, China | 128.84 | 128.84 |
| A wholly owned subsidiary company incorporated in China | | |
| 14,074,702 (Previous year 14,074,702) Equity shares of RMB 1 each fully paid up | | |
| | | |
| KPIT Technologies Netherlands B.V. | 34.30 | 34.30 |
| A wholly owned subsidiary company incorporated in Netherlands | | |
| 5,000 (Previous year 5,000) Equity shares of Euro 100 each fully paid up | | |
| | | |
| MicroFuzzy KPIT Technologia LTDA, Brazil | 17.48 | 17.48 |
| A wholly owned subsidiary company incorporated in Brazil | | |
| 999 (Previous year 999) Equity share of BRL 1 each fully paid up | | |
| | | |
| KPIT Technologies GK | 18.08 | 18.08 |
| A wholly owned subsidiary company incorporated in Japan | | |
| | | |
| KPIT Technologies Holding Inc | 1,254.60 | 1,254.60 |
| A wholly owned subsidiary company incorporated in USA | | |
| 17,000,000 (Previous year 17,000,000) Shares Common Stock at par value of USD 1 each | | |
| | | |
| KPIT Technologies Pte Ltd. | 34.63 | - |
| A wholly owned subsidiary company incorporated in Singapore | | |
| | **4,087.94** | **3,726.67** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 4 Loans

(Unsecured, considered good with no significant increase in credit risk or credit impaired, unless otherwise stated)

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Loans and advances to related parties (Refer note 35)** | | |
| Loan to director | **-** | 5.25 |
| Loan to Impact Automotive Solutions Limited | **110.29** | 102.03 |
| Loan to KPIT Technologies (UK) Limited | **504.60** | - |
| **Loans and advances to other than related parties** | | |
| Security deposits | **99.90** | 37.95 |
| Loan to employees | **-** | 1.64 |
| | **714.79** | **146.87** |

**Note:**

(i) Information about the Company's exposure to credit risk and market risk is disclosed in note 27.

## 5 Deferred tax assets (net)

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Deferred tax assets** | | |
| - Provision for bad and doubtful debts and advances | 8.43 | 10.67 |
| - Provision for compensated absences | 3.34 | 3.24 |
| - Provision for gratuity | 34.16 | 18.40 |
| - Forward contracts designated as cash flow hedges | 30.33 | - |
| - Others | 25.44 | 1.68 |
| - MAT credit entitlement | 324.56 | 73.73 |
| | **426.26** | **107.72** |
| **Deferred tax liabilities** | | |
| - Excess of depreciation/amortisation on property, plant and equipment and other intangible assets under income-tax law over depreciation/amortisation provided in accounts | 85.93 | 95.20 |
| - Forward contracts designated as cash flow hedges | - | 9.64 |
| - Others | 0.32 | 1.06 |
| | **86.25** | **105.90** |
| Net deferred tax asset | **340.01** | **1.82** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 6 Other non-current assets

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Capital advances | 26.50 | 8.55 |
| Advance rentals | 36.65 | 13.68 |
| Others | 3.12 | 8.22 |
| | **66.27** | **30.45** |

## 7 Inventories (Refer note 42(3))

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

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Raw materials | 0.01 | 6.10 |
| Stores and spares | - | 3.08 |
| | **0.01** | **9.18** |

## 8 Current investments

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Investments in equity instruments of other entities measured at fair value through profit or loss (quoted)** | | |
| Shares of Birlasoft Limited (erstwhile KPIT Technologies Limited) held by KPIT Employee Welfare Trust | 82.24 | 487.06 |
| | **82.24** | **487.06** |

**Note:**

(i) The details of aggregate value of quoted investments are disclosed in note 27.

## 9 Trade receivables

*(Unsecured)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Trade receivables considered good | 2,980.03 | 2,192.34 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | 53.18 | 46.30 |
| | **3,033.21** | **2,238.64** |
| Less: Allowances for bad and doubtful trade receivables | 53.18 | 46.30 |
| | **2,980.03** | **2,192.34** |

**Note:**

(i) Trade Receivables from related parties are disclosed in note 35.

(ii) Information about the Company's exposure to credit risk and market risk is disclosed in note 27.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 10 Cash and bank balances

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Cash and cash equivalents | | |
| Cash on hand | 0.04 | 0.02 |
| Balances with banks | | |
| - In current accounts | 285.01 | 389.91 |
| - In deposit accounts(with original maturity of 3 months or less) | 170.00 | - |
| | **455.05** | **389.93** |
| Other bank balances | 2.08 | - |
| | **457.13** | **389.93** |

**Note:**

(i) Information about the Company's exposure to credit risk, liquidity risk and market risk is disclosed in note 27.

## 11 Loans

*(Unsecured, considered good with no significant increase in credit risk or credit impaired, unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Loans and advances to related parties (Refer note 35)** | | |
| Loan to director | 5.25 | 6.55 |
| **Loans and advances to other than related parties** | | |
| **Other loans and advances** | | |
| Loan to employees | 1.64 | 1.70 |
| Security deposits | 13.08 | 104.43 |
| | **19.97** | **112.68** |

**Note:**

(i) Information about the Company's exposure credit risk and market risk is disclosed in note 27.

## 12 Other current financial assets

(Unsecured, considered good unless otherwise stated)

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Interest accrued on fixed deposits | 0.62 | - |
| Forward contracts designated as cash flow hedges (Refer note 27(3)) | - | 27.59 |
| Receivable from related parties (Refer note 35) | 173.37 | 1,616.32 |
| Receivable from other than related parties (Refer note 42(2)) | 127.01 | - |
| | **301.00** | **1,643.91** |

**Note:**

(i) Information about the Company's exposure credit risk and market risk is disclosed in note 27.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 13 Other current assets

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Advance to suppliers | 31.30 | 53.92 |
| Employee advances | | |
| Considered good | 23.81 | 39.85 |
| Considered doubtful | 10.77 | 6.55 |
| | **34.58** | **46.40** |
| Less: Provision for doubtful advances | 10.77 | 6.55 |
| | **23.81** | **39.85** |
| Balances with statutory authorities | 11.42 | 115.62 |
| Advance rentals | 10.31 | 4.51 |
| Contract assets (Refer note 40) | 50.80 | 77.53 |
| Others | 141.01 | 115.31 |
| | **268.65** | **406.74** |

## 14 Equity share capital

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Authorised:** | | |
| 300,000,000 (Previous year 300,000,000) equity shares of ₹ 10 each. | 3,000.00 | 3,000.00 |
| | **3,000.00** | **3,000.00** |
| **Issued subscribed and fully paid up:** | | |
| 268,879,735 (Previous year 268,502,435) equity shares of ₹ 10 each fully paid up | 2,688.80 | 2,685.02 |
| | **2,688.80** | **2,685.02** |

### 14.01 Dividend

The Company declares and pays dividends in Indian rupees.

**Cash dividends on equity shares declared and paid:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Final dividend for the year ended on 31 March 2019: ₹ 0.75 per share (Previous year ₹ Nil per share) | 201.38 | - |
| Dividend distribution tax on final dividend | 42.26 | - |
| Interim dividend for the year ended on 31 March 2020: ₹ 0.55 and ₹ 0.45 per share (Previous year ₹ Nil per share)* | 268.86 | - |
| Dividend distribution tax on interim dividends | 56.35 | - |
| Total dividend paid (including dividend distribution tax) | **568.85** | **-** |

**Two interim dividends, aggregating to ₹ 1.00 per equity share, paid during the current year has been considered as the final dividend for the financial year ended 31 March 2020.*

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**14.02** 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.

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

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Number of shares | Amount in ₹ million | Number of shares | Amount in ₹ million |
| Equity shares outstanding at the beginning of the year | 268,502,435 | 2,685.02 | 100,000 | 1.00 |
| Add: Issue of share capital pursuant to demerger scheme (Refer note 42(1)) | - | - | 274,143,808 | 2,741.43 |
| | | | | |
| Add: Shares issued on exercise of employee stock options | 377,300 | 3.78 | - | - |
| Less : Shares held by employee welfare trust | - | - | 5,641,373 | 56.41 |
| Less: Cancellation of shares pursuant to demerger scheme (Refer note 42(1)) | - | - | 100,000 | 1.00 |
| **Equity shares outstanding at the end of the year** | **268,879,735** | **2,688.80** | **268,502,435** | **2,685.02** |

**14.04** The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each shareholder of equity shares is entitled to one vote per share.

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

| Name of the shareholders | Number of shares as at 31 March 2020 | % of shares held | Number of shares as at 31 March 2019 | % of shares held |
|---|---|---|---|---|
| Proficient Finstock LLP | 88,861,500 | 32.41% | 27,130,949 | 9.90% |
| Mr. Kishor Patil | 19,395,605 | 7.07% | 2,989,080 | 1.09% |
| National Engineering Industries Limited | - | 0.00% | 72,956,796 | 26.61% |

**14.06** Aggregate number of shares issued for consideration other than cash during the period of two years immediately preceding the reporting date - Nil [Previous year 268,502,435 equity shares of ₹ 10 each have been fully paid up, pursuant to scheme of demerger (Refer note 42(1))].

**14.07 Capital Management**

The Company's objective is to safeguard its ability to continue as a going concern and to maintain investor, creditor and market confidence and to maximize shareholder value. In order to fulfil its objective, the management of the Company monitors the return on capital as well as the level of dividends to ordinary shareholders.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 15 Non-current borrowings

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Term loans** | | |
| - From banks (Secured) | | |
| External Commercial Borrowing (ECB) (Refer note (i)) | - | 344.96 |
| Other loan (Refer note (ii), (iii) & (iv) below) | 12.85 | 9.09 |
| - From other than banks (Refer note (v) below) | 16.88 | 16.88 |
| | **29.73** | **370.93** |

**Notes:**

(i) The ECB loan consists of loan secured by pari passu charge over the Company’s Land and Building located at Plot No. 17, Rajiv Gandhi Infotech Park, Phase III, Hinjawadi. The term loan carries interest rate of 6 months LIBOR plus 90 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each, with a moratorium of 1 year, upto March 2021. The principal amount of loan outstanding as at 31 March 2020 is USD 5 million.

(ii) During the previous year, other term loans from bank included a loan secured against fixed assets obtained under the loan arrangement. The loan carried interest upto 9.25 % p.a. and is repaid during the year.

(iii) Other term loans from bank includes a loan secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 8.60 % p.a. and is repayable in equated monthly installments of ₹ 0.15 million each upto July 2025.

(iv) Other term loans from bank includes a loan secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 8.70 % p.a. and is repayable in equated monthly installments of ₹ 0.22 million each upto November 2023.

(v) Term loan from other than banks consist of unsecured loan, carrying interest rate of 3% p.a. The loan will be repaid upto October 2029.

(vi) Information about the Company’s exposure to market risk and liquidity risk is disclosed in note 27.

## 16 Long term provisions

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Provision for employee benefits | | |
| - Compensated absences | 22.46 | 17.68 |
| - Gratuity (Refer note 29(2)) | 96.60 | 182.00 |
| Other provisions | | |
| - Provision for warranty (Refer note 39(1)) | - | 0.16 |
| | **119.06** | **199.84** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 17 Current borrowings

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Loans repayable on demand | | |
| - From banks | | |
| Working capital loans from banks (secured)(Refer note (i), (ii) & (iii) below) | 166.10 | 599.68 |
| | **166.10** | **599.68** |

**Notes:**

(i) During the previous year, the above loan included the loan of USD 6.5 million, secured by way of first charge by way of hypothecation of Company's entire book debts, both present and future, on pari passu basis, carrying an average interest rate upto 6 months LIBOR plus 1.95% p.a. This has been repaid in full during the current year.

(ii) During the previous year, the above loan included the loan of ₹ 150 million, secured by way of first charge by way of hypothecation of the Company's entire book debts, both present and future, on pari passu basis, carrying an interest rate of 8.55% p.a. This has been repaid in full during the current year.

(iii) The above loan includes the loan of EUR 2 million, secured by way of first charge by way of hypothecation of the Company's entire book debts, both present and future, on pari passu basis, carrying an interest rate of 3 months LIBOR plus 0.50% p.a.

(iv) Information about the Company's exposure to market risk and liquidity risk is disclosed in note 27.

## 18 Other current financial liabilities

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Current maturities of long term debt | | |
| - from banks (secured) | 379.80 | 349.54 |
| (Refer note 15 - Term loan from banks for details of security and repayment terms) | | |
| - from others | 3.62 | 3.06 |
| (Refer note 15 Term loan from other than banks for details of security and repayment terms) | | |
| - Current maturities of finance lease obligations | - | 0.09 |
| Other than trade payables : | | |
| Payable to joint venture (Refer note 35) | - | 0.89 |
| Accrued employee costs | 126.63 | 420.64 |
| Unclaimed dividend | 1.08 | - |
| Payables in respect of fixed assets | 34.64 | 69.38 |
| Forward contracts designated as cash flow hedges (Refer Note 27(3)) | 86.79 | - |
| Payable to related parties (Refer note 35) | 11.28 | 50.47 |
| Payable to other than related parties (Refer note 42(2)) | 7.38 | - |
| Others | 37.66 | 95.65 |
| | **688.88** | **989.72** |

**Note:**

(i) Information about the Company's exposure to market risk and liquidity risk is disclosed in note 27.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 19 Other current liabilities

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Unearned revenue (Refer note 40) | 481.87 | 366.45 |
| Advances from customers | - | 4.91 |
| Statutory remittances | 102.04 | 88.25 |
| | **583.91** | **459.61** |

## 20 Short-term provisions

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Provision for employee benefits | | |
| - Compensated absences | 6.65 | 5.82 |
| - Gratuity (Refer note 29(2)) | 140.83 | 48.27 |
| Other provisions | | |
| - Provision for onerous contracts | 0.17 | - |
| - Provision for warranty (Refer note 39(1)) | 0.27 | 3.01 |
| | **147.92** | **57.10** |

## 21 Revenue from operations (Refer note 40)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **Software services** | 9,552.42 | 2,301.79 |
| **Sale of products** | | |
| Finished goods | 0.08 | 1.21 |
| | **9,552.50** | **2,303.00** |

## 22 Other income

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Interest income | 26.62 | 4.27 |
| Dividend income from current investments (Refer note i below) | 13.82 | 0.10 |
| Profit on sale of fixed assets (net) | 1.87 | 0.67 |
| Foreign exchange gain (net) | 187.23 | - |
| Net gain on investments carried at fair value through profit or loss (Refer note ii below) | - | 319.01 |
| Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income) | 2.33 | 33.70 |
| | **231.87** | **357.75** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**Notes :**

(i) This represents the dividend income of:

- ₹ 0.75 million (Previous year ₹ 0.10 million) from investment in mutual funds. These investments are sold at the end of the respective years.
- ₹ 13.07 million (Previous year ₹ Nil) on shares in Birlasoft Limited (erstwhile KPIT Technologies Limited), held by KPIT Employee Welfare Trust.

(ii) This represents the gain on fair valuation of shares in Birlasoft Limited (erstwhile KPIT Technologies Limited), held by KPIT Employee Welfare Trust.

## 23 Cost of materials consumed

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Inventory of materials at the beginning of the year | 6.10 | - |
| Add: Purchases | 26.93 | 8.41 |
| Less: Inventory written-off during the year (Refer note 42(3)) | 31.80 | - |
| Less: Inventory of materials at the end of the year | 0.01 | 6.10 |
| | **1.22** | **2.31** |

## 24 Employee benefits expense

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Salaries, wages and incentives | 5,074.38 | 993.78 |
| Contribution to provident fund (Refer note 29(1)) | 185.90 | 37.74 |
| Share based compensation to employees (Refer note 30) | 32.06 | - |
| Staff welfare expenses | 32.60 | 9.13 |
| | **5,324.94** | **1,040.65** |

## 25 Finance costs

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Finance cost on lease liabilities (Refer note 36) | 67.55 | - |
| Other interest expense | 54.15 | 61.25 |
| Exchange differences to the extent considered as an adjustment to finance cost | 29.43 | - |
| | **151.13** | **61.25** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 26 Other expenses

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Travel and overseas expenses (net) | 210.36 | 72.79 |
| Transport and conveyance (net) | 81.06 | 22.80 |
| Cost of service delivery (net) | 0.72 | - |
| Cost of professional sub-contracting (net) | 158.14 | 63.16 |
| Recruitment and training expenses | 89.72 | 23.03 |
| Power and fuel | 75.47 | 17.34 |
| Rent (Refer note 36) | 69.67 | 60.73 |
| Repairs and maintenance - | | |
| - plant & equipment | 223.67 | 43.89 |
| - others | 31.69 | 2.95 |
| Insurance | 69.73 | 13.46 |
| Rates & taxes | 5.27 | 1.70 |
| Communication expenses (net) | 43.65 | 8.29 |
| Legal and professional fees | 119.22 | 35.63 |
| Marketing expenses | 19.06 | 13.05 |
| Printing & stationery | 9.01 | 0.78 |
| Foreign exchange loss (net) | - | 34.25 |
| Auditors remuneration (net of taxes) | | |
| - Audit fees (Refer note (ii) below) | 5.20 | 1.50 |
| - Limited review of quarterly results | 1.80 | - |
| - Fees for other services | 1.71 | - |
| - Out of pocket expenses reimbursed | 0.20 | - |
| Bad debts written off | 0.35 | - |
| Provision for doubtful debts and advances (net) | (31.66) | 17.06 |
| Contributions towards corporate social responsibility (Refer note 42(5)) | 18.41 | 1.35 |
| Net loss on investments carried at fair value through profit or loss | 56.92 | - |
| Miscellaneous expenses (net) | 200.32 | 49.40 |
| | **1,459.69** | **483.16** |

**Note**

(i) Certain expenses are net of recoveries/reimbursements from customers.

(ii) Previous year's audit fees exclude ₹ 4 million for audit of financial statements for the purpose of listing.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 27 Financial Instruments

### 27.1 Financial Instruments by category

The carrying value and fair value of financial instruments by categories as on 31 March 2020 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss (FVTPL) | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| **Financial assets** | | | | | | | |
| Investments | - | - | 82.24 | - | - | 82.24 | 82.24 |
| Trade receivables | 2,980.03 | - | - | - | - | 2,980.03 | 2,980.03 |
| Cash and cash equivalents | 455.05 | - | - | - | - | 455.05 | 455.05 |
| Other balances with banks | 2.08 | - | - | - | - | 2.08 | 2.08 |
| Loans | 734.76 | - | - | - | - | 734.76 | 734.76 |
| Unbilled revenue | 306.89 | - | - | - | - | 306.89 | 306.89 |
| Other financial assets | 301.00 | - | - | - | - | 301.00 | 301.00 |
| **Total financial assets** | **4,779.81** | **-** | **82.24** | **-** | **-** | **4,862.05** | **4,862.05** |
| **Financial liabilities** | | | | | | | |
| Borrowings | 195.83 | - | - | - | - | 195.83 | 195.83 |
| Trade payables | 354.35 | - | - | - | - | 354.35 | 354.35 |
| Lease liabilities | 915.90 | - | - | - | - | 915.90 | 915.90 |
| Other financial liabilities | 602.09 | - | - | - | 86.79 | 688.88 | 688.88 |
| **Total financial liabilities** | **2,068.17** | **-** | **-** | **-** | **86.79** | **2,154.96** | **2,154.96** |

The carrying value and fair value of financial instruments by categories as on 31 March 2019 were as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss (FVTPL) | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| **Financial assets** | | | | | | | |
| Investments | - | - | 487.06 | - | - | 487.06 | 487.06 |
| Trade receivables | 2,192.34 | - | - | - | - | 2,192.34 | 2,192.34 |
| Cash and cash equivalents | 389.93 | - | - | - | - | 389.93 | 389.93 |
| Loans | 259.55 | - | - | - | - | 259.55 | 259.55 |
| Unbilled revenue | 259.43 | - | - | - | - | 259.43 | 259.43 |
| Other financial assets | 1,616.32 | - | - | - | 27.59 | 1,643.91 | 1,643.91 |
| **Total financial assets** | **4,717.57** | **-** | **487.06** | **-** | **27.59** | **5,232.22** | **5,232.22** |
| **Financial liabilities** | | | | | | | |
| Borrowings | 970.61 | - | - | - | - | 970.61 | 927.42 |
| Trade payables | 398.64 | - | - | - | - | 398.64 | 398.64 |
| Other financial liabilities | 989.72 | - | - | - | - | 989.72 | 989.72 |
| **Total financial liabilities** | **2,358.97** | **-** | **-** | **-** | **-** | **2,358.97** | **2,315.78** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 27.2 Fair value hierarchy

Financial assets and liabilities include investments, cash and cash equivalents, other balances with banks, trade receivables, loans, unbilled revenue, other financial assets, trade payables, borrowings and other financial liabilities, whose fair values approximate their carrying amounts largely due to the short term nature of such assets and liabilities. Fair value of lease liabilities approximate its carrying amount, as lease liabilities are valued using discounted cash flow method. Except for investments, which are Level 1, rest of the financial assets and financial liabilities are classified as Level 2.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of financial assets and liabilities as on 31 March 2020:

| Particulars | As at | Fair value measurement | | |
|---|---|---|---|---|
| | 31 March 2020 | Level 1 | Level 2 | Level 3 |
| Forward contracts designated as cash flow hedge (liability) | 86.79 | - | 86.79 | - |
| Investment in Birlasoft | 82.24 | 82.24 | - | - |
| Borrowings | 195.83 | - | 195.83 | - |

The following table presents fair value hierarchy of assets and liabilities as on 31 March 2019:

| Particulars | As at | Fair value measurement | | |
|---|---|---|---|---|
| | 31 March 2019 | Level 1 | Level 2 | Level 3 |
| Forward contracts designated as cash flow hedge (asset) | 27.59 | - | 27.59 | - |
| Investment in Birlasoft | 487.06 | 487.06 | - | - |
| Borrowings | 927.42 | - | 927.42 | - |

Level 2:

(i) Derivative financial assets are valued based on inputs that are directly or indirectly observable in the market.

(ii) Borrowings are valued using the discounted cash flow method, the expected net cash flows are discounted using the cost of borrowing that are directly or indirectly observable in the market.

## 27.3 Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks arising from financial instruments:

### a. Credit risk

Credit risk is the risk of financial losses to the Company if a customer or counterparty to financial instruments fails to discharge its contractual obligations and arises primarily from the Company's receivables from customers amounting to ₹ 2,980.03 million and ₹ 2,192.34 million and unbilled revenue amounting to ₹ 306.89 million and ₹ 259.43 million and other current financial assets pertaining to receivable from related and other than related parties amounting to ₹ 300.38 million and ₹ 1,616.32 million

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

as on 31 March 2020 and 31 March 2019 respectively. To manage this, the Company periodically assesses the key accounts receivable balances. As per Ind-AS 109 : Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain.

**i. Trade receivables**

The management has established accounts receivable policy under which customer accounts are regularly monitored. The Company has a dedicated sales team at each geography which is responsible for collecting dues from the customer within stipulated period. The management reviews status of critical accounts on a regular basis.

Refer note 41(B) for the impact of COVID-19 (Global Pandamic).

**ii. Impairment**

Movement in the allowance for impairment in respect of trade and other receivables

| Particulars | Amount (₹ million) |
|---|---|
| **Balance as on 1 April 2018** | - |
| Transfer pursuant to scheme of demerger | 83.69 |
| Impairment relating to entities jointly controlled by the Company | (37.39) |
| **Balance as on 31 March 2019** | **46.30** |
| Reversal of impairment on account of collection | (33.03) |
| Impairment during the year | 39.91 |
| **Balance as on 31 March 2020** | **53.18** |

Trade receivables that were not impaired (Ageing as per the due date of invoice raised in demerged undertaking and/or in the Company)

| Particulars | Carrying amount | |
|---|---|---|
| | 31 March 2020 | 31 March 2019 |
| Neither past due nor impaired | 1,292.04 | 1,201.94 |
| Past due 1- 30 days | 938.55 | 893.60 |
| Past due 31 - 90 days | 229.58 | 49.30 |
| Past due 91 - 180 days | 55.72 | 25.98 |
| More than 180 days | 464.14 | 21.52 |

Unbilled revenue is not outstanding for more than 90 days.

**iii. Cash and bank balances**

The Company held cash and bank balances of ₹ 457.13 million and ₹ 389.93 million as on 31 March 2020 and 31 March 2019 respectively. The cash and bank balances are held with banks which have high credit ratings assigned by international credit rating agencies.

**iv. Other current financial assets**

The Group is exposed to credit risk on receivable from related and other than related parties amounting to ₹ 300.38 million (Previous year ₹ 1,616.32 million). The counterparty has a high credit rating of A+ for short term by ICRA.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

v. **Guarantees**

The Company's policy is to provide financial guarantees in routine course of business and on behalf of subsidiaries/joint ventures. The Company has issued the guarantee to certain financial institution in respect of credit facility granted to its joint venture. During the previous year, guarantee issued to the joint venture has been entirely provided for (Refer note 42(3)).

**b. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a view of maintaining liquidity and to take minimum possible risk while making investments. In order to maintain liquidity, the Company invests its excess funds in short term liquid assets like liquid mutual funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

The liquidity position at each reporting date is given below:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Cash and cash equivalents | 455.05 | 389.93 |
| Other balances with banks | 2.08 | - |
| **Total** | **457.13** | **389.93** |

The following are the remaining contractual maturities of financial liabilities as on 31 March 2020:

| Particulars | Carrying value | Gross cash outflow | Upto 1 year | 2-3 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|
| Borrowings | 195.83 | 215.02 | 179.30 | 15.03 | 9.87 | 10.82 |
| Trade payables | 354.35 | 354.35 | 354.35 | - | - | - |
| Other financial liabilities | 688.88 | 688.88 | 688.88 | - | - | - |

*Refer note 36 for the contractual maturities of lease liabilities.

The following are the remaining contractual maturities of financial liabilities as on 31 March 2019 :

| Particulars | Carrying value | Gross cash outflow | Upto 1 year | 2-3 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|
| Borrowings | 970.61 | 1,012.98 | 626.46 | 365.82 | 8.36 | 12.34 |
| Trade payables | 398.64 | 398.64 | 398.64 | - | - | - |
| Other financial liabilities | 989.72 | 989.72 | 989.72 | - | - | - |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

c. **Market risk**

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. **Foreign currency risk**

Significant portion of the Company's revenues are in foreign currencies, while a significant portion of the costs are in Indian rupee i.e. functional currency of the Company. The foreign currencies to which the Company is majorly exposed to are US Dollars, Euros and Pound Sterling.

The Company evaluates net exchange rate exposure based on current revenue projections and expected volatility in the market and covers its exposure up to 75% on net basis. For this purpose the Company uses foreign currency derivative instruments such as forward covers to mitigate the risk. The counterparty to these derivative instruments is a bank. The Company has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of highly probable forecasted cash flows.

**Exposure to Currency Risk**

The below figures are INR equivalent amounts of foreign currency.

The following is the Company's exposure to currency risk from financial instruments as of 31 March 2020:

| Particulars | US Dollars | Euros | Pound Sterling | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 1,078.16 | 1,020.52 | 104.50 | 483.50 | 2,686.68 |
| Other financial assets (including loans) | 33.36 | 660.01 | 5.43 | - | 698.80 |
| Unbilled Revenue | 93.16 | 57.01 | 10.78 | 39.87 | 200.82 |
| Borrowings | (376.57) | (166.10) | - | - | (542.67) |
| Trade payables | (10.57) | (41.25) | (0.23) | (31.45) | (83.50) |
| Other financial liabilities | (11.12) | (0.30) | - | (62.71) | (74.13) |
| **Net assets/(liabilities)** | **806.42** | **1,529.89** | **120.48** | **429.21** | **2,886.00** |

The following is the Company's exposure to currency risk from financial instruments as of 31 March 2019:

| Particulars | US Dollars | Euros | Pound Sterling | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 1,232.22 | - | 189.72 | 611.95 | 2,033.89 |
| Other financial assets | 841.78 | 461.25 | 328.30 | 106.22 | 1,737.55 |
| Unbilled Revenue | 140.97 | 6.83 | 11.38 | 42.43 | 201.61 |
| Borrowings | (1,139.97) | - | - | - | (1,139.97) |
| Trade payables | (28.71) | (18.69) | (1.96) | (29.98) | (79.34) |
| Other financial liabilities | (5.82) | (34.07) | (4.83) | (57.00) | (101.72) |
| **Net assets/(liabilities)** | **1,040.47** | **415.32** | **522.61** | **673.62** | **2,652.02** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

The above figures exclude amounts in local currency of foreign subsidiaries.

For the period ended 31 March 2020, every 1% appreciation / depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 1.02% / (1.02)%.

For the period ended 31 March 2019, every 1% appreciation / depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 3.27% / (3.27)%.

**ii. Derivative assets and liabilities designated as cash flow hedges**

In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than in Indian rupees. The counter party to the Company's foreign currency contracts is a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments (sales orders) and highly probable forecast transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Refer note 41(B) for the impact of COVID-19 (Global pandemic).

The following are the outstanding EUR/USD/JPY/GBP: INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges:

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | Foreign Currency (million) | ₹ (million) | Foreign Currency (million) | ₹ (million) |
| EUR | 6.00 | 498.30 | 0.80 | 62.16 |
| USD | 19.55 | 1,473.79 | 8.95 | 619.08 |
| JPY | 700.00 | 487.55 | - | - |
| GBP | 5.15 | 479.34 | 0.30 | 27.14 |

The forward contracts have maturity between 30 days to 6 months from 31 March 2020.

The movement in the hedging reserve for derivatives, which have been designated as Cash Flow Hedges, is as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 17.95 | - |
| Additions pursuant to scheme of demerger | - | 9.75 |
| Gains/(losses) on changes in fair value of foreign exchange contracts recognised in other comprehensive income | (86.79) | 12.59 |
| Deferred tax on fair value of effective portion of cash flow hedges | 39.97 | (4.39) |
| Amounts reclassified to the statement of profit and loss | (27.59) | - |
| **Balance at the end of the year** | **(56.46)** | **17.95** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**iii. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and bank deposits. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 792.78 | 117.17 |
| Financial liabilities | 36.57 | 632.95 |
| **Variable rate instruments** | | |
| Financial liabilities | 542.68 | 690.35 |

A change of 50 basis points in interest rates at the reporting date would have increased or decreased finance costs by ₹ 2.72 million.

## 28 Other equity

**(i) Capital reserve**

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve. Any surplus or shortfall on account of merger / demerger within common control is also transferred to capital reserve (Refer note 42(1)). This reserve is not available for distribution of dividend.

**(ii) General reserve**

During the previous year, general reserve amounting to ₹ 34.38 million was transferred to the Company on account of composite scheme of arrangement - demerger scheme (Refer note 42(1)). The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

**(iii) Share based payment reserve**

Share based payment reserve is used to record the fair value of equity-settled share-based payment transactions with employees. Refer note 30 for the details of employee stock options and share purchase schemes.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 29 Details of employee benefits as required by Ind-AS 19 - "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 ₹ 185.90 million (Previous year ₹ 37.74 million).

### 2 Defined benefit plan

i) The defined benefit plan comprises gratuity, which is funded (Previous year unfunded).

ii) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).

iii) Return on plan assets, excluding interest income are recognized in the Other Comprehensive Income (OCI).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. 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.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

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

| **Particulars** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the period | 230.27 | - |
| Current service cost | 36.76 | 6.22 |
| Interest cost | 16.28 | 3.73 |
| Liability transferred on account of demerger (Refer note 42(1)) | - | 198.35 |
| Actuarial loss / (gain) recognised in other comprehensive income | | |
| a) changes in demographic assumptions | 0.11 | - |
| b) changes in financial assumptions | 8.29 | - |
| c) experience adjustments | 22.20 | 24.51 |
| Liability Transferred out / Divestments | (2.03) | - |
| Liability Transferred in / Acquisitions | 4.64 | - |
| Benefits paid | (19.30) | (2.54) |
| Present value of defined benefit obligation at the end of the period | 297.22 | 230.27 |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

Changes in the fair value of the plan assets representing reconciliation of opening and closing balances thereof are as follows :

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Fair value of plan assets at the beginning of the period | - | - |
| Interest income | 1.02 | - |
| Contributions by the Company | 57.53 | - |
| Return on plan assets, excluding interest income | 1.24 | - |
| Fair value of plan assets at the end of the period | 59.79 | - |

| Amount recognised in the Balance Sheet | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Present value of obligation as at the end of the period | **297.22** | 230.27 |
| Fair value of plan assets at the end of the period | **59.79** | - |
| Net defined benefit obligation | **237.43** | 230.27 |

| Expenses recognized in the Statement of Profit and Loss | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Current service cost | 36.76 | 6.22 |
| Interest cost net of interest income on plan assets | 15.26 | 3.73 |
| Expenses recognized in the Statement of Profit and Loss | 52.02 | 9.95 |

| Expenses recognized in the Other Comprehensive Income (OCI) | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Actuarial loss / (gain) | 30.60 | 24.51 |
| Return on plan assets, excluding interest income | 1.24 | - |
| Net (income)/expense recognized in the OCI | 29.36 | 24.51 |

| Category of assets | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Insurance fund | 59.79 | - |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| **Actuarial Assumptions:** | **For the year ended 31 March 2020** | **For the year ended 31 March 2019** |
|---|---|---|
| Expected return on plan assets | 6.43% | 7.07% |
| Discount rate | 6.43% | 7.07% |
| Salary Escalation | 5.00% | 5.00% |
| Attrition Rate | 15.00% | 17.00% |

a. The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

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

c. Assumptions regarding future mortality rates are the rates as given under Indian Assured Lives Mortality (2006-08) Ultimate.

**Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| **Projected benefit obligation on current assumptions** | **31 March 2020** | | **31 March 2019** | |
|---|---|---|---|---|
| | **Defined benefit obligation** | | **Defined benefit obligation** | |
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate (1% movement) | (12.73) | 14.12 | (8.45) | 9.26 |
| Future salary growth (1% movement) | 14.18 | (13.01) | 9.36 | (8.69) |
| Attrition rate (1 % movement) | (0.48) | 0.39 | (0.12) | 0.04 |

**Maturity profile of defined benefit plan**

Projected benefits payable in future years from the date of reporting

| | **31 March 2020** | **31 March 2019** |
|---|---|---|
| Within 1 year | 55.10 | 48.27 |
| 1-2 year | 36.45 | 31.41 |
| 2-3 year | 44.65 | 30.81 |
| 3-4 year | 31.30 | 35.90 |
| 4-5 year | 30.19 | 24.06 |
| 5-10 years | 111.53 | 82.25 |
| Thereafter | 115.65 | 69.24 |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

Weighted average assumptions used to determine net periodic benefit cost

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Number of active members | 6,179 | 5,793 |
| Per month salary cost for all active members (₹ million) | 140.83 | 117.43 |
| Weighted average duration of the projected benefit obligation (years) | 6.00 | 5.00 |
| Average expected future service (years) | 6.00 | 5.00 |
| Projected benefit obligation (PBO) | 297.22 | 230.27 |
| Prescribed contribution for next year (12 months) | 140.83 | - |

## 30 Share based payments

### 1 Employee Stock Option Scheme - 2019

In accordance with the terms of the approved Composite Scheme (Refer note 42(1)), the Company has issued the stock options to the employees holding options of the Transferee Company as at the appointed date. The options issued consist of:

i. 1,807,450 options of the Transferee Company (“Birlasoft options”), equivalent to the number of options outstanding as at the appointed date;

ii. 1,807,450 options of the Resulting Company (“KPIT options”), in the ratio of 1:1 for every outstanding stock options held by the employees in the Transferee Company.

The Board of Directors of the Company approved the Employees Stock Option Scheme at their meeting on 15 May 2019. Pursuant to this approval, the Company instituted ESOS 2019 in May 2019. The compensation committee of the Company administers this Plan. Each type of option carries with it the right to purchase one equity share of the Demerged Company or the Resulting Company as the case may be. In terms of clause 18.5 of the Composite Scheme, the stock options have been granted at an exercise price which is the pre-demerger exercise price suitably adjusted in the manner of share exchange ratio. Further, as per the Composite Scheme, the Company has taken into account the vesting period completed, under the plan in the Demerged Company, prior to the grant of options to the employee under the ESOS 2019. The maximum exercise period is 5 years from the date of vesting.

The outstanding stock options held by employees of the Demerged Company as at 31 March 2020 are 697,950 and 723,250 of Birlasoft options and KPIT options respectively. The employee compensation cost for such employees is not eligible for recognition in the books of the Company.

The number of outstanding Birlasoft options held by employees of the Company as at 31 March 2020 are 600,405. The Company recorded an employee compensation cost of ₹ Nil million in this respect in the Statement of Profit and Loss.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**Below are the details pertaining to the KPIT options held by employees of the Company:**

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year:

| Particulars | FY 2019-20 | |
|---|---|---|
| | No. of options | Weighted average exercise price |
| Options issued pursuant to the scheme of demerger | 856,800 | 42.73 |
| Options granted during the year | - | - |
| Forfeited / surrendered during the year | 1,695 | 44.96 |
| Exercised during the year | 250,500 | 39.20 |
| Lapsed during the year | 6,400 | 35.90 |
| Options outstanding at the end of the year | 598,205 | 44.28 |
| Options exercisable at the end of the year | 578,205 | 43.84 |

The weighted average share price of the options exercised under Employees Stock Option Scheme -2019 on the date of exercise during the year was ₹ 95.01

The weighted average remaining contractual life are as follows:

| Range of Exercise Price | FY 2019-20 | |
|---|---|---|
| | Weighted average contractual life (years) | No. of options outstanding |
| ₹ 0 to ₹ 50 | 2.45 | 563,205 |
| ₹ 50 to ₹ 100 | 4.64 | 35,000 |
| ₹ 100 to ₹ 150 | NA | NIL |
| ₹ 150 to ₹ 200 | NA | NIL |

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model.

The Company recorded an employee compensation cost of ₹ Nil million in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

**2 Employee Stock Option Scheme – 2019A**

The Board of Directors and the shareholders of the Company approved another Employee Stock Option Scheme at their meeting on 17 June 2019 and on 23 July 2019, respectively. Pursuant to this approval, the Company instituted ESOS 2019A in July 2019. 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 approved under this scheme are 3,793,923. The options have been granted to employees of the Company and its subsidiaries at an exercise price equivalent to the fair market price of the Company’s share as on

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

the date of grant of options. The options would vest not earlier than statutory minimum vesting period of 1 year and up to the maximum period of 4 years from the date of grant of options or such period as may be decided by the Committee at the time of each grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Committee, subject to the minimum vesting period of 1 year from the date of grant of options. The maximum exercise period is 5 years from the date of vesting.

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year

| Particulars | FY 2019-20 | |
|---|---|---|
| | No. of options | Weighted average exercise price |
| Options granted during the year | 3,456,500 | 85.05 |
| Forfeited / surrendered during the year | 201,500 | 85.05 |
| Exercised during the year | - | - |
| Lapsed during the year | - | - |
| Options outstanding at the end of the year | 3,255,000 | 85.05 |
| Options exercisable at the end of the year | - | - |

As at 31 March 2020, all the options under Employee Stock Option Scheme – 2019A are unvested. Hence, during the year there are no exercisable options under the said scheme.

The weighted average remaining contractual life are as follows:

| Range of Exercise Price | FY 2019-20 | |
|---|---|---|
| | Weighted average contractual life (years) | No. of options outstanding |
| ₹ 0 to ₹ 50 | NIL | NIL |
| ₹ 50 to ₹ 100 | 6.42 | 3,255,000 |
| ₹ 100 to ₹ 150 | NIL | NIL |
| ₹ 150 to ₹ 200 | NIL | NIL |

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

| Particulars | | FY 2019-20 |
|---|---|---|
| 1. | Exercise price (₹) | 85.05 |
| 2. | Price of the underlying share in market at the time of the option grant (₹) | 85.05 |
| 3. | Weighted average fair value of options granted (₹) | 36.69 |
| 4. | Expected life of the option (years) | 3.76 |
| 5. | Risk free interest rate (%) | 6.23 |
| 6. | Expected volatility (%) | 48.02 |
| 7. | Dividend yield (%) | 0.00 |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

The Company recorded an employee compensation cost of ₹ 30.10 million in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

**3 Employee Share Purchase Scheme – 2019**

The Board of Directors and the shareholders of the Company approved Employee Share Purchase Scheme at their meeting on 17 June 2019 and on 23 July 2019, respectively. Pursuant to this approval, the Company instituted ESPS 2019 in July 2019. The compensation committee of the Company administers this Plan. The shares approved under this scheme are 40,000 equity shares. The shares have been granted to employees of the Company and its subsidiaries at a price not less than the face value per share of the Company at the time of the offer.

Number and offer prices of shares granted, exercised and cancelled/lapsed during the financial year:

| Particulars | FY 2019-20 | |
|---|---|---|
| | No. of shares | Weighted average offer price |
| Shares granted during the year | 24,050 | 10.00 |
| Exercised during the year | - | - |
| Shares outstanding at the end of the year | 24,050 | 10.00 |
| Shares exercisable at the end of the year | 24,050 | 10.00 |

The weighted average share price of the shares exercised under Employee Share Purchase Scheme – 2019 on the date of exercise during the year was ₹ NIL.

The weighted average remaining contractual life are as follows:

| Range of exercise price | FY 2019-20 | |
|---|---|---|
| | Weighted average contractual life (years) | No. of shares outstanding |
| ₹ 0 to ₹ 50 | NA | 24,050 |
| ₹ 50 to ₹ 100 | NIL | NIL |
| ₹ 100 to ₹ 150 | NIL | NIL |
| ₹ 150 to ₹ 200 | NIL | NIL |

The fair value of a share granted under the Employee Share Purchase Scheme - 2019 is ₹ 81.55.

The Company recorded an employee compensation cost of ₹ 1.96 million in the Statement of Profit and Loss.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

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

a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31 March 2020 is ₹ 0.07 million (Previous year - ₹ 0.42 million). Estimated interest due thereon is ₹ NIL (Previous year - ₹ NIL).

b. Amount of payments made to suppliers beyond the appointed date during the year is ₹ NIL (Previous year - ₹ NIL). Interest paid thereon is ₹ NIL (Previous year - ₹ NIL) and the estimated interest due and payable thereon is ₹ NIL (Previous year - ₹ NIL).

c. The amount of estimated interest accrued and remaining unpaid as at 31 March 2020 is ₹ NIL (Previous year - ₹ NIL).

d. The amount of further estimated interest due and payable for the period from 1 April 2020 to actual date of payment or 20 April 2020 (whichever is earlier) is ₹ NIL.

## 32 Expenditure and Earnings in foreign Currency

### A Expenditure in foreign Currency

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Cost of professional sub-contracting (net) | 14.42 | 5.38 |
| Employee benefits expense | 17.78 | NIL |
| Finance costs | 26.04 | 11.32 |
| Marketing expenses | 6.28 | 0.63 |
| Professional charges | 11.41 | 2.95 |
| Recruitment and training expenses | 45.27 | 0.99 |
| Travelling expenses | 59.68 | 26.70 |
| Other expenses | 30.62 | 1.89 |
| Provision for doubtful debts and advances (net) | (7.67) | (16.24) |

B Earnings in foreign Currency

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Software services | 8,445.26 | 2,083.17 |
| Interest income | 6.28 | 0.19 |
| Miscellaneous income | NIL | 7.95 |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

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

| Name of party | Purpose | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Balance | Maximum amount outstanding | Balance | Maximum amount outstanding |
| Impact Automotive Solutions Limited (including interest) (Refer note 42(1)) | For administrative matters | 110.29 | 110.29 | 102.03 | 107.52 |
| KPIT Technologies (UK) Limited (including interest) | Working Capital | 504.60 | 504.60 | NIL | NIL |

## 34 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.

## 35 Related party disclosures

**A. Relationship between the parent and its subsidiaries:**

| Relationship | Name of related party |
|---|---|
| **Subsidiary Companies (Direct holding)** | KPIT Technologies (UK) Limited |
| | KPIT (Shanghai) Software Technology Co. Limited, China |
| | KPIT Technologies GK, Japan |
| | Impact Automotive Solutions Limited |
| | KPIT Technologies Holding Inc., USA (w.e.f 6 September 2018) |
| | MicroFuzzy KPIT Tecnologia Ltda, Brazil (w.e.f. 3 December 2018) |
| | KPIT Technologies Pte. Ltd.(w.e.f.21 November 2018) |
| | KPIT Technologies Netherlands B.V. |
| **Subsidiary Companies (Indirect holding)** | KPIT Technologies GmbH, Germany (Through KPIT Technologies (UK) Limited) |
| | MicroFuzzy Industrie-Elektronic GmbH, Germany (Through KPIT Technologies GmbH, Germany) |
| | ThaiGerTec Co. Ltd. (Through KPIT Technologies (UK) Limited) (w.e.f. 1 April 2019) |
| | KPIT Technologies Inc., USA (Through KPIT Technologies Holding Inc., USA) (w.e.f 3 December 2018) |
| **Joint Venture** | Yantra Digital Services Private Limited, India (Through Impact Automotive Solutions Limited)(i) |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**B. List of entities jointly controlled by a Group which had joint control over the reporting entities:**

| | |
|---|---|
| **Entities jointly controlled by a Group which had joint control over the reporting entities (till 31 January 2020) (Refer note 42(2))** | Birlasoft Limited (erstwhile KPIT Technologies Limited) |
| | Birlasoft Solutions Inc., USA (erstwhile KPIT Infosystems Incorporated, USA) (w.e.f. 18 February 2019) |
| | Birlasoft Solutions France (erstwhile KPIT Technologies France) |
| | Sparta Consulting Inc., USA |
| | Birlasoft Computer Corporation, USA (erstwhile SYSTIME Computer Corporation) (w.e.f. 5 March 2019) |
| | Birlasoft Solutions ME FZE, United Arab Emirates (erstwhile KPIT Infosystems ME FZE) |
| | Birlasoft Technologies Canada Corporation (erstwhile KPIT Technologies Corporation) (w.e.f. 22 February 2019) |
| | Birlasoft Solutions Ltda (erstwhile KPIT Technologies Solucoes Em Informatica Ltda) |
| | Birlasoft Solutions GmbH (erstwhile KPIT Solutions GmbH) |
| | Birlasoft Solutions Mexico, S.A. DE C.V. (erstwhile KPIT Infosystems Mexico, S.A. DE C.V.) |
| | Birlasoft Solutions Limited (erstwhile KPIT Infosystems Limited (UK)) |

**C. List of Key Management Personnel:**

| | | |
|---|---|---|
| **Key Management Personnel (KMP)** | Mr. S.B.(Ravi) Pandit | Executive Director (w.e.f. 16 January 2019 till 28 March 2020) Non-Executive Director (w.e.f. 29 March 2020) |
| | Mr. Kishor Patil | Executive Director (w.e.f. 16 January 2019) |
| | Mr. Sachin Tikekar | Executive Director (w.e.f. 16 January 2019) |
| | Mr. Anant Talaulicar | Independent Director (w.e.f. 16 January 2019) |
| | Mr. B V R Subbu | Independent Director (w.e.f. 16 January 2019) |
| | Prof. Alberto Sangiovanni Vincentelli | Independent Director (w.e.f. 16 January 2019) |
| | Dr. Klaus Blickle | Non-Executive Director (resigned w.e.f. 15 May 2019) |
| | Mr. Nickhil Jakatdar | Independent Director (w.e.f. 16 January 2019) |
| | Ms. Shubhalakshmi Panse | Independent Director (w.e.f. 16 January 2019) |
| | Mr. Rohit Saboo | Nominee Director (resigned w.e.f. 1 February 2020) |
| | Mr. Vinit Teredesai | Chief Financial Officer (w.e.f. 16 January 2019) |
| | Ms. Nida Deshpande | Company Secretary (w.e.f. 16 January 2019) |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**D. List of other related parties with whom there are transactions:**

| | |
|---|---|
| **Relative of KMP** | Mr. Chinmay Pandit |
| | Ms. Jayada Pandit |
| | Ms. Anupama Kishor Patil |
| | Ms. Hemlata Shende |
| | Ms. Manasi Patil |
| | Ms. Nirmala Shashishekhar Pandit |
| **Enterprise over which KMP have significant influence** | KP Corporate Solutions Limited |
| | Proficient FinStock LLP |
| | Kirtane & Pandit LLP, Chartered Accountants, Pune |
| | K & P Management Services Private Limited |
| | KP Capital Advisors Private Limited |

**E. Transactions with related parties**

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **Transactions with entities jointly controlled by a Group which had joint control over the reporting entities (ii) & (iii)** | | | | | |
| 1 | **Birlasoft Limited (erstwhile KPIT Technologies Limited)** | | | | |
| | Cancellation of equity on account of demerger (Refer Note 42(1)) | NIL | NIL | 1.00 | NIL |
| | Loan Taken | NIL | | 1,300.00 | |
| | Interest expense | NIL | NIL | 48.51 | NIL |
| | Loan Repayment | NIL | | 1,343.66 | |
| | Reimbursement of expenses (net) | 67.42 | | 450.11 | |
| | Sales | 58.25 | | 147.78 | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | 60.40 | NIL | 312.54 | 1,530.92 |
| | Advance received (net) | NIL | | 72.34 | |
| | Advance given (net) | 0.57 | | NIL | |
| | Perquisite tax payable | 1.80 | NIL | NIL | NIL |
| | Dividend received | 13.82 | NIL | NIL | NIL |
| 2 | **Birlasoft Solutions ME FZE, United Arab Emirates (Korea Branch)** | | | | |
| | Software service charges | NIL | NIL | NIL | (1.60) |
| | Reimbursement of expenses (net) | NIL | | NIL | |
| 3 | **Birlasoft Computer Corporation, USA** | | | | |
| | Payment towards purchase of investment in MicroFuzzy KPIT Tecnologia Ltda, Brazil | NIL | NIL | 17.50 | 0.43 |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| 4 | **Birlasoft Solutions Limited** | | | | |
| | Sales | NIL | NIL | NIL | 0.72 |
| | Reimbursement of expenses (net) | NIL | | NIL | |
| 5 | **Birlasoft Solutions ME FZE, United Arab Emirates (Australia Branch)** | | | | |
| | Reimbursement of expenses (net) | 3.74 | NIL | 1.09 | (1.09) |
| 6 | **Birlasoft Solutions Inc., USA** | | | | |
| | Sales | NIL | NIL | NIL | (0.14) |
| | Software service charges | NIL | | NIL | |
| | **Transactions with subsidiary companies(ii)** | | | | |
| 1 | **KPIT Technologies Holding Inc., USA** | | | | |
| | Investment in equity | NIL | 1,254.60 | 1,254.60 | 1,254.60 |
| | Reimbursement of expenses (net) | NIL | 0.02 | 0.02 | 0.02 |
| 2 | **MicroFuzzy KPIT Tecnologia Ltda, Brazil** | | | | |
| | Investment in equity | NIL | 17.48 | 17.48 | 17.48 |
| 3 | **KPIT Technologies GmbH, Germany** | | | | |
| | Sales/(Sale reversal) | 770.88 | 657.45 | (36.57) | (69.97) |
| | Reimbursement revenue | 36.64 | | 1.09 | |
| | Allocation of administrative support charges | 100.57 | | NIL | |
| | Software service charges | NIL | (0.08) | NIL | (0.08) |
| | Advance given (net) | 44.81 | 117.25 | NIL | 62.44 |
| | Reimbursement of expenses (net) | (5.46) | | 41.89 | |
| 4 | **KPIT Technologies (UK) Limited** | | | | |
| | Sales | 935.24 | 111.32 | 340.59 | 199.99 |
| | Reimbursement revenue | 51.43 | | 31.69 | |
| | Allocation of administrative support charges | 33.10 | | NIL | |
| | Software service charges | NIL | (0.00)* | NIL | (0.00)* |
| | Loan given | 479.30 | 504.60 | NIL | NIL |
| | Interest income | 6.08 | | NIL | |
| | Investment in equity | 326.64 | 1,273.72 | NIL | 947.08 |
| | Advance given (net) | 17.02 | 5.57 | NIL | 5.93 |
| | Advance received (net) | NIL | | 1.10 | |
| | Reimbursement of expenses (net) | (0.17) | | 6.61 | |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| 5 | **Impact Automotive Solutions Limited** | | | | |
| | Investment in equity | NIL | 1,326.29 | NIL | 1,326.29 |
| | Rent and administration charges | 5.75 | (3.14) | 1.49 | (1.63) |
| | License sale | NIL | 2.51 | 16.00 | 22.05 |
| | Sale of Component | 0.00* | | 1.10 | |
| | Advance given (net) | 0.26 | 10.09 | NIL | 4.53 |
| | Purchase of component | 0.49 | | NIL | |
| | Reimbursement of expenses (net) | (5.86) | | 2.36 | |
| | Repayment of interest | NIL | 110.29 | 7.52 | 102.03 |
| | Interest income | 9.18 | | 2.26 | |
| 6 | **KPIT Technologies GK, Japan** | | | | |
| | Sales | 1,715.08 | 308.51 | 435.87 | 554.23 |
| | Reimbursement revenue | 52.31 | | 2.33 | |
| | Allocation of administrative support charges | 22.41 | | NIL | |
| | Software service charges | NIL | (27.44) | NIL | (27.14) |
| | Investment in equity | NIL | 18.08 | NIL | 18.08 |
| | Sale of fixed assets | NIL | (11.28) | 7.95 | (44.41) |
| | Advance given (net) | 13.68 | | 28.30 | |
| | Reimbursement of expenses (net) | (25.96) | | 1.35 | |
| 7 | **KPIT Technologies GK (South Korea Branch)** | | | | |
| | Sales | 72.98 | 31.29 | 23.94 | NIL |
| | Reimbursement revenue | 8.35 | | NIL | |
| | Reimbursement of expenses (net) | NIL | NIL | 0.05 | 0.05 |
| 8 | **KPIT (Shanghai) Software Technology Co. Limited, China** | | | | |
| | Sales | 167.88 | 132.93 | 74.48 | 56.19 |
| | Reimbursement revenue | 19.23 | | 2.77 | |
| | Allocation of administrative support charges | 10.90 | | | |
| | Software service charges | NIL | (1.06) | NIL | (1.04) |
| | Investment in equity | NIL | 128.84 | NIL | 128.84 |
| | Reimbursement of expenses (net) | (0.19) | 0.22 | NIL | 0.02 |
| 9 | **KPIT Technologies (UK) Limited (Italy branch)** | | | | |
| | Sales | 0.42 | 0.10 | 12.40 | 11.67 |
| | Reimbursement revenue | 0.23 | | 1.20 | |
| | Reimbursement of expenses | (0.01) | 0.01 | NIL | NIL |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **10** | **KPIT Technologies (UK) Limited (Sweden branch)** | | | | |
| | Sales | 0.27 | 1.26 | NIL | NIL |
| | Advance given (net) | 0.90 | 1.22 | NIL | 0.06 |
| | Reimbursement of expenses (net) | (0.25) | | 0.06 | |
| **11** | **KPIT Technologies Netherlands B.V.** | | | | |
| | Sales | 228.99 | 21.61 | 46.31 | 19.33 |
| | Reimbursement revenue | 1.70 | | 0.27 | |
| | Allocation of administrative support charges | 3.86 | | NIL | |
| | Investment in equity | NIL | 34.30 | NIL | 34.30 |
| | Advance given (net) | 1.87 | 4.85 | NIL | 2.74 |
| | Reimbursement of expenses (net) | NIL | | NIL | |
| **12** | **KPIT Technologies Pte. Limited, Singapore** | | | | |
| | Sales | 60.87 | 36.40 | 9.79 | 11.17 |
| | Reimbursement revenue | 6.73 | | 0.13 | |
| | Investment in equity | 34.63 | 34.63 | NIL | NIL |
| | Advance taken (net) | 0.12 | 0.07 | NIL | NIL |
| | Reimbursement of expenses | (0.19) | | NIL | |
| **13** | **KPIT Technologies Inc., USA** | | | | |
| | Sales | 3,907.00 | 994.94 | 1,061.31 | 1,205.87 |
| | Reimbursement revenue | 178.37 | | 32.63 | |
| | Allocation of administrative support charges | 147.67 | | NIL | |
| | Software service charges | NIL | (0.12) | NIL | (0.12) |
| | Advance given (net) | 14.77 | 32.23 | NIL | 5.20 |
| | Reimbursement of expenses (net) | (11.03) | | 4.83 | |
| **14** | **MicroFuzzy Industrie-Elektronic GmbH, Germany** | | | | |
| | Sales | 276.56 | 289.46 | NIL | NIL |
| | Reimbursement revenue | 2.45 | | NIL | |
| | Reimbursement of expenses | (1.84) | 1.84 | NIL | NIL |
| **15** | **ThaiGerTec Co., Ltd.** | | | | |
| | Software service charges | 42.68 | (35.21) | NIL | NIL |
| **Transactions with entities in Joint Venture(ii)** | | | | | |
| 1 | Yantra Digital Services Private Limited, India | | | | |
| | Reimbursement of expenses (net) | NIL | NIL | NIL | (0.89) |
| | Transfer of payroll liabilities | 1.04 | | NIL | |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **Transactions with Key Management Personnel(iv)** | | | | | |
| 1 | Mr. S. B. (Ravi) Pandit | | | | |
| | Short term employee benefits | 40.53 | NIL | 10.86 | NIL |
| | Post employment benefits | 1.36 | NIL | 0.34 | NIL |
| | Dividend paid | 0.75 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.07 | (0.00)* | 0.21 | (0.08) |
| 2 | Mr. Kishor Patil | | | | |
| | Short term employee benefits | 35.37 | NIL | 10.14 | NIL |
| | Post employment benefits | 1.36 | NIL | 0.34 | NIL |
| | Perquisites | 0.28 | NIL | 0.10 | NIL |
| | Repayment of loan granted | 6.55 | 5.25 | 1.56 | 11.80 |
| | Interest received | 0.71 | | 0.25 | |
| | Dividend paid | 21.64 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.54 | (0.01) | 0.32 | (0.08) |
| **3** | **Mr. Sachin Tikekar** | | | | |
| | Short term employee benefits | 32.28 | NIL | 9.45 | NIL |
| | Post employment benefits | 0.44 | NIL | 0.11 | NIL |
| | Dividend paid | 1.47 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.43 | (0.14) | 0.05 | (0.05) |
| **4** | **Mr. Anant Talaulicar** | | | | |
| | Commission paid | 2.38 | NIL | NIL | NIL |
| | Sitting Fees | 0.30 | NIL | 0.02 | NIL |
| **5** | **Mr. B V R Subbu** | | | | |
| | Commission paid | 2.38 | NIL | NIL | NIL |
| | Sitting Fees | 0.24 | NIL | 0.02 | NIL |
| **6** | **Ms. Shubhalakshmi Panse** | | | | |
| | Commission paid | 0.38 | NIL | NIL | NIL |
| | Sitting Fees | 0.21 | NIL | 0.02 | NIL |
| **7** | **Mr. Rohit Saboo** | | | | |
| | Commission paid | 0.38 | NIL | NIL | NIL |
| | Sitting Fees | NIL | NIL | 0.02 | NIL |
| | Reimbursement of expenses (net) | NIL | NIL | 0.06 | NIL |
| **8** | **Dr. Klaus Blickle** | | | | |
| | Commission paid | 0.87 | NIL | NIL | NIL |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **9** | **Prof. Alberto Sangiovanni Vincentelli** | | | | |
| | Commission paid | 2.34 | NIL | NIL | NIL |
| | Reimbursement of expenses | 0.33 | NIL | NIL | NIL |
| | Sitting fees | 0.07 | NIL | NIL | NIL |
| **10** | **Mr. Rafi Maor** | | | | |
| | Sitting fees | 0.05 | NIL | NIL | NIL |
| | Reimbursement of expenses | 0.84 | NIL | NIL | NIL |
| **11** | **Mr. Nickhil Jakatdar** | | | | |
| | Commission paid | 1.00 | NIL | NIL | NIL |
| | Sitting fees | 0.08 | NIL | NIL | NIL |
| | Reimbursement of expenses | 0.57 | NIL | NIL | NIL |
| **12** | **Mr. Vinit Teredesai** | | | | |
| | Short term employee benefits | 11.68 | NIL | 2.71 | NIL |
| | Post employment benefits | 0.27 | NIL | 0.06 | NIL |
| | Reimbursement of expenses (net) | 0.27 | NIL | 0.21 | NIL |
| | Share based compensation | 0.78 | NIL | NIL | NIL |
| **13** | **Ms. Nida Deshpande** | | | | |
| | Short term employee benefits | 2.12 | NIL | 0.52 | NIL |
| | Post employment benefits | 0.07 | NIL | 0.01 | NIL |
| | Reimbursement of expenses (net) | 0.01 | NIL | 0.00* | NIL |
| | Share based compensation | 0.10 | NIL | NIL | NIL |
| **Transactions with relative of Key Management Personnel(iv)** | | | | | |
| **1** | **Mr. Chinmay Pandit** | | | | |
| | Short term employee benefits | 5.81 | NIL | 1.23 | NIL |
| | Post employment benefits | 0.15 | NIL | 0.03 | NIL |
| | Dividend paid | 0.07 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 1.36 | (0.21) | 0.12 | 0.02 |
| **2** | **Ms. Jayada Pandit** | | | | |
| | Short term employee benefits | 2.04 | NIL | 0.51 | NIL |
| | Post employment benefits | 0.06 | NIL | 0.01 | NIL |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| No. | Name of related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| 3 | **Ms. Manasi Patil** | | | | |
| | Short term employee benefits | 0.31 | NIL | NIL | NIL |
| | Post employment benefits | 0.01 | NIL | NIL | NIL |
| | Dividend paid | 0.00* | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.00* | (0.00)* | NIL | NIL |
| 4 | **Ms. Hemlata Shende** | | | | |
| | Dividend paid | 0.07 | NIL | NIL | NIL |
| 5 | **Ms. Anupama Patil** | | | | |
| | Dividend paid | 0.21 | NIL | NIL | NIL |
| 6 | **Ms. Nirmala Shashishekhar Pandit** | | | | |
| | Dividend paid | 0.42 | NIL | NIL | NIL |
| **Transactions with enterprise over which Key Management Personnel have significant influence** | | | | | |
| 1 | **Kirtane & Pandit LLP** | | | | |
| | Professional fees | 0.40 | NIL | NIL | NIL |
| 2 | **K & P Management Services Private Limited** | | | | |
| | Dividend paid | 0.53 | NIL | NIL | NIL |
| 3 | **KP Capital Advisors Private Limited** | | | | |
| | Professional fees | 0.24 | (0.21) | NIL | NIL |
| 4 | **KP Corporate Solutions Limited** | | | | |
| | Professional fees | 5.53 | (0.33) | NIL | NIL |
| 5 | **Proficient FinStock LLP** | | | | |
| | Dividend paid | 109.22 | NIL | NIL | NIL |

*Since denominated in ₹ millions

(i) The investee is a associate as defined under section 2(87) of the Companies Act, 2013. For the purpose of Ind-AS financial statements, the entity has been considered as a Joint Venture as defined under Ind-AS 28 : Investments in Associates and Joint Ventures.

(ii) All transactions with these related parties are priced on an arm's length basis.

(iii) For the entities jointly controlled by a Group, since the joint control has concluded effective 1 February 2020, the balances outstanding as at 31 March 2020 are not reflected under related party disclosures. Also refer note 42(2).

(iv) Remuneration excludes provision for gratuity and compensated absences as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 36 Lease transactions

**Company as a lessee**

The Company primarily has rental office premises across multiple locations and a leasehold land.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity as of 1 April 2019. Accordingly, the Company has not restated comparative information. This has resulted in recognising a right-of-use asset of ₹ 569.97 million and a corresponding lease liability of ₹ 750.85 million by adjusting retained earnings net of taxes of ₹ 168.92 million as at 1 April 2019. The weighted average incremental borrowing rate of 9.15% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

In respect of leases that were classified as finance leases, applying Ind AS 17, an amount of ₹ 389.07 million has been reclassified from property, plant and equipment to right-of-use assets. An amount of ₹ 0.09 million has been reclassified from other current financial liabilities to lease liability – current.

In the profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The following is summary of practical expedients elected on initial application:

(i) Applied a single discount rate to leases of similar assets in same geography.

(ii) Applied the exemption not to recognise the right of use of assets and liabilities for leases with less than 12 months of lease term on date of initial application.

(iii) Excluded the initial direct cost from the measurement of the right of use of assets at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of transactions which are leases. Accordingly, IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17.

(v) Low value exemption: The Company has not made any adjustments on transition for leases for which underlying asset is of low value.

A Refer note 2(B) for changes in the carrying amount of right of use assets for the year ended 31 March 2020.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**B Break up of current and non-current lease liabilities**

| Particulars | 31 March 2020 |
|---|---|
| Non-current lease liabilities | 761.72 |
| Current lease liabilities | 154.18 |
| **Total** | **915.90** |

**C Movement in lease liabilities**

| Particulars | 31 March 2020 |
|---|---|
| Lease liabilities created on 1 April 2019 on adoption of IND AS 116 | 750.85 |
| Additions during the year | 268.33 |
| Finance cost accrued on lease liabilities | 67.55 |
| Payment of lease liabilities | (170.83) |
| **Balance at the end of the year** | **915.90** |

**D Contractual maturities of lease liabilities on an undiscounted cash flows basis**

| Particulars | 31 March 2020 |
|---|---|
| Not later than one year | 233.02 |
| Later than one year and not later than five years | 613.07 |
| Later than five years | 447.35 |
| **Total undiscounted lease liabilities** | **1,293.44** |

Rent expenses recorded for short term and low value leases for the year ended 31 March 2020 was ₹ 69.67 million.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Leases not yet commenced to which the Company is committed is ₹ 388.75 million (on an undiscounted cash flows basis) for a lease term upto 6 years.

Refer note 41(B) for the impact of COVID-19 (Global Pandemic).

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 37 Basic and diluted earnings per share

| Particulars | | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Nominal value per equity share** | ₹ | 10.00 | 10.00 |
| Profit for the year | ₹ (million) | 1,784.47 | 744.47 |
| Weighted average number of equity shares | No. of shares | 268,655,114 | 66,281,422 |
| **Earnings per share - Basic** | ₹ | 6.64 | 11.23 |
| Effect of dilutive potential equity shares | | | |
| Weighted average number of diluted equity shares | No. of shares | 269,601,546 | 66,491,739 |
| **Earnings per share - Diluted** | ₹ | 6.62 | 11.20 |

**38** The Company has received recognition from Department of Scientific and Industrial Research, Ministry of Science and Technology DSIR for its Research and Development (R&D) facility at its premise in Hinjawadi which is effective upto 31 March 2021.

Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 251.02 million (Previous year ₹ 58.55 million) has been incurred by the Company and disclosed under appropriate account heads. Out of total R & D expenditure incurred during the year ₹ 184.20 million (Previous year ₹ 37.53 million) is towards eligible R & D expenditure under section 35 (2AB).

Total capital expenditure on towards R & D facility is as follows, which is disclosed in respective fixed assets blocks:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Building | NIL | NIL |
| Computers | NIL | NIL |
| Plant and machinery | NIL | NIL |
| Office equipment | 5.43 | 0.12 |
| Furniture and fixtures | NIL | NIL |

## 39 Details of provisions and movements in each class of provisions as required by the Indian Accounting Standard (Ind-AS) 37 - Provisions, Contingent liabilities and Contingent assets

### 1. 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 | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Carrying amount as at the beginning of the year | 3.17 | - |
| Addition pursuant to the scheme of demerger (Refer Note 42(1)) | - | 2.01 |
| Additional provision made during the year | - | 1.16 |
| Reversals during the year | 2.90 | - |
| Carrying amount at the end of the year | 0.27 | 3.17 |

The warranty provision is expected to be utilized over a period of one year.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**2. Contingent liabilities**

**A. Taxes and guarantees**

| Sr. No. | Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| 1 | Outstanding bank guarantees in routine course of business | 57.37 | 175.09 |

**B. Other matters**

Birlasoft Limited (erstwhile KPIT Technologies Limited) had made a disclosure on 14 September 2018, towards an update on lawsuit filed by Copart Inc. (“Copart”) against Sparta Consulting, Inc. (“Sparta”), Birlasoft Solutions Inc. (erstwhile KPIT Infosystems, Inc.) and Birlasoft Limited (erstwhile KPIT Technologies Limited).

During the current year, Sparta, inter alia, entered into a settlement agreement with Copart. The parties reached an amicable settlement, and entered into a settlement agreement for USD 2.8 million (₹ 195.94 million) payable by Sparta to Copart with no party admitting any liability or wrong doing, resulting in the Court dismissing the case. The Company, through its subsidiary in USA, has paid Sparta the full amount and the same has been accounted for during the current year for USD 2.8 million (₹ 195.94 million).

As a part of merger and demerger scheme (Refer note 45(3)), where engineering business of Birlasoft Limited (erstwhile KPIT Technologies Limited) had demerged into KPIT Engineering Limited (now KPIT Technologies Limited) as a resulting entity, entire legal liability / recourse / proceedings, costs and expenses related to the legal proceedings and monetary benefits and reliefs, if any, relating to Copart matter was with KPIT Technologies Limited (erstwhile KPIT Engineering Limited) and/or its subsidiary KPIT Technologies Inc., USA. Sparta / Birlasoft Limited was fully indemnified via contractual agreement by KPIT Engineering Limited (now KPIT Technologies Limited).

Consequently, KPIT Technologies Inc., USA paid the settlement amount to Sparta, which was further paid by Sparta to Copart. With the above outcome, the matter related to Copart is closed and there is no further exposure for the Company.

**3. Commitments**

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

a. Property, plant and equipment - ₹ 414.87 million (31 March 2019 ₹ 37.48 million).

b. Intangible assets - ₹ 3.19 million (31 March 2019 ₹ 89.87 million).

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

## 40 Revenue from operations

Revenue disaggregation by business segments is as follows:

| Segment | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Product Engineering Services | 8,738.08 | 2,251.50 |
| Product Organization | 495.91 | 51.50 |
| Other | 318.51 | - |
| **Total** | **9,552.50** | **2,303.00** |

**Disaggregate revenue information**

The table below represents disaggregated revenues from contract with customers by geography and contract type for each of the business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

**Revenue disaggregation by geography is as follows:**

| Geography | Product Engineering Services | Product Organization | Others | Total |
|---|---|---|---|---|
| **For the year ended 31 March 2020** | | | | |
| Americas | 3,764.93 | 142.06 | 151.01 | 4,058.00 |
| UK & Europe | 2,002.14 | 210.21 | 134.19 | 2,346.54 |
| Rest of World | 2,971.01 | 143.64 | 33.31 | 3,147.96 |
| **Total** | **8,738.08** | **495.91** | **318.51** | **9,552.50** |
| | | | | |
| **For the year ended 31 March 2019** | | | | |
| Americas | 1,159.45 | 19.25 | - | 1,178.70 |
| UK & Europe | 360.92 | 2.13 | - | 363.05 |
| Rest of World | 731.13 | 30.12 | - | 761.25 |
| **Total** | **2,251.50** | **51.50** | **-** | **2,303.00** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

Revenue disaggregation by contract type is as follows:

| Contract type | Product Engineering Services | Product Organization | Others | Total |
|---|---|---|---|---|
| **For the year ended 31 March 2020** | | | | |
| Time & Material (T&M) and Cap T&M projects | 4,501.66 | 165.68 | - | 4,667.34 |
| Fixed price projects | 4,154.70 | 320.61 | - | 4,475.31 |
| License projects | 81.72 | 9.17 | - | 90.89 |
| Sale from manufacturing unit/ product sale | - | 0.45 | 318.51 | 318.96 |
| **Total** | **8,738.08** | **495.91** | **318.51** | **9,552.50** |
| | | | | |
| **For the year ended 31 March 2019** | | | | |
| Time & Material (T&M) and Cap T&M projects | 1,250.16 | 36.80 | - | 1,286.96 |
| Fixed price projects | 975.26 | 14.70 | - | 989.96 |
| Sale from manufacturing unit/ product sale | 26.08 | - | - | 26.08 |
| **Total** | **2,251.50** | **51.50** | **-** | **2,303.00** |

Movement in contract assets (unbilled revenue):

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 77.53 | - |
| Additions pursuant to the scheme of demerger | - | 77.53 |
| Revenue recognised during the year | 50.14 | - |
| Invoicing during the year | (73.57) | - |
| Reversals during the year | (3.30) | - |
| **Balance at the end of the year** | **50.80** | **77.53** |

Movement in unearned revenue:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 366.45 | - |
| Additions pursuant to the scheme of demerger | - | 342.32 |
| Invoiced during the period but not recognised as revenue | 456.54 | 274.80 |
| Revenue recognised during the year | (334.41) | (250.67) |
| Exchange difference | (6.71) | - |
| **Balance at the end of the year** | **481.87** | **366.45** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**Performance obligations and remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the company expects to recognize these amounts in revenue.

Applying the practical expedient as given in Ind AS 115, the company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligations estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2020, other than those meeting the exclusion criteria mentioned above, is ₹ 1,584.22 million. Out of this, the Company expects to recognize revenue of around 96% within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Refer note 41(B) for the impact of COVID-19 (Global Pandemic).

## 41(A) Income taxes

The income tax expense consists of following:

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---:|---:|
| Tax expense | | |
| Current tax | 469.02 | 117.87 |
| Deferred tax (benefit) / charge | (279.69) | (48.10) |
| **Total tax expense** | **189.33** | **69.77** |

The net charge relating to temporary differences during the year ended 31 March 2020 is primarily on account of property, plant & equipment and gratuity and leave encashment.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Profit before tax | 1,973.80 | 814.24 |
| Indian statutory income tax rate | 34.94% | 34.94% |
| Expected income tax expense | 689.72 | 284.53 |
| **Tax Effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Effect of income tax exemption / tax holiday | (776.74) | (130.85) |
| Effect of permanent adjustments | 314.77 | (77.63) |
| Others (net) | (38.42) | (6.28) |
| **Total tax expense** | **189.33** | **69.77** |

During the year ended 31 March 2020, the Company has claimed weighted tax deduction on eligible research and development expenditures based on the approval received from Department of Scientific and Industrial Research (DSIR), which has been renewed upto March 2021. The weighted tax deduction is equal to 150% of such expenditures incurred. Also refer note 38.

Additionally, the Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005 (SEZ). Accordingly, units in designated SEZ are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. The tax holiday period being currently available to the Company expires in various years through fiscal year 2025. From 1 April 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

**Deferred Tax**

The gross movement in the deferred tax account :

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Net deferred tax asset at the beginning of the year | 1.82 | - |
| MAT credit entitlement during the year | 250.83 | 73.73 |
| Credit / (Charge) relating to temporary differences (net) | 40.83 | (25.64) |
| Temporary differences on other comprehensive income | 46.53 | (15.79) |
| Liability transferred pursuant to the scheme of demerger (Refer Note 42(1)) | - | (30.48) |
| Net deferred tax asset at the end of the year | 340.01 | 1.82 |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

The net charge relating to temporary differences during the year ended 31 March 2020 are primarily on account of provision for bad and doubtful debts, provision for gratuity, leave encashment and property, plant & equipment. The Company has adopted Ind AS 116 - Leases, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach. The credit / (charge) relating to temporary differences also includes impact of deferred tax on leases as per Ind AS 116 relating to past periods, which is debited/ (credited) to opening reserves.

## 41(B) Impact of COVID-19 (Global pandemic)

### 1. Revenue from operations

The Company has evaluated the impact of COVID-19 resulting from (i) the probable constraints to render services which may require revision of estimation of costs to complete the contract; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

### 2. Right-of-use assets (Lease arrangements)

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and the Company does not expect any change due to global pandemic in the terms of lease arrangements including renewal options assessed in this regard while assessing the right-of-use assets.

### 3. Financial Instruments

#### i. Cashflow hedge

The Company basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

#### ii. Trade receivables and contract assets including unbilled revenue

Trade receivables and contract assets including unbilled revenue, have been valued after making allowance for expected credit losses based on factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer, geographies, considering impact of COVID – 19 on customers and related customer verticals and geographies. In addition the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

#### iii. Fair valuation

Assets measured using level 1 inputs primarily include investment in securities with fair value being marked to an active market which factors the impact of COVID-19, hence, the Company does not expect material volatility in these financial assets.

Assets and liabilities measured using level 2 inputs which include derivative financial instruments and financial liability measured at amortised cost, have been assessed basis counterparty credit risk.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

4. **Deferred tax asset**

The Company has considered the impact of COVID-19 in preparing revenue and profit projections. On the basis of these projections, the Company believes that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

5. **Going concern**

The Company has prepared cashflow projections for the foreseeable future after considering the impacts of COVID-19. Further, the Company carries cash and cash equivalents of ₹ 455.05 million, other bank balances of ₹ 2.08 million and has unutilized working capital limits of ₹ 2,620.00 million as at 31 March 2020. Accordingly, the management has assessed that the going concern assumption is appropriate for the Company.

## 42 Other disclosures and explanatory notes

1. **Scheme of arrangement**

During the previous year, the Board of Directors of KPIT Technologies Limited (now known as Birlasoft Limited) at its meeting held on 29 January 2018 had approved a Composite Scheme which was subsequently filed with National Company Law Tribunal (NCLT) for: (a) amalgamation of Birlasoft (India) Limited ("Birlasoft" or "Transferor Company") with KPIT Technologies Limited ("KPIT" or "Transferee Company" or "Demerged Company"); and (b) demerger of the engineering business of KPIT Technologies Limited into KPIT Engineering Limited ("Resulting Company").

Pursuant to the Composite Scheme approved by the National Company Law Tribunal, Mumbai Bench on 29 November 2018 for which the certified copy of the order was received on 18 December 2018, the Engineering Business (Primarily comprising Automotive vertical with embedded software, digital technologies (cloud, IoT, analytics), Mobility Solutions and application life cycle management Business) was demerged from the Transferee Company and transferred to the Resulting Company, with effect from 1 January 2019, the appointed date.

Shareholders of the Transferor Company received 22 equity shares of the Transferee Company for every 9 shares they held in the Transferor Company. After the demerger of KPIT's engineering business, shares of the Resulting Company got listed and shareholders of the Demerged Company received 1 share of the Resulting Company for every 1 share they held in the Demerged Company. After the demerger, the Demerged Company has a combined business of KPIT IT Services and the current Birlasoft creating a new leader in the mid-tier IT services space. Whereas the Resulting Company has the current Engineering business of the Demerged Company to create a company focused on Automotive Engineering and Mobility Solutions.

As per the Composite Scheme, all assets and liabilities of the Engineering Business ("Demerged Undertaking") stand transferred to the Resulting Company from the appointed date. The employees of the Engineering Business have also moved to the Resulting Company and consequently the employee related benefits and all contracts and agreements in relation to them have been taken over by the Resulting Company. The Composite Scheme has accordingly been given effect to in these financial statements as on the appointed date.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

Pursuant to the approved Composite Scheme, the Resulting Company accounted for demerger of Demerged Undertaking in its books as per the applicable accounting principles prescribed under relevant Indian Accounting Standards (Ind AS). It included the following:

1. Assets, Liabilities and Reserves of the Demerged Undertaking transferred to and vested in the Resulting Company were recorded at their carrying values as appearing in books of the Demerged Company at the time of the demerger effective date and in accordance with requirements of relevant Ind AS.
2. The Resulting Company credited its share capital account in its books of account with the new equity shares issued pursuant to the Composite Scheme to the shareholders of the Demerged Company.
3. Subsequent to the demerger, the pre demerger shares of the Resulting Company held by the Demerged Company were cancelled and appropriately adjusted with share capital/share premium of the Resulting Company.
4. The inter-company balances between Demerged Company and Resulting Company relating to Demerged Undertaking, if any, in the books of accounts of Demerged Company and Resulting Company got cancelled.
5. The difference, if any, between assets, liabilities and reserves transferred and the value of the new equity shares issued on Demerger by the Resulting Company is adjusted in capital reserves of Resulting Company.
6. The Company is in the process of transferring the title of the assets and liabilities received under the scheme of demerger as on the reporting date.
7. As per para 43 of Ind-AS 7 - Statement of Cash Flows, transactions that do not require the use of cash and cash equivalents (i.e. the above transfer of assets and liabilities under the scheme of demerger) have been excluded from the standalone cash flow statement for the year ended 31 March 2019.

The details of Demerged Undertaking as per the scheme approved by National Company Law Tribunal into Resulting Company is as follows:

| Particulars | 1 January 2019 |
|---|---|
| **ASSETS** | |
| **Non-current assets** | |
| Property, plant and equipment | 2,442.17 |
| Capital work-in-progress | 7.13 |
| Other intangible assets | 667.02 |
| Intangible assets under development | 18.63 |
| Financial assets | |
| Investments | 2,454.59 |
| Loans | 191.85 |
| Other non-current assets | 25.76 |
| | **5,807.15** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

| Particulars | 1 January 2019 |
|---|---|
| **Current assets** | |
| Inventories | 13.85 |
| Financial assets | |
| Trade receivables | 2,056.03 |
| Loans | 243.58 |
| Unbilled revenue | 451.86 |
| Other financial assets | 2,181.81 |
| Other current assets | 308.04 |
| | **5,255.17** |
| **Total assets** | **11,062.32** |
| | |
| **EQUITY AND LIABILITIES** | |
| Equity | |
| Other equity (Refer note i below) | 3,573.15 |
| **Total equity** | **3,573.15** |
| | |
| **Liabilities** | |
| **Non-current liabilities** | |
| Financial liabilities | |
| Borrowings | 548.92 |
| Provisions | 201.88 |
| Deferred tax liabilities (net) | 30.48 |
| | **781.28** |
| **Current liabilities** | |
| Financial liabilities | |
| Trade payables | 435.10 |
| Other financial liabilities | 951.94 |
| Other current liabilities | 350.87 |
| Provisions | 49.85 |
| | **1,787.76** |
| **Total liabilities** | **6,142.19** |
| | |
| Excess of assets over liabilities | 4,920.13 |
| Less: Issue of equity share capital of the Company due to demerger (Refer Note 14) | 2,741.43 |
| Add: Cancellation of existing share capital of the Company (Refer Note 14) | 1.00 |
| **Amount credited to capital reserve pursuant to the above scheme of arrangement** | **2,179.70** |

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

**Note:**

i. The above assets, liabilities and reserves are for the standalone company. Accordingly, Other equity:

   (a) includes the below identified reserves transferred on account of demerger of standalone company:

   - General reserve amounting to ₹ 34.38 million
   - Remeasurement of the net defined benefit Plans amounting to ₹ (44.16) million
   - Effective portion of cash flow hedges amounting to ₹ 9.75 million
   - Retained earnings amounting to ₹ 3,573.18 million

   (b) excludes ₹ 188.91 million with respect to KPIT Employee Welfare Trust.

2 As per the agreement between the parties, consequent to the National Company Law Tribunal (NCLT) approved composite scheme, the joint control between the Transferee Company i.e. Birlasoft Limited (erstwhile KPIT Technologies Limited) and the Resulting Company i.e. KPIT Technologies Limited (erstwhile KPIT Engineering Limited) has concluded effective 1 February 2020. As a result, Mr. Rohit Saboo, Nominee Director, has resigned from KPIT Technologies Limited (erstwhile KPIT Engineering Limited) effective 1 February 2020.

3 In line with its re-defined strategy to focus only on Software led services and solutions for Mobility and discontinue hardware dominated products, the Company has:

a. during the previous year, provided for exposure in its joint venture company in the business in “KIVI-Smart Bus WIFI” the Corporate Guarantee for lease obligation towards running this business for ₹ 101.40 million.

b. during the current year, on prudent assessment, written-off its inventories of ₹ 31.80 million and the related GST credit of ₹ 4.77 million.

4 The Board of Directors of the Company at its meeting held on 26 July 2019 had approved a merger scheme of its wholly owned subsidiary Impact Automotive Solutions Limited with its parent company KPIT Technologies Limited . The merger scheme application seeking approval has been subsequently filed with National Company Law Tribunal (NCLT) on 27 September 2019. The application is pending for approval.

5 The Company was required to spend ₹ 10.23 million (Previous year ₹ NIL) towards Corporate Social Responsibility. During the year, the Company has spent and paid ₹ 18.41 million (Previous year ₹ 1.35 million) towards Corporate Social Responsibility, in various activities as specified in Schedule VII of the Companies Act 2013, read with the Rules thereunder, as direct spend for purposes other than construction/acquisition of any asset. Also, refer Annexure 7 of the Director’s Report.

6 The Company has consolidated the KPIT Technologies Limited Employee Welfare Trust.

# Notes forming part of the standalone financial statements

(Amount in ₹ million)

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 2019-2020.

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

8 Previous period's figures have been regrouped / reclassified wherever necessary to conform with the current year's classification / disclosure. Further, consequent to the Composite Scheme as mentioned under note 42(1), the figures for the year ended 31 March 2020 are not comparable with figures for the year ended 31 March 2019.

As per our report of even date attached

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Independent Auditors' Report

### To the Members of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited)

### Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its joint venture, which comprise the consolidated balance sheet as at 31 March 2020 and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Description of Key Audit Matter

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Revenue recognition in respect of fixed price contracts**<br><br>The Group engages into fixed-price contracts with customers. In respect of fixed-price contracts, revenue is recognised using percentage of completion computed as per the input method. This is based on the Group's estimate of contract costs and efforts for completion of contract. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date. | Our audit procedures in this area included the following:<br><br>• Obtained an understanding of the systems, processes and controls implemented by the Group and evaluating the design and implementation of internal controls for measuring and recording revenue and the associated contract assets and unearned revenue.<br><br>• Tested the design and operating effectiveness of key IT controls over IT environment in which the business systems operate. This includes access controls, program change controls, program development controls and IT operation controls; |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| Contract estimates are formed by the Group considering the following:<br>• Application of the revenue recognition accounting standard is complex. It involves a number of key judgements and estimates. One of the key estimate is total cost-to-completion of these contracts. It is used to determine the percentage of completion of the relevant performance obligation.<br>• There is judgement involved in identification of distinct performance obligations and determination of transaction price for such performance obligations.<br>• COVID 19 pandemic may impact the total revenue and costs to complete the contracts. In some cases, Group's contract interests are adequately protected. In other cases, there may be possible significant risks though the Group is cautious of them.<br>• These contracts may involve onerous obligations on the Group requiring critical estimates to be made.<br>• Contracts are subject to modification to account for changes in contract specification and requirements.<br>• At year-end a significant amount of work in progress (Contract assets and liabilities) related to these contracts is recognised on the balance sheet representing the work completed, costs incurred and accrued.<br>Considering the significant estimate involved in recognition of revenue based on percentage of completion method in respect of fixed price contracts, we have considered this as key audit matter.<br>(Refer note 1.1(i), and 43 to the consolidated financial statements) | • For selected samples of contracts, we inspected the terms of the contract and assessed the revenue recognized in accordance with Ind AS by:<br>➢ Evaluating the identification of performance obligations.<br>➢ Agreeing the transaction price to the underlying contracts.<br>➢ Inspecting the approval of the estimates of cost to complete.<br>➢ Evaluating the impact on the total revenue and the cost to complete the contract from COVID 19 pandemic.<br>➢ Challenging the Group's estimate of contract cost through a retrospective comparison of costs incurred with budgeted costs. Identifying significant variations and testing variations resulting into re-estimating the remaining costs to complete the contract.<br>➢ Assessing the work in progress (contract assets) on the balance sheet date by inspecting the underlying invoices and signed agreements on sample basis to identify possible delays in achieving milestones. Those may require change in estimated costs to complete the remaining performance obligations.<br>➢ Comparing, on a sample basis, revenue transactions recorded during the year with the underlying contracts, actual costs incurred, and invoices raised on customers. Also, checked the related revenue, contract costs, provision for onerous contracts, contract assets and unearned revenue had been recognised in accordance with the requirements of Ind AS 115.<br>➢ Performing analytical procedures on incurred and estimated contract costs or efforts. It includes assessment of contracts with unusual or negative margins, little or no movement in efforts from previous periods. We also performed analytical procedures on contract assets with little or no movement in invoicing from previous periods. |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Impairment of goodwill**<br><br>The Group is required to test goodwill for impairment every year or more frequently when there is an indication of impairment. The impairment charge is determined by comparing the carrying value of goodwill with its recoverable amount. We consider the impairment testing of goodwill by the Group to involve significant estimates and judgment. There is inherent uncertainty involved in forecasting and discounting future cashflows, including the possible effects of COVID-19 pandemic, which are the basis of the assessment of recoverability. Considering the significant judgement involved, impairment of goodwill is identified as a key audit matter.<br><br>Refer note 1.1(v) and 2C to the consolidated financial statements | Our audit procedures in this area included the following:<br><br>• Assessed Group's evaluation of identification of cash generating units and allocation of goodwill to the respective CGUs;<br><br>• Evaluated the Group's assessment of recoverable amount and impairment assessment for goodwill;<br><br>• Tested the arithmetical accuracy of the cash flow projections and impairment assessment made by the Group;<br><br>• We challenged the Group's assumptions used in impairment analysis, such as projected EBITDA & revenue growth rate, terminal growth rates and discount rates, including consideration of impact of COVID 19 by:<br><br>➢ comparing the same to externally derived data and industry comparators, where available;<br><br>➢ assessing the sensitivity of assumptions on the impairment assessment;<br><br>➢ comparing the forecasts against the historical performance.<br><br>This was based on our knowledge of the Group and the markets in which the CGU operates. We took assistance of our valuations team for above testing;<br><br>• Performed sensitivity analysis of the key assumptions, such as future revenue growth rates and the discount rate used in determining the recoverable value;<br><br>• Evaluated the adequacy of the disclosures of key assumptions and judgements. |

### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and its joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture is responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures and joint operations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of INR 650.41 million as at 31 March 2020, total revenues (before consolidation adjustments) of INR 123.97 million and total net profit after tax (before consolidation adjustments) of INR 103.35 million (includes exceptional gain of INR 137.41 million), and net cash flows amounting to INR 215.31 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss (and other comprehensive income) of INR Nil for the year ended 31 March 2020, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture solely on the audit reports of the other auditors.

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

**Report on Other Legal and Regulatory Requirements**

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary and joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and joint venture incorporated in India, none of the directors of the Group companies and joint venture incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 separate financial statements of the subsidiary and joint venture, as noted in the 'Other Matters' paragraph:

   i) There were no pending litigation as at 31 March 2020 which would impact the consolidated financial position of the Group and its joint venture.

ii) The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and joint venture incorporated in India during the year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company and its joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company, and its joint venture, as applicable, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

**Swapnil Dakshindas**
Partner
Membership No. 113896
UDIN: 20113896AAAABK6515

Place : Pune
Date : 27 May 2020

# Annexure A to the Independent Auditors' report on the consolidated financial statements for the period ended 31 March 2020

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph A (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of KPIT Technologies Limited (Erstwhile KPIT Engineering Limited) (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary company and its joint venture company, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary company and joint venture company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

**Swapnil Dakshindas**
Partner
Membership No. 113896
UDIN: 20113896AAAABK6515

Place : Pune
Date : 27 May 2020

# Consolidated Balance Sheet

(Amount in ₹ million)

| | Note | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2A | 2,128.87 | 2,568.33 |
| Right-of-use assets | 2B | 1,627.62 | - |
| Capital work-in-progress | | 51.70 | 1.00 |
| Goodwill | 2C | 987.80 | 942.29 |
| Other intangible assets | 2D | 519.92 | 687.15 |
| Intangible assets under development | | 0.13 | 4.07 |
| Equity accounted investees | 3A | - | - |
| Financial assets | | | |
| Investments | 3B | 10.42 | 10.39 |
| Loans | 4 | 163.70 | 85.00 |
| Other financial assets | 5 | 12.10 | 17.03 |
| Income tax assets (net) | | 250.57 | 38.22 |
| Deferred tax assets (net) | 6 | 387.28 | 44.12 |
| Other non-current assets | 7 | 78.47 | 42.89 |
| | | **6,218.58** | **4,440.49** |
| **Current assets** | | | |
| Inventories | 8 | 115.27 | 179.94 |
| Financial assets | | | |
| Investments | 9 | 82.24 | 487.06 |
| Trade receivables | 10 | 4,486.77 | 5,920.04 |
| Cash and cash equivalents | 11 | 2,758.85 | 2,008.72 |
| Other balances with banks | 11 | 1,051.53 | 197.88 |
| Loans | 12 | 78.90 | 125.76 |
| Unbilled revenue | | 617.11 | 586.54 |
| Other financial assets | 13 | 438.07 | 2,176.87 |
| Other current assets | 14 | 503.30 | 618.25 |
| | | **10,132.04** | **12,301.06** |
| | | | |
| **TOTAL ASSETS** | | **16,350.62** | **16,741.55** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 2,688.80 | 2,685.02 |
| Other equity | 34 | 7,780.77 | 6,910.55 |
| **Equity attributable to owners of the Company** | | **10,469.57** | **9,595.57** |
| Non-controlling interest | 45(1) | 35.71 | 39.09 |
| **Total equity** | | **10,505.28** | **9,634.66** |

# Consolidated Balance Sheet

(Amount in ₹ million)

| | Note | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 29.73 | 370.93 |
| Lease liabilities | | 1,143.95 | - |
| Other financial liabilities | 17 | - | 38.07 |
| Provisions | 18 | 120.94 | 288.15 |
| Deferred tax liabilities (net) | 19 | - | 0.66 |
| | | **1,294.62** | **697.81** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 166.10 | 599.68 |
| Trade payables | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 37 | 0.07 | 0.42 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 846.67 | 1,027.02 |
| Lease liabilities | | 313.51 | - |
| Other financial liabilities | 21 | 1,216.92 | 3,202.03 |
| Other current liabilities | 22 | 1,537.94 | 1,199.13 |
| Provisions | 23 | 307.58 | 223.30 |
| Income tax liabilities (net) | | 161.93 | 157.50 |
| | | **4,550.72** | **6,409.08** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **16,350.62** | **16,741.55** |

| | |
|---|---|
| Significant accounting policies | 1 |
| Notes referred to above form an integral part of the consolidated financial statements | 2-45 |

As per our report of even date attached

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Consolidated Statement of Profit and Loss

(Amount in ₹ million)

| | Note | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| Revenue from operations | 24 | 21,561.69 | 6,412.56 |
| Other income | 25 | 283.17 | 355.40 |
| **Total income** | | **21,844.86** | **6,767.96** |
| | | | |
| **Expenses** | | | |
| Cost of materials consumed | 26 | 78.23 | 115.54 |
| Changes in inventories of finished goods and work-in-progress | 27 | 6.65 | (11.47) |
| Employee benefits expense | 28 | 14,287.28 | 3,567.51 |
| Finance costs | 29 | 198.20 | 69.37 |
| Depreciation and amortization expense | 2 | 1,080.48 | 187.74 |
| Other expenses | 30 | 4,292.84 | 1,824.41 |
| **Total expenses** | | **19,943.68** | **5,753.10** |
| | | | |
| **Profit before exceptional items, share of equity accounted investee and tax** | | **1,901.18** | **1,014.86** |
| Exceptional items | 45(9) | (95.09) | (342.91) |
| **Profit before share of equity accounted investees and tax** | | **1,806.09** | **671.95** |
| Share of gain/(loss) of equity accounted investees (net of tax) | | - | - |
| **Profit before tax** | | **1,806.09** | **671.95** |
| | | | |
| **Tax expense** | 44A | | |
| Current tax | | 617.63 | 168.55 |
| Deferred tax (benefit)/charge | | (279.29) | (46.80) |
| **Total tax expense** | | **338.34** | **121.75** |
| | | | |
| **Profit for the year** | | **1,467.75** | **550.20** |
| | | | |
| **Other comprehensive income/(loss)** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans - gain/(loss) | 35 | (29.10) | (25.05) |
| Income tax on items that will not be reclassified to profit or loss | | 6.56 | (11.40) |
| | | | |
| Items that will be reclassified to profit or loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | 218.11 | 52.58 |
| Effective portion of gains/(losses) on hedging instruments in cash flow hedges | 31 | (114.38) | 12.59 |
| Bargain purchase gain on business acquisition | 45(7) | 41.58 | - |
| Income tax on items that will be reclassified to profit or loss | | 39.97 | (4.39) |
| **Total other comprehensive income** | | **162.74** | **24.33** |
| | | | |
| **Total comprehensive income for the year** | | **1,630.49** | **574.53** |

# Consolidated Statement of Profit and Loss

(Amount in ₹ million)

| | Note | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Profit attributable to** | | | |
| Owners of the Company | | 1,465.90 | 541.86 |
| Non-controlling interests | | 1.85 | 8.34 |
| **Profit for the year** | | **1,467.75** | **550.20** |
| | | | |
| **Other comprehensive income/(loss) attributable to** | | | |
| Owners of the Company | | 160.45 | 24.65 |
| Non-controlling interests | | 2.29 | (0.32) |
| **Other comprehensive income for the year** | | **162.74** | **24.33** |
| | | | |
| **Total comprehensive income attributable to** | | | |
| Owners of the Company | | 1,626.35 | 566.51 |
| Non-controlling interests | | 4.14 | 8.02 |
| **Total comprehensive income for the year** | | **1,630.49** | **574.53** |
| | | | |
| **Earnings per equity share (face value per share ₹ 10 each)** | | | |
| Basic | 40 | 5.46 | 8.18 |
| Diluted | 40 | 5.44 | 8.15 |

| | |
|---|---|
| Significant accounting policies | 1 |
| Notes referred to above form an integral part of the consolidated financial statements | 2-45 |

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Consolidated Statement of Changes in Equity

**A Equity share capital**

| | |
|---|---|
| **Balance as at 1 April 2018** | 1.00 |
| Cancellation of shares pursuant to demerger scheme (Refer note 45(3)) | (1.00) |
| Issue of share capital pursuant to demerger scheme (net of shares issued to employee welfare trust ₹ 56.41 million) (Refer note 45(3)) | 2,685.02 |
| **Balance as at 31 March 2019** | **2,685.02** |
| Changes during the year | 3.78 |
| **Balance as at 31 March 2020** | **2,688.80** |

**B Other equity**

| | Reserves & surplus | | | | | Items of other comprehensive income | | Equity attributable to owners of the Company | Non-controlling interest (Refer note 45(1)) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve (Refer note 34) | General reserve (Refer note 34) | Retained earnings | Share based payment reserve (Refer note 36) | Remeasurement of the net defined benefit Plans (Refer note 35(2)) | Foreign currency translation reserve (Refer note 34) | Effective portion of cash flow hedges (Refer note 31) | | | |
| **Balance as on 1 April 2018** | - | - | (2.66) | - | - | - | - | (2.66) | - | (2.66) |
| Profit for the year | - | - | 541.86 | - | - | - | - | 541.86 | 8.34 | 550.20 |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - | (36.45) | 52.90 | 8.20 | 24.65 | (0.32) | 24.33 |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **541.86** | **-** | **(36.45)** | **52.90** | **8.20** | **566.51** | **8.02** | **574.53** |
| **Others** | | | | | | | | | | |
| Accumulated deficit of employee welfare trust | - | - | (72.23) | - | - | - | - | (72.23) | - | (72.23) |
| Effect on account of purchase of stake in minority shareholder | (124.13) | - | - | - | - | - | - | (124.13) | - | (124.13) |
| Effect on account of acquisition of subsidiary under common control business combination | (177.86) | - | - | - | - | - | - | (177.86) | - | (177.86) |
| Effect on account of demerger scheme (Refer note 45(3)) | 2,179.70 | (113.92) | 4,724.57 | - | (45.26) | - | 9.75 | 6,754.84 | 31.07 | 6,785.91 |
| Share issue and listing expenses | - | - | (33.92) | - | - | - | - | (33.92) | - | (33.92) |
| **Balance as on 31 March 2019** | **1,877.71** | **(113.92)** | **5,157.62** | **-** | **(81.71)** | **52.90** | **17.95** | **6,910.55** | **39.09** | **6,949.64** |
| | | | | | | | | | | |
| **Balance as on 1 April 2019** | 1,877.71 | (113.92) | 5,157.62 | - | (81.71) | 52.90 | 17.95 | 6,910.55 | 39.09 | 6,949.64 |
| Effect of transition to Ind AS 116 (net of tax) (Refer note 39) | - | - | (197.86) | - | - | - | - | (197.86) | (0.57) | (198.43) |
| **Restated balance as on 1 April 2019** | **1,877.71** | **(113.92)** | **4,959.76** | **-** | **(81.71)** | **52.90** | **17.95** | **6,712.69** | **38.52** | **6,751.21** |
| Profit for the year | - | - | 1,465.90 | - | - | - | - | 1,465.90 | 1.85 | 1,467.75 |
| Other comprehensive income/(loss) (net of tax) | 41.58 | - | - | - | (22.54) | 215.82 | (74.41) | 160.45 | 2.29 | 162.74 |
| **Total comprehensive income/(loss) for the year** | **41.58** | **-** | **1,465.90** | **-** | **(22.54)** | **215.82** | **(74.41)** | **1,626.35** | **4.14** | **1,630.49** |

# Consolidated Statement of Changes in Equity

**B Other equity**

| | Reserves & surplus | | | | | Items of other comprehensive income | | Equity attributable to owners of the Company | Non-controlling interest (Refer note 45(1)) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve (Refer note 34) | General reserve (Refer note 34) | Retained earnings | Share based payment reserve (Refer note 36) | Remeasurement of the net defined benefit Plans (Refer note 35(2)) | Foreign currency translation reserve (Refer note 34) | Effective portion of cash flow hedges (Refer note 31) | | | |
| **Others** | | | | | | | | | | |
| Dividends | - | - | (470.24) | - | - | - | - | (470.24) | - | (470.24) |
| Dividend distribution tax | - | - | (98.61) | - | - | - | - | (98.61) | - | (98.61) |
| Accumulated surplus/ (deficit) of employee welfare trust | - | - | 10.70 | - | - | - | - | 10.70 | - | 10.70 |
| Effect on account of purchase of stake in minority shareholder | (48.82) | - | - | - | - | - | - | (48.82) | (7.88) | (56.70) |
| Effect on account of acquisition of subsidiary | - | - | - | - | - | - | - | - | 0.93 | 0.93 |
| Share based payment to employees (net) | - | - | - | 48.70 | - | - | - | 48.70 | - | 48.70 |
| **Balance as on 31 March 2020** | **1,870.47** | **(113.92)** | **5,867.51** | **48.70** | **(104.25)** | **268.72** | **(56.46)** | **7,780.77** | **35.71** | **7,816.48** |

| | |
|---|---|
| Significant accounting policies | 1 |
| Notes referred to above form an integral part of the consolidated financial statements | 2-45 |

As per our report of even date attached

**For B S R & Co. LLP**

**Chartered Accountants**

**Firm Registration Number: 101248W / W-100022**

**Swapnil Dakshindas**

Partner

Membership No. 113896

Place: Pune

Date: 27 May 2020

**For and on behalf of the Board of Directors of**

**KPIT TECHNOLOGIES LIMITED**

**(erstwhile KPIT ENGINEERING LIMITED)**

CIN: L74999PN2018PLC174192

**Vinit Teredesai**

Chief Financial Officer

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

Chairman & Group CEO

DIN : 00075861

**Nida Deshpande**

Company Secretary

**Kishor Patil**

CEO & Managing Director

DIN : 00076190

Place: Pune

Date: 27 May 2020

# Consolidated Statement of Cash Flows

(Amount in ₹ million)

| | | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES (Refer note 45(3))** | | |
| | Profit for the year | 1,467.75 | 550.20 |
| | **Adjustments for** | | |
| | Income tax expense | 338.34 | 121.75 |
| | (Profit)/loss on sale of fixed assets (net) | 1.11 | (0.67) |
| | Depreciation and amortisation expense | 1,080.48 | 187.74 |
| | Interest expense | 168.77 | 69.37 |
| | Interest income | (31.00) | (8.83) |
| | Dividend income | (13.82) | (0.10) |
| | Exceptional items | 95.09 | 342.91 |
| | Provision for doubtful debts and advances (net) | (23.58) | (205.45) |
| | Bad debts written off | 11.45 | 230.31 |
| | Share based compensation expenses | 48.38 | - |
| | Net loss/(gain) on investment carried at fair value through profit and loss | 56.92 | (319.01) |
| | Net unrealised foreign exchange loss/(gain) | 213.42 | (89.44) |
| | Others | (0.38) | - |
| | Operating profit before working capital changes | **3,412.93** | **878.78** |
| | | | |
| | **Adjustments for changes in working capital:** | | |
| | Trade receivables and unbilled revenue | 1,435.80 | (1,497.25) |
| | Inventories | (9.11) | (11.09) |
| | Loans, other financials assets and other assets | 108.59 | (114.45) |
| | Trade payables | (234.72) | 909.98 |
| | Other financial liabilities, other liabilities and provisions | (0.72) | 1,527.88 |
| | **Cash generated from operations** | **4,712.77** | **1,693.85** |
| | Income taxes paid (net) | (825.34) | (182.50) |
| | **Net cash from operating activities (A)** | **3,887.43** | **1,511.35** |

# Consolidated Statement of Cash Flows

(Amount in ₹ million)

| | | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES (Refer note 45(3))** | | |
| | Purchase of property, plant and equipment | (686.22) | (270.30) |
| | Proceeds from sale of property, plant and equipment | 12.27 | 8.30 |
| | Acquisition of subsidiary (net of cash acquired) | (15.19) | (667.71) |
| | Acquisition of non-controlling interest | (309.94) | (27.09) |
| | Advance received against disinvestment of Telematics business | - | 133.50 |
| | Proceeds from disinvestment of Telematics and Defense business | 92.50 | - |
| | Investment in mutual fund | (842.00) | (100.00) |
| | Proceeds from sale of investment in mutual fund | 842.00 | 100.00 |
| | Loan given to equity accounted investee | (11.80) | - |
| | Proceed from sale of investments carried at fair value through profit and loss | 347.90 | - |
| | Interest received | 21.06 | 7.55 |
| | Dividend received | 13.82 | 0.10 |
| | Fixed deposit with banks (net) having original maturity over three months | (847.08) | (54.32) |
| | **Net cash used in investing activities (B)** | **(1,382.68)** | **(869.97)** |
| | | | |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES (Refer note 45(3))** | | |
| | Proceeds from long term loan from banks | 9.04 | - |
| | Repayment of long term loan from banks | (381.82) | (172.93) |
| | Payment of lease liabilities | (323.87) | - |
| | Payment towards shares issue and listing expenses | (0.12) | (33.80) |
| | Proceeds from working capital loan | 1,267.21 | 1,899.61 |
| | Repayment of working capital loan | (1,716.42) | (1,300.00) |
| | Proceeds from shares issued / purchased by Employee Welfare Trust (net) | 14.48 | 20.26 |
| | Dividend paid including corporate dividend tax | (568.85) | - |
| | Interest and finance charges paid | (73.15) | (75.44) |
| | **Net cash (used in)/from financing activities (C)** | **(1,773.50)** | **337.70** |
| | | | |
| **D** | **Exchange differences on translation of foreign currency cash and cash equivalents** | 18.88 | 5.03 |
| | **Net increase in cash and cash equivalents (A + B + C + D)** | **750.13** | **984.11** |

# Consolidated Statement of Cash Flows

(Amount in ₹ million)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Cash and cash equivalents at close of the year (Refer note 1 below) | 2,758.85 | 2,008.72 |
| Cash and cash equivalents at beginning of the year (Refer note 1 below) | 2,008.72 | 0.95 |
| Cash and cash equivalents transferred pursuant to the scheme of demerger | - | 1,023.66 |
| **Cash surplus for the year** | **750.13** | **984.11** |
| | | |
| **Note 1 :** | | |
| **Cash and cash equivalents include:** | | |
| Cash on hand | 0.29 | 0.02 |
| Balance with banks | | |
| - In current accounts | 2,382.31 | 2,008.70 |
| - In deposit accounts (with original maturity of 3 months or less) | 376.25 | - |
| **Total cash and cash equivalents** | **2,758.85** | **2,008.72** |

**Note 2:**

Figures in brackets represent outflows of cash and cash equivalents.

**Note 3:**

The above statement of cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind-AS) 7 on statement of cash flows.

As per our report of even date attached

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

### Company Overview

KPIT Technologies Limited (erstwhile KPIT Engineering Limited) ("the Company") is a public limited company incorporated on 8 January 2018 under the Companies Act, 2013 and has been listed with effect from 22 April 2019 on Bombay Stock Exchange and National Stock Exchange. The Company's registered office is in Pune and it has subsidiaries across multiple geographies.

The Company is a global technology company specializing in providing Product Engineering solutions and services to Automobile and Mobility Sector. Refer note 45(3) for details of the Scheme of Demerger during the previous year.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 27 May 2020.

### 1. Significant accounting policies

### 1.1 Basis of consolidation

The Consolidated Financial Statements relate to KPIT Technologies Limited (erstwhile KPIT Engineering Limited) ("the Company"), its subsidiary companies and its joint venture which constitutes "the Group" (Refer note 38).

**a. Basis of preparation of consolidated financial statements**

i. The financial statements of the subsidiary companies and the 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.

ii. The Consolidated financial statements are prepared in accordance with the Indian Accounting Standards ("Ind-AS") as specified under Section 133 of the Companies Act, 2013 read with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of Companies Act, 2013. The financial statements are presented in millions of Indian rupees rounded off to two decimal places, except per share information, unless otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared on the historical cost basis, except for share based payments, defined benefit obligations, purchase consideration in business combinations and certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

**Use of estimates**

The preparation of consolidated 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 recognised in the year in which the results are known / materialized.

**Critical accounting estimates**

**i. Revenue Recognition**

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total estimated costs to be expended. Efforts or costs expended have been used to measure progress towards completion as generally it is estimated that there is a direct efforts or relationship between input and output in respect of work completed.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

**ii. Income tax**

The Group's two major tax jurisdictions are India and the U.S., though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (if any).

**iii. Valuation of deferred tax assets**

The Group reviews carrying amount of deferred tax asset at end of each reporting period. The policy has been explained under note 1.13

**iv. Business combinations**

Business combinations are accounted for using Ind-AS 103, Business Combinations. Ind-AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of acquired identifiable assets, liabilities and contingent liabilities. Significant estimates are required to be made in determining these fair values.

**v. Impairment of goodwill**

Goodwill is tested for impairment on an annual basis and when ever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

**vi. Measurement of defined benefit obligation, key actuarial assumptions and share based payments**

Information about assumptions and estimation uncertainties in respect of defined benefit obligations and share based payments are included in note 35(2) and note 36.

**vii. Provisions and contingent liabilities**

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Group uses significant judgements to disclose contingent liabilities.

**viii. Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the Group and affects whether it is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

**ix. Estimation of uncertainties relating to the global health pandemic from COVID-19:**

In view of pandemic relating to COVID -19, the Group has considered internal and external information and has

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, goodwill, intangible assets and other financial assets. The Group has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment this situation does not materially impact this consolidated financial statements as on 31 March 2020. However, the actual impact of COVID-19 on the consolidated financial statements, in future, may differ from that estimated and the Group will continue to closely monitor any material changes to future economic conditions.

**b. Principles of consolidation:**

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

i. The Company consolidates all the entities over which it has control. The Company establishes control when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

ii. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Company.

iii. The excess of cost of acquisition to the Group over the share of net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary companies, at the acquisition dates, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. Alternatively, where the share of net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary companies, on the acquisition date, is in excess of cost of acquisition, it is immediately recognised as gain in other comprehensive income and the same is accumulated as capital reserve in equity.

iv. Non-controlling interest is initially measured either at fair value or at the proportionate share of the subsidiary companies' identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequently, the carrying amount of non-controlling interest is adjusted for the changes in the equity of the subsidiary companies.

v. The investments in joint venture and associate are accounted for using equity method. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss of the investee after the date of acquisition. The Company's share of the investee's profit or loss is recognised in the Statement of Profit and Loss.

**c. Business Combinations**

i. Business combinations have been accounted for using the acquisition method under the provisions of Ind-AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

# Notes forming part of the consolidated financial statements
for the year ended on 31 March 2020

ii. Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

iii. Business combinations involving entities under common control is accounted for at carrying value using the pooling of interest method.

iv. When there is change in the Group's interest in subsidiary companies, that does not result in loss of control, it is accounted for as equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

v. When the Group loses control on a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest, if any, are derecognised from the consolidated financial statements. The investment retained, if any, is recognised at fair value on that date. The gain or loss associated with the loss of control, attributable to the former controlling interest, is recognised in the Statement of Profit and Loss.

vi. Impact of any changes in the purchase consideration, after the measurement period, is recorded in the Statement of Profit and Loss.

**d. Goodwill**

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised immediately in other comprehensive income and the same is accumulated as capital reserve in equity. Goodwill is measured at cost less accumulated impairment losses.

## 1.2 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.

***Liabilities***

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

a. it is expected to be settled in the Group's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty result in its settlement by the issue of equity instruments do not affect its classification.

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

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

**Operating cycle**

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

### 1.3 Revenue recognition

The Group derives revenues primarily from providing engineering services which includes design engineering services, embedded software development with its related services and from the sale of licenses and products.

The following is the summary of significant accounting policies related to revenue recognition:

Revenue is recognised upon transfer of control of promised services or products to customers for an amount that reflects the consideration expected to be received in exchange of those services or products.

Arrangements with customers for such engineering & its related services are bifurcated into following key categories:

a. Revenue on time and material contracts for the reporting period is recognised as and when the related services are performed and billed to the end customers. If billing for the related services is not done during the reporting period, revenue is recognised as unbilled revenue at the end of the reporting period.

b. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and output in respect of work completed.

c. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.

d. Revenue from client training, support and other services arising due to the sale of software products is recognised as the services are performed.

e. Revenue from internally developed software product licenses where the customer obtains a “right to use” the license is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognised over the access period.

f. Revenue from sale of third party licenses is recognised only when the sale is completed by passing ownership.

g. Revenue from sale of hardware products is recognised upon actual delivery of goods along with transfer of control and significant risks and rewards to the customers.

The following are the details of key significant accounting policies related to revenue recognition for all the above mentioned categories:

a. Revenue in excess of invoicing is classified either as contract asset (unbilled revenue) or financial asset (unbilled revenue), while invoicing in excess of revenue is classified as contract liabilities (unearned revenue).

b. Unbilled revenue is classified as contract asset when there is a right to consideration in exchange for goods or services which is conditional on something other than the passage of time. Whereas, it is classified as financial asset when such right to consideration in exchange for goods or services is conditional only on passage of time.

c. Amount billed in advance, without services being rendered, is classified as unearned revenue (contract liabilities).

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

credits, performance bonuses and incentives, if any, as specified in the contract with the customer. Expenses reimbursed by customers during the project execution are recorded as reduction to associated costs.

d. The Group accounts for volume and / or trade discounts to customers as a reduction of revenue. Also, when the level of discount varies with increases in levels of revenue transactions, the Group recognises the liability based on its estimate of the customer's future purchases. The Group recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

e. When there is an uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

f. In accordance with Ind-AS 37, provision for onerous contract/ estimated losses, if any, on uncompleted contracts are recorded in a period in which such losses become probable on the expected contract estimates at the reporting date.

g. The Group presents revenues net of indirect tax in its Statement of Profit and Loss.

h. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services(ATS). The Group has applied the principles under Ind-AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts is allocated to each performance obligation of the contract based on its relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customised as part of the implementation service, the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognised as the performance obligations are satisfied. ATS revenue is recognised ratably over the period in which the services are rendered.

i. In accordance with Ind AS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Significant judgments in revenue recognition:

a. The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b. Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized

# Notes forming part of the consolidated financial statements
for the year ended on 31 March 2020

will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c. The Group uses judgment to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

d. The Group exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

e. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. The Group uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

### 1.4 Borrowing costs

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

The exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs, are regrouped from foreign exchange differences to finance costs.

### 1.5 Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment 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. If significant parts of an item of property, plant and equipment have different useful lives , then they are accounted for as separate items (major components) of property, plant and equipment. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets under construction are disclosed as capital work-in-progress.

### 1.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment, if any.

In case of internally generated intangibles, costs incurred during the research phase of a project are expensed when incurred. 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 or sell 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 property, plant and equipment). Other

# Notes forming part of the consolidated financial statements
for the year ended on 31 March 2020

development expenditure is recognised in the Statement of Profit and Loss as incurred.

Intangible fixed assets are derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal or when the economic benefits are not measurable.

## 1.7 Depreciation and amortisation

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of the assets. The estimated useful lives are as follows:

| Type of asset | Useful life (No. of years) |
|---|---|
| Buildings | 30 |
| Plant and equipment[1] | 3-5 |
| Office Equipment[1] | 5-10 |
| Owned Vehicle[1] | 5 |
| Furniture and fixtures[1] | 7-10 |

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

The right-of-use assets is depreciated over shorter of useful life and lease term.

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

Capitalised development costs are amortised over a period of 3 to 4 years.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

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

Depreciation and amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

## 1.8 Impairment

### a. Financial assets

The Group assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind-AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recorded as an impairment gain or loss in Statement of Profit or Loss.

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. While assessing the recoverability of receivables including unbilled receivables, the Group has considered internal and external information up to the date of approval of these consolidated financial statements including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions. The Group expects to recover the carrying amount of these assets.

# Notes forming part of the consolidated financial statements
for the year ended on 31 March 2020

**b. Non- financial assets**

**i. Property, plant and equipment and intangible assets**

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's fair value less cost of disposal 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 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.

**ii. Goodwill**

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

## 1.9 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods and stores and spares, 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

A contract, or part of a contract, is a lease if that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**The Group as a lessee**

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in the Statement of Profit and Loss.

The Group has elected not to apply the requirements of Ind-AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**The Group as a lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Group applies Ind-AS 115 Revenue to allocate the consideration in the contract.

**Transition to Ind AS 116**

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new lease accounting standard on 30 March 2019 and came into force with effect from 1 April 2019. Ind AS 116 has replaced the guidance in Ind AS 17 “Leases”. The effect of initially applying this standard is recognised at date of initial application (i.e. 1 April 2019). Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

a. **Operating lease:**

Accordingly, the Group has applied Ind AS 116 using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity. Accordingly the company has not restated the comparative information, i.e. comparative information continues to be reported under Ind AS 17.

b. **Finance lease:**

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

Refer note 1.10 Leases under significant accounting policies in the annual report of the Group for the year ended 31 March 2019, for the policy as per Ind AS 17.

## 1.11 Earnings per share

Basic earnings per share are computed by dividing the net profit for the year after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year 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. **Functional and presentation currency**

Indian Rupee is the Group's functional as well as presentation currency.

b. Transactions in foreign currencies are translated to the respective functional currencies of the Group companies at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the year-end rates. The exchange differences so determined and also the realised exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate prevalent at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and measured at historical cost are translated into the functional currency at the exchange rate prevalent at the date of transaction.

c. **Translation of foreign operations**

For translating the financial statements of foreign branches and subsidiaries, their functional currencies are determined. The results and the financial position of the foreign branches and subsidiaries are translated into presentation currency so that the foreign operation could be included in the consolidated financial statements.

The assets and liabilities of the foreign operation with functional currencies other than the presentation currency are translated to the presentation currency using the closing exchange rate on the Balance Sheet date and the Statement of Profit and Loss using the average exchange rates for the month in which the transactions occur. The resulting exchange differences are accumulated in 'foreign currency translation reserve' in the Statement of Changes in Equity through other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the foreign currency translation reserve which relates to that operation is reclassified from equity to the Statement of Profit and Loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity

# Notes forming part of the consolidated financial statements
for the year ended on 31 March 2020

and translated at the exchange rate in effect at the Balance Sheet date.

## 1.13 Employee benefits

### a. Defined benefit plan

The Group's gratuity scheme is a defined benefit plan. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at each Balance Sheet date. Remeasurement of net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effects of asset ceiling (if any, excluding interest) are recognised in other comprehensive income for the period in which they occur. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss. Past service cost is recognised immediately to the extent that the benefits are already vested or amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation 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, if any. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

### b. 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 in India and other foreign contribution plans which are defined contribution plans. 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.

### c. Compensated absences

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

### d. 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 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Minimum Alternate Tax**

Minimum Alternate 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 Group 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.

### 1.15 Provisions, Contingent liabilities and Contingent assets

The Group recognises provisions only when it has a present legal or constructive 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

No provision is recognised 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 Group; or

b. Present obligations that arise from past events but are not recognised 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 disclosed 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 recognised in the consolidated financial statements since this may result in the recognition of income that may never be realised.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognises any impairment loss on the assets associated with that contract.

**Warranty**

The Group has an obligation by way of warranty to maintain the software during the period of

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

warranty, as per the contractual requirements, for certain products/licenses. 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 recognised as an intangible asset in accordance with policy defined in 1.6.

### 1.17 Employee stock option

In respect of stock options granted pursuant to the Group's Employee Stock Option Scheme, the Group recognises employee compensation expense, using the grant date fair value in accordance with Ind-AS 102 - Share Based Payment, on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

### 1.18 Financial instruments

**a. Initial recognition**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**b. Subsequent measurement**

**i) Non-derivative financial instruments**

**Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

However, in cases where the Group has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognised in other comprehensive income.

**Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derivative financial instruments**

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. the Group does not use derivative financial instruments for speculative purposes. The counter-party to the Group's foreign currency forward contracts is generally a bank.

A contract to pay or receive a fixed amount on the occurrence or non-occurrence of a future event is considered to a derivative, provided that this future event depends on a financial variable or a non-financial variable not specific to a party to the contract. The Group considers EBITDA, profit, sales volume (e.g. revenue) or the cash flows of one counterparty to be non-financial variable that are specific to a party to the contract.

**Financial assets or financial liabilities, at fair value through profit or loss**

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet date.

**Cash flow hedge**

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 designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitments and highly probable forecast transactions.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised 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 recognised in cash flow hedging reserve 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 recognised in cash flow hedging reserve is transferred to the Statement of Profit and Loss.

The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the Statement of Profit or Loss and other comprehensive income.

**iii) Treasury Shares**

When any entity within the Group purchases the Group's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

**c. Derecognition of financial instruments**

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind-AS 109. A financial liability (or a part of a financial liability) is derecognised from the group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

# Notes forming part of the consolidated financial statements
## for the year ended on 31 March 2020

d. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, the Group uses discounted cash flow analysis method for the fair value of its financial instruments except for employee stock options (ESOP) , where Black and Scholes options pricing model is used. The method of assessing fair value results in general approximation of value and such value may never actually be realised.

For all other financial instruments the carrying amount approximates fair value due to short maturity of those instruments.

### 1.19 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a short maturity of three months or less from the date of investment.

### 1.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 1.21 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

# Notes forming part of the consolidated financial statements

## 2A Property, plant and equipment

(Amount in ₹ million)

| | Land (Leasehold) | Building | Leasehold improvements | Plant and Equipment | Furniture and Fixtures | Vehicles | | Office Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Leased | Owned | | |
| **Gross carrying amount as at 1 April 2018** | - | - | - | - | - | - | - | - | - |
| Additions | - | - | 2.90 | 39.34 | 5.53 | - | 4.30 | 10.83 | 62.90 |
| Additions pursuant to scheme of demerger (Refer note 45(3)) | 405.40 | 1,035.26 | 209.91 | 803.11 | 184.10 | 6.70 | 45.84 | 440.80 | 3,131.12 |
| Additions on account of business combinations | - | - | - | 8.64 | 1.75 | - | - | 0.59 | 10.98 |
| Disposal/retirements/derecognition | - | 1.51 | 3.55 | 5.24 | 4.10 | - | - | 2.34 | 16.74 |
| **Gross carrying amount as at 31 March 2019** | **405.40** | **1,033.75** | **209.26** | **845.85** | **187.28** | **6.70** | **50.14** | **449.88** | **3,188.26** |
| **Accumulated depreciation as at 1 April 2018** | - | - | - | - | - | - | - | - | - |
| Additions pursuant to scheme of demerger (Refer note 45(3)) | 15.24 | 0.55 | 96.57 | 200.05 | 61.14 | 6.64 | 24.86 | 129.25 | 534.30 |
| Additions on account of business combinations | - | - | - | 5.87 | 0.89 | - | - | 0.11 | 6.87 |
| Depreciation for the year | 1.09 | 8.79 | 7.57 | 46.04 | 6.23 | 0.06 | 2.17 | 16.39 | 88.34 |
| Foreign exchange translation | - | - | (0.01) | (0.26) | (0.04) | - | - | (0.19) | (0.50) |
| Disposal/retirements/derecognition | - | 0.55 | 1.83 | 3.93 | 1.69 | - | - | 1.08 | 9.08 |
| **Accumulated depreciation as at 31 March 2019** | **16.33** | **8.79** | **102.30** | **247.77** | **66.53** | **6.70** | **27.03** | **144.48** | **619.93** |
| **Carrying amount as at 31 March 2019** | **389.07** | **1,024.96** | **106.96** | **598.08** | **120.75** | **-** | **23.11** | **305.40** | **2,568.33** |
| **Gross carrying amount as at 1 April 2019** | 405.40 | 1,033.75 | 209.26 | 845.85 | 187.28 | 6.70 | 50.14 | 449.88 | 3,188.26 |
| Additions | - | 3.23 | 2.06 | 206.61 | 16.18 | - | 11.12 | 33.63 | 272.83 |
| Additions on account of acquisition of subsidiary (Refer note 45(7)) | - | - | 24.46 | 11.99 | 10.79 | - | - | 12.50 | 59.74 |
| Disposal/retirements/derecognition | - | - | - | 1.59 | 1.71 | - | 10.80 | 19.15 | 33.25 |
| Reclassification on adoption of Ind AS 116 - Leases (Refer note 39) | 405.40 | - | - | - | - | 6.70 | - | - | 412.10 |
| Foreign exchange translation | - | - | 1.53 | 8.84 | 2.73 | - | 0.54 | 4.37 | 18.01 |
| **Gross carrying amount as at 31 March 2020** | **-** | **1,036.98** | **237.31** | **1,071.70** | **215.27** | **-** | **51.00** | **481.23** | **3,093.49** |
| **Accumulated depreciation as at 1 April 2019** | **16.33** | **8.79** | **102.30** | **247.77** | **66.53** | **6.70** | **27.03** | **144.48** | **619.93** |
| Reclassification on adoption of Ind AS 116 - Leases (Refer note 39) | 16.33 | - | - | - | - | 6.70 | - | - | 23.03 |
| Depreciation for the year | - | 35.75 | 25.91 | 208.87 | 25.95 | - | 7.07 | 50.68 | 354.23 |
| Additions on account of acquisition of subsidiary (Refer note 45(7)) | - | - | 1.23 | 6.73 | 6.33 | - | - | 8.28 | 22.57 |
| Disposal/retirements/derecognition | - | - | - | 1.01 | 1.25 | - | 8.99 | 8.62 | 19.87 |
| Foreign exchange translation | - | - | 0.48 | 4.96 | 0.99 | - | 0.43 | 3.93 | 10.79 |
| **Accumulated depreciation as at 31 March 2020** | **-** | **44.54** | **129.92** | **467.32** | **98.55** | **-** | **25.54** | **198.75** | **964.62** |
| **Carrying amount as at 31 March 2019** | **389.07** | **1,024.96** | **106.96** | **598.08** | **120.75** | **-** | **23.11** | **305.40** | **2,568.33** |
| **Carrying amount as at 31 March 2020** | **-** | **992.44** | **107.39** | **604.38** | **116.72** | **-** | **25.46** | **282.48** | **2,128.87** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 2B Right-of-use assets (Refer note 39)

| | Building (Leasehold) | Land (Leasehold) | Vehicles Leased | Total |
|---|---|---|---|---|
| **Gross carrying amount as at 1 April 2019** | - | - | - | - |
| Effect of transition to Ind AS 116 | 897.57 | - | - | 897.57 |
| Reclassification on adoption of Ind AS 116 - Leases | - | 405.40 | 6.70 | 412.10 |
| Additions | 595.75 | - | - | 595.75 |
| Disposal/retirements/derecognition | 19.20 | - | - | 19.20 |
| Foreign exchange translation | 20.96 | - | - | 20.96 |
| **Gross carrying amount as at 31 March 2020** | **1,495.08** | **405.40** | **6.70** | **1,907.18** |
| **Accumulated depreciation as at 1 April 2019** | - | - | - | - |
| Reclassification on adoption of Ind AS 116 - Leases | - | 16.33 | 6.70 | 23.03 |
| Depreciation for the year | 248.67 | 4.43 | - | 253.10 |
| Disposal/retirements/derecognition | 1.81 | - | - | 1.81 |
| Foreign exchange translation | 5.24 | - | - | 5.24 |
| **Accumulated depreciation as at 31 March 2020** | **252.10** | **20.76** | **6.70** | **279.56** |
| **Carrying amount as at 31 March 2020** | **1,242.98** | **384.64** | **-** | **1,627.62** |

## 2C Goodwill

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Carrying amount at the beginning of the year** | **942.29** | **-** |
| Additions pursuant to scheme of demerger (Refer note 45(3)) | - | 959.98 |
| Foreign exchange translation | 45.51 | (17.69) |
| **Carrying amount at the end of the year** | **987.80** | **942.29** |

The Group tests goodwill annually for impairment. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. The estimated recoverable amount of these cash-generating units does not trigger any impairment.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 2D Other intangible assets

| | Internally Generated | | Other than Internally Generated Software | Total |
|---|---|---|---|---|
| | Product Development Cost | Technical know how | | |
| **Gross carrying amount as at 1 April 2018** | - | - | - | - |
| Additions | - | - | 38.80 | 38.80 |
| Additions pursuant to scheme of demerger (Refer note 45(3)) | 899.96 | 9.51 | 849.19 | 1,758.66 |
| Additions on account of business combinations | 3.29 | - | - | 3.29 |
| Disposal/retirements/derecognition | 0.36 | - | - | 0.36 |
| **Gross carrying amount as at 31 March 2019** | **902.89** | **9.51** | **887.99** | **1,800.39** |
| **Accumulated amortisation as at 1 April 2018** | - | - | - | - |
| Additions pursuant to scheme of demerger (Refer note 45(3)) | 442.24 | 9.51 | 562.11 | 1,013.86 |
| Additions on account of business combinations | 0.74 | - | - | 0.74 |
| Amortisation for the year | 52.00 | - | 47.40 | 99.40 |
| Foreign exchange translation | (0.20) | - | (0.17) | (0.37) |
| Disposal/retirements/derecognition | 0.39 | - | - | 0.39 |
| **Accumulated amortisation as at 31 March 2019** | **494.39** | **9.51** | **609.34** | **1,113.24** |
| **Carrying amount as at 31 March 2019** | **408.50** | **-** | **278.65** | **687.15** |
| **Gross carrying amount as at 1 April 2019** | **902.89** | **9.51** | **887.99** | **1,800.39** |
| Additions | 22.44 | - | 278.97 | 301.41 |
| Additions on account of acquisition of subsidiary (Refer note 45(7)) | - | - | 2.47 | 2.47 |
| Foreign exchange translation | 4.37 | - | 5.34 | 9.71 |
| **Gross carrying amount as at 31 March 2020** | **929.70** | **9.51** | **1,174.77** | **2,113.98** |
| **Accumulated amortisation as at 1 April 2019** | **494.39** | **9.51** | **609.34** | **1,113.24** |
| Additions on account of acquisition of subsidiary (Refer note 45(7)) | - | - | 1.51 | 1.51 |
| Amortisation for the year | 215.25 | - | 257.90 | 473.15 |
| Foreign exchange translation | 3.36 | - | 2.80 | 6.16 |
| **Accumulated amortisation as at 31 March 2020** | **713.00** | **9.51** | **871.55** | **1,594.06** |
| **Carrying amount as at 31 March 2019** | **408.50** | **-** | **278.65** | **687.15** |
| **Carrying amount as at 31 March 2020** | **216.70** | **-** | **303.22** | **519.92** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 3 Investments

**Investments (Unquoted)**

| | | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| **3A** | **Investments in equity accounted investees** | | |
| | Yantra Digital Services Private Limited (Refer note 45(2)) | 169.59 | 169.59 |
| | 5,400 (Previous year 5,400) equity shares of ₹ 10 each fully paid | | |
| | Less : Share of accumulated losses | 169.59 | 169.59 |
| | | - | - |
| **3B** | **Investments in equity instruments of other entities measured at fair value through profit or loss** | | |
| | Lithium Urban Technologies Private Limited | 10.00 | 10.00 |
| | 5,819 (Previous year 5,819) equity shares of ₹ 10 each fully paid | | |
| | Munchner bank | 0.42 | 0.39 |
| | 100 (Previous year 100) equity shares of € 50 each fully paid up | | |
| | | 10.42 | 10.39 |
| | | **10.42** | **10.39** |

## 4 Loans

*(Unsecured, considered good with no significant increase in credit risk or credit impaired, unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Loans and advances to related parties (Refer note 38)** | | |
| Loan to Director | - | 5.25 |
| **Loans and advances to other than related parties** | | |
| Security deposits | **162.33** | 74.56 |
| Loan to employees | **1.37** | 5.19 |
| | **163.70** | **85.00** |

**Note:**

(i) Information about the Group's exposure to credit risk and market risk is disclosed in note 31.

## 5 Other financial assets

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Fixed deposits with banks | 10.15 | 15.64 |
| Interest accrued on fixed deposits | 1.95 | 1.39 |
| | **12.10** | **17.03** |

**Note:**

(i) Information about the Group's exposure to credit risk and foreign currency risk is disclosed in note 31.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 6 Deferred tax assets (net)

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Deferred tax assets** | | |
| - Provision for bad and doubtful debts and advances | 13.59 | 14.11 |
| - Provision for compensated absences | 19.08 | 33.59 |
| - Provision for gratuity | 34.16 | 18.40 |
| - Forward contracts designated as cash flow hedges | 30.33 | - |
| - Others | 58.46 | 11.39 |
| - MAT credit entitlement | 324.56 | 73.73 |
| | **480.18** | **151.22** |
| **Deferred tax liabilities** | | |
| - Excess of depreciation/amortisation on property, plant and equipment and other intangible assets under income-tax law over depreciation/amortisation provided in accounts | 92.14 | 96.40 |
| - Forward contracts designated as cash flow hedges | - | 9.64 |
| - Others | 0.76 | 1.06 |
| | **92.90** | **107.10** |
| **Net deferred tax asset** | **387.28** | **44.12** |

## 7 Other non-current assets

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Capital advances | 32.80 | 8.55 |
| Advance rentals | 39.23 | 16.35 |
| Others | 6.44 | 17.99 |
| | **78.47** | **42.89** |

## 8 Inventories (Refer note 45(9))

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

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Raw materials | 109.95 | 165.37 |
| Work-in-progress | 2.34 | 7.86 |
| Finished goods | 2.48 | 3.61 |
| Stores and spares | 0.50 | 3.10 |
| | **115.27** | **179.94** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 9 Current investments

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Investments in equity instruments of other entities measured at fair value through profit or loss (quoted)** | | |
| Shares of Birlasoft Limited (erstwhile KPIT Technologies Limited) held by KPIT Employee Welfare Trust | 82.24 | 487.06 |
| | **82.24** | **487.06** |

**Note:**

(i) The details of aggregate value of quoted investments are disclosed in note 31.

## 10 Trade receivables

*(Unsecured)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Trade receivables considered good | 4,486.77 | 5,920.04 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | 123.89 | 110.56 |
| | **4,610.66** | **6,030.60** |
| Less: Allowances for bad and doubtful trade receivables | 123.89 | 110.56 |
| | **4,486.77** | **5,920.04** |

**Note:**

(i) Information about the Group's exposure to credit risk and market risk is disclosed in note 31.

## 11 Cash and bank balances

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Cash and cash equivalents | | |
| Cash on hand | 0.29 | 0.02 |
| Balances with banks | | |
| - In current accounts | 2,382.31 | 2,008.70 |
| - In deposit accounts (with original maturity of 3 months or less) | 376.25 | - |
| | **2,758.85** | **2,008.72** |
| Other bank balances | 1,051.53 | 197.88 |
| | **3,810.38** | **2,206.60** |

**Note:**

(i) Information about the Group's exposure to credit risk, liquidity risk and market risk is disclosed in note 31.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 12 Loans

*(Unsecured, considered good with no significant increase in credit risk or credit impaired, unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Loans and advances to related parties (Refer note 38)** | | |
| Loan to Director | 5.25 | 6.55 |
| **Loans and advances to other than related parties** | | |
| **Other loans and advances** | | |
| Loan to employees | 4.19 | 5.65 |
| Security deposits | 69.46 | 113.56 |
| | **78.90** | **125.76** |

**Note:**

(i) Information about the Group's exposure to credit risk and market risk is disclosed in note 31.

## 13 Other current financial assets

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Interest accrued on fixed deposits | 3.81 | 2.27 |
| Forward contracts designated as cash flow hedges (Refer Note 31(3)) | - | 27.59 |
| Receivable from related parties (Refer note 38) | - | 2,145.76 |
| Receivable from other than related parties (Refer note 45(4)) | 430.71 | - |
| Other receivables | 3.55 | 1.25 |
| | **438.07** | **2,176.87** |

**Note:**

(i) Information about the Group's exposure to credit risk and market risk is disclosed in note 31.

## 14 Other current assets

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Advance to suppliers | 88.92 | 98.16 |
| Employee advances | | |
| Considered good | 74.69 | 108.12 |
| Considered doubtful | 10.77 | 6.55 |
| | **85.46** | **114.67** |
| Less: Provision for doubtful advances | 10.77 | 6.55 |
| | **74.69** | **108.12** |
| Balances with statutory authorities | 98.05 | 153.97 |
| Advance rentals | 11.49 | 6.02 |
| Contract assets (Refer note 43) | 78.54 | 121.29 |
| Others | 151.61 | 130.69 |
| | **503.30** | **618.25** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 15 Equity share capital

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Authorised:** | | |
| 300,000,000 (Previous year 300,000,000) equity shares of ₹ 10 each. | 3,000.00 | 3,000.00 |
| | **3,000.00** | **3,000.00** |
| **Issued subscribed and fully paid up:** | | |
| 268,879,735 (Previous year 268,502,435) equity shares of ₹ 10 each fully paid up | 2,688.80 | 2,685.02 |
| | **2,688.80** | **2,685.02** |

### 15.01 Dividend

The Company declares and pays dividends in Indian rupees.

**Cash dividends on equity shares declared and paid:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Final dividend for the year ended on 31 March 2019: ₹ 0.75 per share (Previous year ₹ Nil per share) | 201.38 | - |
| Dividend distribution tax on final dividend | 42.26 | - |
| Interim dividend for the year ended on 31 March 2020: ₹ 0.55 and ₹ 0.45 per share (Previous year ₹ Nil per share)* | 268.86 | - |
| Dividend distribution tax on interim dividends | 56.35 | - |
| Total dividend paid (including dividend distribution tax) | **568.85** | **-** |

**Two interim dividends, aggregating to ₹ 1.00 per equity share, paid during the current year has been considered as the final dividend for the financial year ended 31 March 2020.*

**15.02** 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.

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

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Number of shares | Amount in ₹ million | Number of shares | Amount in ₹ million |
| Equity shares outstanding at the beginning of the year | 268,502,435 | 2,685.02 | 100,000 | 1.00 |
| Add: Issue of share capital pursuant to demerger scheme (Refer note 45(3)) | - | - | 274,143,808 | 2,741.43 |
| Add : Shares issued on exercise of employee stock options | 377,300 | 3.78 | - | - |
| Less : Shares held by employee welfare trust | - | - | 5,641,373 | 56.41 |
| Less: Cancellation of shares pursuant to demerger scheme (Refer note 45(3)) | - | - | 100,000 | 1.00 |
| **Equity shares outstanding at the end of the year** | **268,879,735** | **2,688.80** | **268,502,435** | **2,685.02** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**15.04** The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each shareholder of equity shares is entitled to one vote per share.

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

| Name of the shareholders | Number of shares as at 31 March 2020 | % of shares held | Number of shares as at 31 March 2019 | % of shares held |
|---|---|---|---|---|
| Proficient Finstock LLP | 88,861,500 | 32.41% | 27,130,949 | 9.90% |
| Mr. Kishor Patil | 19,395,605 | 7.07% | 2,989,080 | 1.09% |
| National Engineering Industries Limited | - | 0.00% | 72,956,796 | 26.61% |

**15.06** Aggregate number of shares issued for consideration other than cash during the period of two years immediately preceding the reporting date-Nil [Previous year 268,502,435 equity shares of ₹ 10 each have been fully paid up, pursuant to scheme of demerger (Refer note 45(3))].

**15.07 Capital Management**

The Company's objective is to safeguard its ability to continue as a going concern and to maintain investor, creditor and market confidence and to maximize shareholder value. In order to fulfil its objective, the management of the Company monitors the return on capital as well as the level of dividends to ordinary shareholders.

## 16 Non-current borrowings

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Term loans** | | |
| - From banks (Secured) | | |
| External Commercial Borrowing (ECB) (Refer note (i)) | - | 344.96 |
| Other loan (Refer note (ii), (iii) and (iv) below) | 12.85 | 9.09 |
| - From other than banks (Refer note (v) below) | 16.88 | 16.88 |
| | **29.73** | **370.93** |

**Notes:**

(i) The ECB loan consists of loan secured by pari passu charge over the Company's Land and Building located at Plot No. 17, Rajiv Gandhi Infotech Park, Phase III, Hinjawadi. The term loan carries interest rate of 6 months LIBOR + 90 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each, with a moratorium of 1 year, upto March 2021. The principal amount of loan outstanding as at 31 March 2020 is USD 5 million.

(ii) During the previous year, other term loans from bank included a loan secured against fixed assets obtained under the loan arrangement. The loan carried interest upto 9.25% p.a. and is repaid during the year.

(iii) Other term loans from bank includes a loan secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 8.60% p.a. and is repayable in equated monthly installments of ₹ 0.15 million each upto July 2025.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

(iv) Other term loans from bank includes a loan secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 8.70 % p.a. and is repayable in equated monthly installments of ₹ 0.22 million each upto November 2023.

(v) Term loan from other than banks consist of unsecured loan, carrying interest rate of 3% p.a. The loan will be repaid upto October 2029.

(vi) Information about the Group's exposure to market risk and liquidity risk is disclosed in note 31.

## 17 Other non-current financial liabilities

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Other than trade payables | | |
| Purchase consideration payable | | |
| - MicroFuzzy Industrie-Elektronic GmbH | - | 38.07 |
| | **-** | **38.07** |

**Note:**

(i) Information about the Group's exposure to market risk and liquidity risk is disclosed in note 31.

## 18 Long term provisions

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Provision for employee benefits | | |
| - Compensated absences (Refer note (i) below) | 22.89 | 104.53 |
| - Gratuity (Refer note 35(2)) | 98.05 | 183.46 |
| Other provisions | | |
| - Provision for warranty (Refer note 42(1)) | - | 0.16 |
| | **120.94** | **288.15** |

**Note:**

(i) During the current year, the policy of compensated absences is amended for one of the subsidiaries, resulting in the compensated absences falling due within twelve months.

## 19 Deferred tax liabilities (net)

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Deferred tax liabilities** | | |
| - Excess of depreciation/amortisation on property, plant and equipment and other intangible assets under income-tax law over depreciation/amortisation provided in accounts | - | 0.66 |
| | **-** | **0.66** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 20 Current borrowings

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Loans repayable on demand | | |
| - From banks | | |
| Working capital loans from banks (secured)<br>(Refer note (i),(ii) and (iii) below) | 166.10 | 599.68 |
| | **166.10** | **599.68** |

**Notes:**

(i) During the previous year, the above loan included the loan of USD 6.5 million, secured by way of first charge by way of hypothecation of Company's entire book debts, both present and future, on pari passu basis, carrying an average interest rate upto 6 months LIBOR plus 1.95% p.a. This has been repaid in full during the current year.

(ii) During the previous year, the above loan included the loan of ₹ 150 million, secured by way of first charge by way of hypothecation of the Company's entire book debts, both present and future, on pari passu basis, carrying an interest rate of 8.55% p.a. This has been repaid in full during the current year.

(iii) The above loan includes the loan of EUR 2 million, secured by way of first charge by way of hypothecation of the Company's entire book debts, both present and future, on pari passu basis, carrying an interest rate of 3 months LIBOR plus 0.50% p.a.

(iv) Information about the Group's exposure to market risk and liquidity risk is disclosed in note 31.

## 21 Other current financial liabilities

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Current maturities of long term debt | | |
| - from banks (secured) | 379.80 | 349.54 |
| (Refer note 16 - Term loan from banks for details of security and repayment terms) | | |
| - from others | 3.62 | 3.06 |
| (Refer note 16 Term loan from other than banks for details of security and repayment terms) | | |
| - Current maturities of finance lease obligations | - | 0.09 |
| Other than trade payables : | | |
| Purchase consideration payable | | |
| - MicroFuzzy Industrie-Elektronic GmbH | 41.21 | 230.44 |
| Payable to Joint Venture (Refer note 38) | - | 0.89 |
| Accrued employee costs | 351.40 | 685.45 |
| Unclaimed dividend | 1.08 | - |
| Payables in respect of fixed assets | 34.64 | 75.52 |
| Forward contracts designated as cash flow hedges (Refer note 31(3)) | 86.79 | - |
| Payable to related parties (Refer note 38) | - | 1,761.39 |
| Payable to other than related parties (Refer note 45(4)) | 275.87 | - |
| Others | 42.51 | 95.65 |
| | **1,216.92** | **3,202.03** |

**Note:**

(i) Information about the Group's exposure to market risk and liquidity risk is disclosed in note 31.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 22 Other current liabilities

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Unearned revenue (Refer note 43) | 919.32 | 580.34 |
| Advances from customers | - | 138.41 |
| Statutory remittances | 618.62 | 480.38 |
| | **1,537.94** | **1,199.13** |

## 23 Short-term provisions

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Provision for employee benefits | | |
| - Compensated absences | 151.66 | 161.39 |
| - Gratuity (Refer note 35(2)) | 141.08 | 48.55 |
| Other provisions | | |
| - Provision for onerous contracts | 0.17 | - |
| - Provision for warranty (Refer note 42(1)) | 14.67 | 13.36 |
| | **307.58** | **223.30** |

## 24 Revenue from operations (Refer note 43)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **Software services** | 21,437.63 | 6,214.34 |
| **Sale of products** | | |
| Finished goods | 124.06 | 198.22 |
| | **21,561.69** | **6,412.56** |

## 25 Other income

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Interest income | 31.00 | 8.83 |
| Dividend income from current investments (Refer note i below) | 13.82 | 0.10 |
| Profit on sale of fixed assets (net) | - | 0.67 |
| Foreign exchange gain (net) | 223.93 | - |
| Net gain on investments carried at fair value through profit or loss (Refer note ii below) | - | 319.01 |
| Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income) | 14.42 | 26.79 |
| | **283.17** | **355.40** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**Notes :**

(i) This represents the dividend income of:

- ₹ 0.75 million (Previous year ₹ 0.10 million) from investment in mutual funds. These investments are sold at the end of the respective years.
- ₹ 13.07 million (Previous year ₹ Nil) on shares in Birlasoft Limited (erstwhile KPIT Technologies Limited), held by KPIT Employee Welfare Trust.

(ii) This represents the gain on fair valuation of shares in Birlasoft Limited (erstwhile KPIT Technologies Limited), held by KPIT Employee Welfare Trust.

## 26 Cost of materials consumed

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Inventory of materials at the beginning of the year | 165.37 | - |
| Add: Purchases | 78.59 | 280.91 |
| Less: Inventory written-off during the year (Refer note 45(9)) | 55.78 | - |
| Less: Inventory of materials at the end of the year | 109.95 | 165.37 |
| | **78.23** | **115.54** |

## 27 Changes in inventories of finished goods and work-in-progress

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **Finished goods** | | |
| Inventories at the beginning of the year | 3.61 | - |
| Inventories at the end of the year | 2.48 | 3.61 |
| | **1.13** | **(3.61)** |
| **Work-in-progress** | | |
| Inventories at the beginning of the year | 7.86 | - |
| Inventories at the end of the year | 2.34 | 7.86 |
| | 5.52 | (7.86) |
| | **6.65** | **(11.47)** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 28 Employee benefits expense

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Salaries, wages and incentives | 13,968.13 | 3,515.02 |
| Contribution to provident fund (Refer note 35(1)) | 187.85 | 38.06 |
| Share based compensation to employees (Refer note 36) | 48.38 | - |
| Staff welfare expenses | 82.92 | 14.43 |
| | **14,287.28** | **3,567.51** |

## 29 Finance costs

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Finance cost on lease liabilities (Refer note 39) | 90.74 | - |
| Other interest expense | 78.03 | 69.37 |
| Exchange differences to the extent considered as an adjustment to finance cost | 29.43 | - |
| | **198.20** | **69.37** |

## 30 Other expenses

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Travel and overseas expenses (net) | 542.95 | 185.37 |
| Transport and conveyance (net) | 139.37 | 35.75 |
| Cost of service delivery (net) | 129.21 | 713.95 |
| Cost of professional sub-contracting (net) | 1,652.66 | 276.92 |
| Recruitment and training expenses | 169.99 | 51.80 |
| Power and fuel | 87.36 | 19.03 |
| Rent (Refer note 39) | 129.19 | 99.24 |
| Repairs and maintenance | | |
| - buildings | 5.05 | 1.16 |
| - plant & equipment | 254.86 | 48.21 |
| - others | 51.20 | 6.83 |
| Insurance | 89.15 | 17.87 |
| Rates & taxes | 15.64 | 16.77 |
| Communication expenses (net) | 138.67 | 26.97 |
| Legal and professional fees | 291.20 | 77.01 |
| Marketing expenses | 81.19 | 19.37 |
| Loss on sale of fixed assets (net) | 1.11 | - |
| Printing & stationery | 11.39 | 1.32 |
| Foreign exchange loss (net) | - | 23.91 |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 30 Other expenses

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Auditors remuneration (net of taxes) | | |
| - Audit fees (Refer note (ii) below) | 5.20 | 1.50 |
| - Limited review of quarterly results | 1.80 | - |
| - Fees for other services | 1.71 | - |
| - Out of pocket expenses reimbursed | 0.20 | - |
| Bad debts written off | 11.45 | 230.31 |
| Provision for doubtful debts and advances (net) | (23.58) | (205.45) |
| Contributions towards corporate social responsibility (Refer note 45(8)) | 18.41 | 1.35 |
| Net loss in fair value of investments carried at fair value through profit or loss | 56.92 | - |
| Miscellaneous expenses (net) | 430.54 | 175.22 |
| | **4,292.84** | **1,824.41** |

**Note**

(i) Certain expenses are net of recoveries/reimbursements from customers.

(ii) Previous year's audit fees exclude ₹ 4 million for audit of financial statements for the purpose of listing.

## 31 Financial Instruments

### 31.1 Financial Instruments by category

The carrying value and fair value of financial instruments by categories as on 31 March 2020 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss (FVTPL) | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| **Financial assets** | | | | | | | |
| Investments | - | - | 92.66 | - | - | 92.66 | 92.66 |
| Trade receivables | 4,486.77 | - | - | - | - | 4,486.77 | 4,486.77 |
| Cash and cash equivalents | 2,758.85 | - | - | - | - | 2,758.85 | 2,758.85 |
| Other balances with banks | 1,051.53 | - | - | - | - | 1,051.53 | 1,051.53 |
| Loans | 242.60 | - | - | - | - | 242.60 | 242.60 |
| Unbilled revenue | 617.11 | - | - | - | - | 617.11 | 617.11 |
| Other financial assets | 450.17 | - | - | - | - | 450.17 | 450.17 |
| **Total financial assets** | **9,607.03** | **-** | **92.66** | **-** | **-** | **9,699.69** | **9,699.69** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Borrowings | 195.83 | - | - | - | - | 195.83 | 195.83 |
| Trade payables | 846.74 | - | - | - | - | 846.74 | 846.74 |
| Lease liabilities | 1,457.46 | - | - | - | - | 1,457.46 | 1,457.46 |
| Other financial liabilities | 1,088.92 | - | 41.21 | - | 86.79 | 1,216.92 | 1,216.92 |
| **Total financial liabilities** | **3,588.95** | **-** | **41.21** | **-** | **86.79** | **3,716.95** | **3,716.95** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The carrying value and fair value of financial instruments by categories as on 31 March 2019 were as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss (FVTPL) | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| **Financial assets** | | | | | | | |
| Investments | - | - | 497.45 | - | - | 497.45 | 497.45 |
| Trade receivables | 5,920.04 | - | - | - | - | 5,920.04 | 5,920.04 |
| Cash and cash equivalents | 2,008.72 | - | - | - | - | 2,008.72 | 2,008.72 |
| Other balances with banks | 197.88 | - | - | - | - | 197.88 | 197.88 |
| Loans | 210.76 | - | - | - | - | 210.76 | 210.76 |
| Unbilled revenue | 586.54 | - | - | - | - | 586.54 | 586.54 |
| Derivative financial assets | - | - | - | - | 27.59 | 27.59 | 27.59 |
| Other financial assets | 2,166.31 | - | - | - | - | 2,166.31 | 2,166.31 |
| **Total financial assets** | **11,090.25** | **-** | **497.45** | **-** | **27.59** | **11,615.29** | **11,615.29** |
| **Financial liabilities** | | | | | | | |
| Borrowings | 970.61 | - | - | - | - | 970.61 | 927.42 |
| Trade payables | 1,027.44 | - | - | - | - | 1,027.44 | 1,027.44 |
| Other financial liabilities | 2,971.59 | - | 268.51 | - | - | 3,240.10 | 3,240.10 |
| **Total financial liabilities** | **4,969.64** | **-** | **268.51** | **-** | **-** | **5,238.15** | **5,194.96** |

### 31.2 Fair value hierarchy

Financial assets and liabilities include investments, cash and cash equivalents, other balances with banks, trade receivables, loans, unbilled revenue, other financial assets, trade payables and other financial liabilities, whose fair values approximate their carrying amounts largely due to the short term nature of such assets and liabilities. Fair value of lease liabilities approximate its carrying amount, as lease liabilities are valued using discounted cash flow method. Except for the quoted investment, which is Level 1, rest of the financial assets and financial liabilities are classified as Level 2 or Level 3.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The following table presents fair value hierarchy of financial assets and liabilities as on 31 March 2020:

| Particulars | As at 31 March 2020 | Fair value measurement | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investment in Lithium Urban Technologies Private Limited | 10.00 | - | - | 10.00 |
| Investment in equity instruments of other entities | 0.42 | - | - | 0.42 |
| Investment in Birlasoft Limited | 82.24 | 82.24 | - | - |
| Deferred consideration payable | 41.21 | - | - | 41.21 |
| Forward contracts designated as cash flow hedge (liability) | 86.79 | - | 86.79 | - |
| Borrowings | 195.83 | - | 195.83 | - |

The following table presents fair value hierarchy of assets and liabilities as on 31 March 2019:

| Particulars | As at 31 March 2019 | Fair value measurement | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investment in Lithium Urban Technologies Private Limited | 10.00 | - | - | 10.00 |
| Investment in equity instruments of other entities | 0.39 | - | - | 0.39 |
| Investment in Birlasoft Limited | 487.06 | 487.06 | - | - |
| Deferred consideration payable | 268.51 | - | - | 268.51 |
| Forward contracts designated as cash flow hedge (asset) | 27.59 | - | 27.59 | - |
| Borrowings | 927.42 | - | 927.42 | - |

**Reconciliation of fair value measurement for Level 3:**

| | Particulars | Carrying amount | |
|---|---|---|---|
| | | 31 March 2020 | 31 March 2019 |
| **i)** | **Unquoted investment in equity instruments classified as FVTPL (Level 3)** | | |
| | Balance at the beginning of the year | 10.39 | - |
| | Additions pursuant to the scheme of demerger (Refer note 45(3)) | - | 10.40 |
| | Exchange gain/(loss) | 0.03 | (0.01) |
| | **Balance at the end of the year** | **10.42** | **10.39** |
| **ii)** | **Deferred consideration payable classified as FVTPL (Level 3)** | | |
| | Balance at the beginning of the year | 268.51 | - |
| | Additions pursuant to the scheme of demerger (Refer note 45(3)) | - | 294.51 |
| | Additions | 56.70 | - |
| | Finance costs recognised in the Statement of Profit and Loss | 3.21 | 1.09 |
| | Paid during the year | (309.94) | (27.09) |
| | Exchange gain/(loss) | 22.73 | - |
| | **Balance at the end of the year** | **41.21** | **268.51** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**Valuation technique and significant unobservable inputs:**

**Level 2:**

(i) Derivative financial assets are valued based on inputs that are directly or indirectly observable in the market.

(ii) Borrowings are valued using the discounted cash flow method, the expected net cash flows are discounted using the cost of borrowing that are directly or indirectly observable in the market.

**Level 3:**

| Valuation techniques | Significant unobservable inputs |
|---|---|
| The valuation of deferred consideration and equity shares in Lithium Urban Technologies Private Limited consider the present value of expected cash flows, discounted using a risk adjusted discount rate. The expected payment is determined by considering the possible scenarios of profit before tax, the amount to be paid under each scenario and the probability of each scenario. | - Risk adjusted discount rate for respective economies (1.29%)<br>- Probability assigned to each scenario of profit before tax |

Significant increase in discount rates and spreads above risk free rate, in isolation would result in lower fair values.

## 31.3 Financial risk management

The Board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group’s risk management policies. The Group has exposure to the following risks arising from financial instruments :

### a. Credit risk

Credit risk is the risk of financial losses to the Group if a customer or counterparty to financial instruments fails to discharge its contractual obligations and arises primarily from the Group’s receivables from customers amounting to ₹ 4,486.77 million and ₹ 5,920.04 million , unbilled revenue amounting to ₹ 617.11 million and ₹ 586.54 million and other current financial assets pertaining to receivable from related and other than related parties amounting to ₹ 430.71 million and ₹ 2,145.76 million as on 31 March 2020 and 31 March 2019 respectively. To manage this, the Group periodically assesses the key accounts receivable balances. As per Ind-AS 109 : Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain.

#### i. Trade receivables

The management has established accounts receivable policy under which customer accounts are regularly monitored. The Group has a dedicated sales team at each geography which is responsible for collecting dues from the customer within stipulated period. The management reviews status of critical accounts on a regular basis.

Refer note 44B for the impact of COVID-19 (Global pandemic).

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**ii. Impairment**

Movement in the allowance for impairment in respect of trade and other receivables

| Particulars | Amount (₹ million) |
|---|---|
| **Balance as on 1 April 2018** | - |
| Transfer pursuant to scheme of demerger | 321.13 |
| Impairment relating to entities jointly controlled by the Group | (38.06) |
| Reversal of impairment on account of collection | **(33.06)** |
| Utilisation of allowance | (134.17) |
| Foreign exchange translation | (5.28) |
| **Balance as on 31 March 2019** | **110.56** |
| Reversal of impairment on account of collection | (79.56) |
| Utilisation of allowance | **(7.57)** |
| Impairment during the year | 96.85 |
| Foreign exchange translation | 3.61 |
| **Balance as on 31 March 2020** | **123.89** |

Trade receivables that were not impaired (Ageing as per the due date of invoice raised in demerged undertaking and/or in the Company)

| Particulars | Carrying amount | |
|---|---|---|
| | 31 March 2020 | 31 March 2019 |
| Neither past due nor impaired | 3,172.79 | 4,597.87 |
| Past due 1- 30 days | 625.78 | 753.44 |
| Past due 31 - 90 days | 291.11 | 237.52 |
| Past due 91 - 180 days | 174.42 | 182.12 |
| More than 180 days | 222.67 | 149.09 |

Unbilled revenue is not outstanding for more than 90 days.

**iii. Cash and bank balances**

The Group held cash and bank balances of ₹ 3,810.38 million and ₹ 2,206.60 million as on 31 March 2020 and 31 March 2019 respectively. The cash and bank balances are held with banks which have high credit ratings assigned by international credit rating agencies.

**iv. Other current financial assets**

The Group is exposed to credit risk on receivable from related and other than related parties amounting to ₹ 430.71 million (Previous year ₹ 2,145.76 million). The counterparty has a high credit rating of A+ for short term by ICRA.

**v. Guarantees**

The Group's policy is to provide financial guarantees in routine course of business and on behalf of subsidiaries/joint ventures. The Group has issued the guarantee to certain financial institution in respect of credit facility granted to its joint venture. During the previous year, guarantee issued to the joint venture has been entirely provided for (Refer note 45(9)).

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## b. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has a view of maintaining liquidity and to take minimum possible risk while making investments. In order to maintain liquidity, the Group invests its excess funds in short term liquid assets like liquid mutual funds. The Group monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

**The liquidity position at each reporting date is given below:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Cash and cash equivalents | 2,758.85 | 2,008.72 |
| Other balances with banks | 1,051.53 | 197.88 |
| Fixed deposits with banks (non-current portion) including interest accrued | 15.91 | 19.30 |
| **Total** | **3,826.29** | **2,225.90** |

**The following are the remaining contractual maturities of financial liabilities as on 31 March 2020:**

| Particulars | Carrying value | Gross cash outflow | Upto 1 year | 2-3 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|
| Borrowings | 195.83 | 215.02 | 179.30 | 15.03 | 9.87 | 10.82 |
| Trade payables | 846.74 | 846.74 | 846.74 | - | - | - |
| Other financial liabilities | 1,216.92 | 1,216.92 | 1,216.92 | - | - | - |

*Refer note 39 for the contractual maturities of lease liabilities.

**The following are the remaining contractual maturities of financial liabilities as on 31 March 2019:**

| Particulars | Carrying value | Gross cash outflow | Upto 1 year | 2-3 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|
| Borrowings | 970.61 | 1,012.98 | 626.46 | 365.82 | 8.36 | 12.34 |
| Trade payables | 1,027.44 | 1,027.44 | 1,027.44 | - | - | - |
| Other financial liabilities | 3,240.10 | 3,240.88 | 3,202.03 | 38.85 | - | - |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

c. **Market risk**

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. **Foreign currency risk**

Significant portion of the Group's revenues are in foreign currencies, while a significant portion of the costs are in Indian rupee i.e. functional currency of the Group. The foreign currencies to which the Group is majorly exposed to are US Dollars, Euros and Pound Sterling.

The Group evaluates net exchange rate exposure based on current revenue projections and expected volatility in the market and covers its exposure up to 75% on net basis. For this purpose the Group uses foreign currency derivative instruments such as forward covers to mitigate the risk. The counterparty to these derivative instruments is a bank. The Group has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of highly probable forecasted cash flows.

**Exposure to Currency Risk**

The below figures are INR equivalent amounts of foreign currency.

The following is the Group's exposure to currency risk from financial instruments as of 31 March 2020:

| Particulars | US Dollars | Euros | Pound Sterling | Other currencies | Total |
|---|---|---|---|---|---|
| Other financial assets | 10.07 | 43.11 | - | - | 53.18 |
| Unbilled revenue | - | - | - | 0.27 | 0.27 |
| Borrowings | (376.58) | (166.10) | - | - | (542.68) |
| Trade payables | (9.76) | (6.29) | (0.22) | (0.14) | (16.41) |
| Other financial liabilities | (11.21) | (0.31) | - | (42.42) | (53.94) |
| **Net assets/(liabilities)** | **(387.48)** | **(129.59)** | **(0.22)** | **(42.29)** | **(559.58)** |

The following is the Group's exposure to currency risk from financial instruments as of 31 March 2019:

| Particulars | US Dollars | Euros | Pound Sterling | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables | 18.15 | - | - | - | 18.15 |
| Other financial assets (including loan) | 837.02 | 404.62 | 320.11 | 106.09 | 1,667.84 |
| Borrowings | (1,139.97) | - | - | - | (1,139.97) |
| Trade payables | (28.59) | (18.61) | (1.96) | (1.81) | (50.97) |
| Other financial liabilities | (5.82) | (6.80) | - | (12.90) | (25.52) |
| **Net assets/(liabilities)** | **(319.21)** | **379.21** | **318.15** | **91.38** | **469.53** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The above figures exclude amounts in local currency of foreign subsidiaries.

For the period ended 31 March 2020, every 1% appreciation / depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately (0.19)% / 0.19%.

For the period ended 31 March 2019, every 1% appreciation / depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 0.50% / (0.50)%.

**ii. Derivative assets and liabilities designated as 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 (sales orders) and highly probable forecast transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Refer note 44B for the impact of COVID-19 (Global pandemic).

The following are the outstanding EUR/USD/JPY/GBP: INR Currency Exchange Contracts entered into by the Group which has been designated as Cash Flow Hedges:

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | Foreign Currency (million) | ₹ (million) | Foreign Currency (million) | ₹ (million) |
| EUR | 6.00 | 498.30 | 0.80 | 62.16 |
| USD | 19.55 | 1,473.79 | 8.95 | 619.08 |
| JPY | 700.00 | 487.55 | - | - |
| GBP | 5.15 | 479.34 | 0.30 | 27.14 |

The forward contracts have maturity between 30 days to 6 months from 31 March 2020.

The movement in the hedging reserve for derivatives, which have been designated as Cash Flow Hedges, is as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 17.95 | - |
| Additions pursuant to scheme of demerger | - | 9.75 |
| Gains/(losses) on changes in fair value of foreign exchange contracts recognised in other comprehensive income | (86.79) | 12.59 |
| Deferred tax on fair value of effective portion of cash flow hedges | 39.97 | (4.39) |
| Amounts reclassified to the statement of profit and loss | (27.59) | - |
| **Balance at the end of the year** | **(56.46)** | **17.95** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**iii. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and bank deposits. The interest rate profile of the Group's interest-bearing financial instruments is as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 467.20 | 236.16 |
| Financial liabilities | 36.57 | 632.95 |
| **Variable rate instruments** | | |
| Financial liabilities | 542.68 | 690.35 |

A change of 50 basis points in interest rates at the reporting date would have increased or decreased finance costs by ₹ 2.72 million.

## 32 Segment information

KPIT Technologies Limited (erstwhile KPIT Engineering Limited) provides embedded software for the Automobile and Mobility Industry. The customers in these verticals are located at US / Europe / APAC region. To enable the Company to serve their specific needs the Company has set up legal entities in the respective geographies. The business is structured in such a way that predominantly customer front ending and bidding process is carried out by these legal entities.

The Group thus drives business mainly through its subsidiaries. While management reviews performance for above verticals, they also review the risks and rewards in each geography. The risk and rewards of the company is directly affected by geographical location of its customers (i.e. place where its services are rendered). Decisions such as pricing, allocation of resources, allocation of assets etc. are taken based on opportunities in the respective geography. Since costs are incurred and accounted as per subsidiary set up and manpower skill sets are interchangeable bottom line performance is reviewed with Geography as primary indicator being dominant source of risk and return.

**A) 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.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| | | 31 March 2020 | | | | 31 March 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Americas | UK & Europe | Rest of World | Total | Americas | UK & Europe | Rest of World | Total |
| | | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million |
| a) | **Segment revenue** | | | | | | | | |
| | Revenue from external customers | 8,917.46 | 8,856.28 | 10,539.83 | 28,313.57 | 3,406.52 | 1,755.55 | 2,752.64 | 7,914.71 |
| | Less: inter segment revenue | 18.83 | 468.35 | 6,264.70 | 6,751.88 | 4.10 | 69.95 | 1,428.10 | 1,502.15 |
| | Total segment revenue | 8,898.63 | 8,387.93 | 4,275.13 | 21,561.69 | 3,402.42 | 1,685.60 | 1,324.54 | 6,412.56 |
| | | | | | | | | | |
| b) | **Segment results** | 2,521.54 | 329.99 | 1,354.71 | 4,206.24 | 827.01 | (80.55) | 583.20 | 1,329.66 |
| | Unallocated corporate expenses (net) | | | | (2,094.76) | | | | (573.37) |
| | Interest income | | | | 31.00 | | | | 8.83 |
| | Finance cost | | | | (198.20) | | | | (69.37) |
| | Dividend income | | | | 13.82 | | | | 0.10 |
| | Gain/(loss) on investments carried at fair value through profit or loss | | | | (56.92) | | | | 319.01 |
| | Exceptional items | | | | (95.09) | | | | (342.91) |
| | Profit before share of equity accounted investees and tax | | | | 1,806.09 | | | | 671.95 |
| | Share of profit/(loss) of equity accounted investees (net of tax) | | | | - | | | | - |
| | Profit before tax | | | | 1,806.09 | | | | 671.95 |
| | Current tax | | | | (617.63) | | | | (168.55) |
| | Deferred tax benefit/(charge) | | | | 279.29 | | | | 46.80 |
| | Profit after tax | | | | 1,467.75 | | | | 550.20 |
| c) | **Allocated segment assets** | 1,523.32 | 2,278.51 | 1,382.06 | 5,183.89 | 2,413.79 | 2,885.68 | 1,328.40 | 6,627.87 |
| | Unallocated segment assets* | | | | 2,700.62 | | | | 3,260.55 |
| | Unallocated corporate assets | | | | 8,466.11 | | | | 6,853.13 |
| | Total assets | | | | 16,350.62 | | | | 16,741.55 |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| | | 31 March 2020 | | | | 31 March 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Americas | UK & Europe | Rest of World | Total | Americas | UK & Europe | Rest of World | Total |
| | | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million | ₹ million |
| d) | **Allocated segment liabilities** | 287.93 | 280.62 | 350.77 | 919.32 | 244.94 | 117.86 | 355.95 | 718.75 |
| | Unallocated segment liabilities* | | | | 4,730.19 | | | | 5,417.53 |
| | Unallocated corporate liabilities | | | | 195.83 | | | | 970.61 |
| | Total liabilities | | | | 5,845.34 | | | | 7,106.89 |
| | | | | | | | | | |
| e) | **Cost incurred during the period to acquire segment non-current assets #** | - | - | - | - | - | - | - | - |
| | | | | | | | | | |
| f) | **Depreciation / Amortisation #** | | | | 1,080.48 | | | | 187.74 |
| | | | | | | | | | |
| g) | **Non cash expenses other than depreciation / amortisation #** | | | | - | | | | - |

* Segment assets other than trade receivables, unbilled revenue and contract assets and segment liabilities other than unearned revenue and advance to customers used in the Company's business are not identified to any reportable segments, as these are used interchangeably between segments.

\# The cost incurred during the year to acquire segment fixed assets, depreciation / amortisation and non-cash expenses are not attributable to any reportable segment.

**B) Major customer**

Revenue from one customer, ₹ 3,388.62 million (Previous year ₹ 689.82 million), individually accounts for more than 10% of the Group's revenue.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 33 Disclosure relating to entities considered in the consolidated financial statements for the year ended on 31 March 2020:

| Sr. No. | Name of entity | Net assets i.e. total assets minus total liabilities | | Share in profit or (loss) | | Share in other comprehensive income (OCI) | | Share in total comprehensive income (TCI) | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount (₹ million) | As % of consolidated profit or (loss) | Amount (₹ million) | As % of consolidated OCI | Amount (₹ million) | As % of consolidated TCI | Amount (₹ million) |
| **A** | **Parent Company:** | | | | | | | | |
| | KPIT Technologies Limited | 97.55% | 10,247.40 | 121.58% | 1,784.47 | -59.73% | (97.21) | 103.48% | 1,687.26 |
| | **(A)** | | **10,247.40** | | **1,784.47** | | **(97.21)** | | **1,687.26** |
| **B** | **Subsidiaries:** | | | | | | | | |
| **I** | **Indian:** | | | | | | | | |
| | Impact Automotive Solutions Limited | 3.60% | 378.10 | 7.04% | 103.35 | 0.16% | 0.26 | 6.35% | 103.61 |
| **II** | **Foreign:** | | | | | | | | |
| 1 | KPIT Technologies (UK) Limited | 20.26% | 2,127.98 | 0.18% | 2.65 | -0.63% | (1.02) | 0.10% | 1.63 |
| 2 | KPIT Technologies Inc | 10.90% | 1,145.41 | 6.57% | 96.44 | 4.52% | 7.35 | 6.37% | 103.79 |
| 3 | KPIT Technologies Holding Inc. | 12.20% | 1,281.42 | -0.01% | (0.13) | -0.01% | (0.01) | -0.01% | (0.14) |
| 4 | KPIT (Shanghai) Software Technology Co. Limited, China | 1.20% | 125.80 | 2.35% | 34.44 | 1.04% | 1.69 | 2.22% | 36.13 |
| 5 | KPIT Technologies Netherlands B.V | 1.51% | 158.94 | 2.14% | 31.47 | 1.04% | 1.69 | 2.03% | 33.16 |
| 6 | KPIT Technologies GK, Japan | 2.02% | 212.27 | 4.74% | 69.52 | 2.82% | 4.59 | 4.55% | 74.11 |
| 7 | KPIT Technologies GmbH, Germany | 9.10% | 955.70 | -46.02% | (675.39) | -24.49% | (39.86) | -43.87% | (715.25) |
| 8 | KPIT Technologies Pte Ltd. | 0.19% | 19.53 | -0.60% | (8.79) | -0.20% | (0.32) | -0.56% | (9.11) |
| 9 | MicroFuzzy KPIT TECNOLOGIA LTDA, Brazil | 0.10% | 10.44 | -0.11% | (1.56) | 0.11% | 0.18 | -0.08% | (1.38) |
| 10 | MicroFuzzy Industrie-Elektronic GmbH | 3.28% | 344.22 | 1.03% | 15.14 | 2.07% | 3.37 | 1.14% | 18.51 |
| 11 | ThaiGerTec Co. Ltd. | 0.75% | 79.14 | 1.43% | 20.98 | 0.06% | 0.09 | 1.29% | 21.07 |
| | **(B)** | | **6,838.95** | | **(311.88)** | | **(21.99)** | | **(333.87)** |
| **C** | **Joint Venture:** | | | | | | | | |
| | Yantra Digital Services Private Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| | **(C)** | | **-** | | **-** | | **-** | | **-** |
| **D** | **Non-Controlling Interest** | **0.34%** | **35.71** | **0.13%** | **1.85** | **1.41%** | **2.29** | **0.25%** | **4.14** |
| **E** | **Consolidation adjustments including intercompany eliminations** | -62.99% | (6,616.78) | -0.46% | (6.69) | 171.84% | 279.65 | 16.74% | 272.96 |
| **F** | **Total (A+B+C+D+E)** | | **10,505.28** | | **1,467.75** | | **162.74** | | **1,630.49** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 34 Other equity

### (i) Capital reserve

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve. It also includes any surplus or shortfall on account of:

- merger / demerger within common control (Refer note 45(3))
- purchase of stake in minority share holder (Refer note 45(1))
- gain from a bargain purchase (Refer note 45(7))

This reserve is not available for distribution of dividend.

### (ii) General reserve

During the previous year, general reserve amounting to ₹ (113.92) million is transferred to the Company on account of composite scheme of arrangement - demerger scheme (Refer note 45(3)). The reserve pertains to general reserve amounting to ₹ (148.30) million of the subsidiary company and ₹ 34.38 million of the parent company. The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

### (iii) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

### (iv) Share based payment reserve

Share based payment reserve is used to record the fair value of equity-settled share-based payment transactions with employees. Refer note 36 for the details of employee stock options and share purchase schemes.

## 35 Details of employee benefits as required by Ind-AS 19 - "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 ₹ 187.85 million (Previous year ₹ 38.06 million)

### 2 Defined benefit plan

i) The defined benefit plan comprises gratuity, which is funded (Previous year unfunded).

ii) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).

iii) Return on plan assets, excluding interest income are recognized in the Other Comprehensive Income (OCI).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. 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.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

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

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the period | 232.02 | - |
| Current service cost | 37.04 | 6.32 |
| Interest cost | 16.40 | 3.77 |
| Liability transferred on account of demerger (Refer note 45(3)) | - | 199.80 |
| Liability transferred in / Acquisitions | 4.64 | - |
| Liability transferred out / Divestments | (2.03) | - |
| Actuarial loss / (Gain) recognised in other comprehensive income | | |
| a) changes in demographic assumptions | 0.10 | 0.39 |
| b) changes in financial assumptions | 8.36 | 0.04 |
| c) experience adjustments | 21.88 | 24.62 |
| Benefits paid | (19.49) | (2.92) |
| Present value of defined benefit obligation at the end of the period | 298.92 | 232.02 |

**Changes in the fair value of the plan assets representing reconciliation of opening and closing balances thereof are as follows :**

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Fair value of plan assets at the beginning of the period | - | - |
| Interest Income | 1.02 | - |
| Contributions by the group | 57.53 | - |
| Return on plan assets, excluding interest income | 1.24 | - |
| Fair value of plan assets at the end of the period | 59.79 | - |

| Amount recognised in the Balance Sheet | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Present value of obligation as at the end of the period | **298.92** | 232.02 |
| Fair value of plan assets at the end of the period | **59.79** | - |
| Funded status ((surplus)/deficit) | **239.13** | - |
| Net (asset) / liability recognized in the Balance Sheet | **239.13** | 232.02 |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| Expenses recognised in the Statement of Profit and Loss | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Current service cost | 37.04 | 6.32 |
| Interest cost net of interest income on plan assets | 15.38 | 3.77 |
| Expenses recognised in the Statement of Profit and Loss | 52.42 | 10.09 |

| Expenses recognised in the Other Comprehensive Income (OCI) | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Actuarial loss / (gain) | 30.34 | 25.05 |
| Return on plan assets, excluding interest income | 1.24 | - |
| Net (income) / expense recognised in the OCI | 29.10 | 25.05 |

| Category of assets | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Insurance fund | 59.79 | - |

| Actuarial Assumptions: | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **For Impact Automotive Solutions Limited** | | |
| Discount rate | 6.24% | 7.07% |
| Salary escalation | 5.00% | 5.00% |
| Attrition Rate | 15.00% | 17.00% |
| **For KPIT Technologies Limited** | | |
| Expected return on plan assets | 6.43% | 7.07% |
| Discount rate | 6.43% | 7.07% |
| Salary escalation | 5.00% | 5.00% |
| Attrition Rate | 15.00% | 17.00% |

a. The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

b. Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c. Assumptions regarding future mortality rates are the rates as given under Indian Assured Lives Mortality (2006-08) Ultimate.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Projected benefit obligation on current assumptions | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | Defined benefit obligation | | Defined benefit obligation | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (12.81) | 14.21 | (8.52) | 9.34 |
| Future salary growth (1% movement) | 14.27 | (13.09) | 9.44 | (8.76) |
| Attrition rate (1% movement) | (0.48) | 0.38 | (0.12) | 0.04 |

**Maturity profile of defined benefit plan**

| Projected benefits payable in future years from the date of reporting | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Within 1 year | 55.35 | 48.55 |
| 1-2 year | 36.68 | 31.67 |
| 2-3 year | 44.87 | 31.05 |
| 3-4 year | 31.50 | 36.13 |
| 4-5 year | 30.37 | 24.26 |
| 5-10 years | 112.17 | 82.93 |
| Thereafter | 116.37 | 69.86 |

Weighted average assumptions used to determine net periodic benefit cost

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **For Impact Automotive Solutions Limited** | | |
| Number of active members | 24 | 43 |
| Per month salary cost for all active members (₹ million) | 0.58 | 0.82 |
| Weighted average duration of the projected benefit obligation (years) | 6.00 | 6.00 |
| Average expected future service (years) | 5.00 | 5.00 |
| Projected benefit obligation (PBO) | 1.70 | 1.74 |
| **For KPIT Technologies Limited** | | |
| Number of active members | 6,179 | 5,793 |
| Per month salary cost for all active members (₹ million) | 140.83 | 117.43 |
| Weighted average duration of the projected benefit obligation (years) | 6.00 | 5.00 |
| Average expected future service (years) | 6.00 | 5.00 |
| Projected benefit obligation (PBO) | 297.22 | 230.27 |
| Prescribed contribution for next year (12 months) | 140.83 | - |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

## 36 Share based payments

### 1 Employee Stock Option Scheme - 2019

In accordance with the terms of the approved Composite Scheme (Refer note 42(1)), the Company has issued the stock options to the employees holding options of the Transferee Company as at the appointed date. The options issued consist of:

i. 1,807,450 options of the Transferee Company ("Birlasoft options"), equivalent to the number of options outstanding as at the appointed date;

ii. 1,807,450 options of the Resulting Company ("KPIT options"), in the ratio of 1:1 for every outstanding stock options held by the employees in the Transferee Company.

The Board of Directors of the Company approved the Employees Stock Option Scheme at their meeting on 15 May 2019. Pursuant to this approval, the Company instituted ESOS 2019 in May 2019. The compensation committee of the Company administers this Plan. Each type of option carries with it the right to purchase one equity share of the Demerged Company or the Resulting Company as the case may be. In terms of clause 18.5 of the Composite Scheme, the stock options have been granted at an exercise price which is the pre-demerger exercise price suitably adjusted in the manner of share exchange ratio. Further, as per the Composite Scheme, the Company has taken into account the vesting period completed, under the plan in the Demerged Company, prior to the grant of options to the employee under the ESOS 2019. The maximum exercise period is 5 years from the date of vesting.

The outstanding stock options held by employees of the Demerged Company as at 31 March 2020 are 697,950 and 723,250 of Birlasoft options and KPIT options respectively. The employee compensation cost for such employees is not eligible for recognition in the books of the Company.

The number of outstanding Birlasoft options held by employees of the Company as at 31 March 2020 are 600,405. The Group recorded an employee compensation cost of ₹ 1.04 million in this respect in the Statement of Profit and Loss.

**Below are the details pertaining to the KPIT options held by employees of the Company:**

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year:

| Particulars | FY 2019-20 | |
|---|---|---|
| | No. of options | Weighted average exercise price |
| Options issued pursuant to the scheme of demerger | 856,800 | 42.73 |
| Options granted during the year | - | - |
| Forfeited / surrendered during the year | 1,695 | 44.96 |
| Exercised during the year | 250,500 | 39.20 |
| Lapsed during the year | 6,400 | 35.90 |
| Options outstanding at the end of the year | 598,205 | 44.28 |
| Options exercisable at the end of the year | 578,205 | 43.84 |

The weighted average share price of the options exercised under Employees Stock Option Scheme -2019 on the date of exercise during the year was ₹ 95.01

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The weighted average remaining contractual life are as follows:

| Range of Exercise Price | FY 2019-20 | |
|---|---|---|
| | Weighted average contractual life (years) | No. of options outstanding |
| ₹ 0 to ₹ 50 | 2.45 | 563,205 |
| ₹ 50 to ₹ 100 | 4.64 | 35,000 |
| ₹ 100 to ₹ 150 | NA | NIL |
| ₹ 150 to ₹ 200 | NA | NIL |

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model.

The Group recorded an employee compensation cost of ₹ 0.56 million in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

**2 Employee Stock Option Scheme – 2019A**

The Board of Directors and the shareholders of the Company approved another Employee Stock Option Scheme at their meeting on 17 June 2019 and on 23 July 2019, respectively. Pursuant to this approval, the Company instituted ESOS 2019A in July 2019. 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 approved under this scheme are 3,793,923. The options have been granted to employees of the Company and its subsidiaries at an exercise price equivalent to the fair market price of the Company's share as on the date of grant of options. The options would vest not earlier than statutory minimum vesting period of 1 year and up to the maximum period of 4 years from the date of grant of options or such period as may be decided by the Committee at the time of each grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Committee, subject to the minimum vesting period of 1 year from the date of grant of options. The maximum exercise period is 5 years from the date of vesting.

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year

| Particulars | FY 2019-20 | |
|---|---|---|
| | No. of options | Weighted average exercise price |
| Options granted during the year | 3,456,500 | 85.05 |
| Forfeited / surrendered during the year | 201,500 | 85.05 |
| Exercised during the year | - | - |
| Lapsed during the year | - | - |
| Options outstanding at the end of the year | 3,255,000 | 85.05 |
| Options exercisable at the end of the year | - | - |

As at 31 March 2020, all the options under Employee Stock Option Scheme – 2019A are unvested. Hence, during the year there are no exercisable options under the said scheme.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The weighted average remaining contractual life are as follows:

| Range of Exercise Price | FY 2019-20 | |
|---|---|---|
| | Weighted average contractual life (years) | No. of options outstanding |
| ₹ 0 to ₹ 50 | NIL | NIL |
| ₹ 50 to ₹ 100 | 6.42 | 3,255,000 |
| ₹ 100 to ₹ 150 | NIL | NIL |
| ₹ 150 to ₹ 200 | NIL | NIL |

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

| Particulars | FY 2019-20 |
|---|---|
| 1. Exercise price (₹) | 85.05 |
| 2. Price of the underlying share in market at the time of the option grant (₹) | 85.05 |
| 3. Weighted average fair value of options granted (₹) | 36.69 |
| 4. Expected life of the option (years) | 3.76 |
| 5. Risk free interest rate (%) | 6.23 |
| 6. Expected volatility (%) | 48.02 |
| 7. Dividend yield (%) | 0.00 |

The Group recorded an employee compensation cost of ₹ 44.82 million in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

**3 Employee Share Purchase Scheme – 2019**

The Board of Directors and the shareholders of the Company approved Employee Share Purchase Scheme at their meeting on 17 June 2019 and on 23 July 2019, respectively. Pursuant to this approval, the Company instituted ESPS 2019 in July 2019. The compensation committee of the Company administers this Plan. The shares approved under this scheme are 40,000 equity shares. The shares have been granted to employees of the Company and its subsidiaries at a price not less than the face value per share of the Company at the time of the offer.

Number and offer prices of shares granted, exercised and cancelled/lapsed during the financial year:

| Particulars | FY 2019-20 | |
|---|---|---|
| | No. of shares | Weighted average offer price |
| Shares granted during the year | 24,050 | 10.00 |
| Exercised during the year | - | - |
| Shares outstanding at the end of the year | 24,050 | 10.00 |
| Shares exercisable at the end of the year | 24,050 | 10.00 |

The weighted average share price of the shares exercised under Employee Share Purchase Scheme – 2019 on the date of exercise during the year was ₹ NIL.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The weighted average remaining contractual life are as follows:

| Range of exercise price | FY 2019-20 | |
|---|---|---|
| | Weighted average contractual life (years) | No. of shares outstanding |
| ₹ 0 to ₹ 50 | NA | 24,050 |
| ₹ 50 to ₹ 100 | NIL | NIL |
| ₹ 100 to ₹ 150 | NIL | NIL |
| ₹ 150 to ₹ 200 | NIL | NIL |

The fair value of a share granted under the Employee Share Purchase Scheme - 2019 is ₹ 81.55.

The Company recorded an employee compensation cost of ₹ 1.96 million in the Statement of Profit and Loss.

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

a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Group from available information) as at 31 March 2020 is ₹ 0.07 million (Previous year - ₹ 0.42 million). Estimated interest due thereon is ₹ Nil (Previous year - ₹ Nil).

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

c. The amount of estimated interest accrued and remaining unpaid as at 31 March 2020 is ₹ Nil (Previous year - ₹ Nil).

d. The amount of further estimated interest due and payable for the period from 1 April 2020 to actual date of payment or 20 April 2020 (whichever is earlier) is ₹ Nil.

## 38 Related party disclosures

**A. Relationship between the parent and its subsidiaries:** % voting power held

| Sr. No | Name of the subsidiary | Country of Incorporation | As at 31 March 2020 |
|---|---|---|---|
| **Direct subsidiaries** | | | |
| 1 | KPIT Technologies (UK) Limited | United Kingdom | 100 |
| 2 | KPIT (Shanghai) Software Technology Co. Limited | China | 100 |
| 3 | KPIT Technologies Netherlands B.V | Netherlands | 100 |
| 4 | Impact Automotive Solutions Limited | India | 100 |
| 5 | KPIT Technologies Pte Ltd. (w.e.f 21 November 2018) | Singapore | 100 |
| 6 | KPIT Technologies Holding Inc. (w.e.f. 6 September 2018) | United States of America | 100 |
| 7 | MicroFuzzy KPIT TECNOLOGIA LTDA, Brazil (w.e.f. 3 December 2018) | Brazil | 99.9 |
| 8 | KPIT Technologies GK | Japan | 100 |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| Sr. No | Name of the subsidiary | Country of Incorporation | As at 31 March 2020 |
|---|---|---|---|
| **Indirect subsidiaries** | | | |
| 9 | KPIT Technologies GmbH, Germany (Subsidiary of KPIT Technologies (UK) Limited) | Germany | 100 |
| 10 | KPIT Technologies Inc (Subsidiary of KPIT Technologies Holding Inc. w.e.f. 3 December 2018) | United States of America | 100 |
| 11 | MicroFuzzy Industrie-Elektronic GmbH (Subsidiary of KPIT Technologies GmbH, Germany) | Germany | 90 |
| 12 | ThaiGerTec Co. Ltd. (Subsidiary of KPIT Technologies (UK) Limited w.e.f. 1 April 2019) | Thailand | 98.37 |
| **Joint venture** | | | |
| 13 | Yantra Digital Services Private Limited (i) | India | 45 |

**B. List of entities jointly controlled by a Group which had joint control over the reporting entities (till 31 January 2020) (Refer note 45(4))**

| | | |
|---|---|---|
| 1 | Birlasoft Limited (erstwhile KPIT Technologies Limited) | India |
| 2 | Birlasoft Solutions Inc. (erstwhile KPIT Infosystems Incorporated) (w.e.f. 18 February 2019) | United States of America |
| 3 | Birlasoft Solutions France (erstwhile KPIT Technologies France) | France |
| 4 | Sparta Consulting Inc. | United States of America |
| 5 | Birlasoft Computer Corporation (erstwhile SYSTIME Computer Corporation) (w.e.f. 5 March 2019) | United States of America |
| 6 | Birlasoft Solutions ME FZE (erstwhile KPIT Infosystems ME FZE) | United Arab Emirates |
| 7 | Birlasoft Technologies Canada Corporation (erstwhile KPIT Technologies Corporation) (w.e.f. 22 February 2019) | Canada |
| 8 | Birlasoft Solutions Ltda (erstwhile KPIT Technologies Solucoes Em Informatica Ltda) | Brazil |
| 9 | Birlasoft Solutions GmbH (erstwhile KPIT Solutions GmbH) | Germany |
| 10 | Birlasoft Solutions Mexico, S.A. DE C.V. (erstwhile KPIT Infosystems Mexico, S.A. DE C.V.) | Mexico |
| 11 | Birlasoft Solutions Limited (erstwhile KPIT Infosystems Limited (UK)) | United Kingdom |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**C. List of Key Management Personnel**

| | | |
|---|---|---|
| Key Management Personnel (KMP) | Mr. S.B.(Ravi) Pandit | Executive Director (w.e.f. 16 January 2019 till 28 March 2020)<br>Non-Executive Director (w. e. f. 29 March 2020) |
| | Mr. Kishor Patil | Executive Director (w.e.f. 16 January 2019) |
| | Mr. Sachin Tikekar | Executive Director (w.e.f. 16 January 2019) |
| | Mr. Anant Talaulicar | Independent Director (w.e.f. 16 January 2019) |
| | Mr. B V R Subbu | Independent Director (w.e.f. 16 January 2019) |
| | Prof. Alberto Sangiovanni Vincentelli | Independent Director (w.e.f. 16 January 2019) |
| | Dr. Klaus Blickle | Non-Executive Director (resigned w.e.f. 15 May 2019) |
| | Mr. Nickhil Jakatdar | Independent Director (w.e.f. 16 January 2019) |
| | Ms. Shubhalakshmi Panse | Independent Director (w.e.f. 16 January 2019) |
| | Mr. Rohit Saboo | Nominee Director (resigned w.e.f. 1 February 2020) |
| | Mr. Rafi Maor | Independent Director (w.e.f. 23 October 2019) |
| | Mr. Vinit Teredesai | Chief Financial Officer (w.e.f. 16 January 2019) |
| | Ms. Nida Deshpande | Company Secretary (w.e.f. 16 January 2019) |

**D. List of other related parties with whom there are transactions:**

| | |
|---|---|
| Relative of KMP | Mr. Chinmay Pandit |
| | Ms. Jayada Pandit |
| | Ms. Anupama Kishor Patil |
| | Ms. Hemlata Shende |
| | Ms. Manasi Patil |
| | Ms. Nirmala Shashishekhar Pandit |
| Enterprise over which KMP have significant influence | KP Corporate Solutions Limited |
| | Proficient FinStock LLP |
| | Kirtane & Pandit LLP, Chartered Accountants, Pune |
| | K & P Management Services Private Limited |
| | KP Capital Advisors Private Limited |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**E. Transactions with related parties**

| No. | Name of Related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| | **Transactions with entities jointly controlled by a Group which had joint control over the reporting entities (ii) & (iii)** | | | | |
| 1 | **Birlasoft Limited (erstwhile KPIT Technologies Limited)** | | | | |
| | Cancellation of equity on account of demerger (Refer Note 45(3)) | NIL | NIL | 1.00 | NIL |
| | Loan taken | NIL | NIL | 1,300.00 | NIL |
| | Interest expense | NIL | | 48.51 | |
| | Loan Repayment (including interest) | NIL | | 1,343.66 | |
| | Sales | 59.33 | NIL | 148.17 | (130.12) |
| | Software service charges | NIL | | 380.81 | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | 61.06 | | 312.54 | |
| | Advance received (net) | NIL | | 72.34 | |
| | Advance given (net) | 0.57 | | NIL | |
| | Reimbursement of expenses (net) | (14.31) | | 435.02 | |
| | Perquisite tax payable | 1.80 | NIL | NIL | NIL |
| | Dividend received | 13.82 | NIL | NIL | NIL |
| 2 | **Birlasoft Solutions Inc., USA** | | | | |
| | Sales | 75.65 | NIL | 286.52 | 522.27 |
| | Software service charges | NIL | | 154.68 | |
| | Reimbursement of expenses (net) | 271.93 | | 188.48 | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | 507.57 | | 1,495.98 | |
| | 3 Sparta Consulting Inc., USA | | | | |
| | Payment towards purchase of investment in MicroFuzzy KPIT Tecnologia Ltda, Brazil | NIL | NIL | 17.50 | (8.85) |
| | Software service charges | NIL | | 3.21 | |
| | Reimbursement of expenses (net) | 201.68 | | NIL | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | (7.03) | | NIL | |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| No. | Name of Related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| 4 | **Birlasoft Computer Corporation, USA** | | | | |
| | Sales | 0.56 | NIL | 1.05 | (6.63) |
| | Software service charges | NIL | | 1.60 | |
| | Reimbursement of expenses (net) | 21.27 | | NIL | |
| 5 | **Birlasoft Technologies Canada Corporation** | | | | |
| | Sales | NIL | NIL | 6.55 | 0.35 |
| | Reimbursement of expenses (net) | 12.56 | | NIL | |
| | Software service charges | NIL | | 1.69 | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | NIL | | (6.95) | |
| 6 | **Birlasoft Solutions Limited** | | | | |
| | Sales | NIL | NIL | 27.65 | (45.01) |
| | Reimbursement of expenses (net) | 113.76 | | 29.52 | |
| | Advance given (net) | NIL | | 7.01 | |
| | Advance received (net) | 0.18 | | NIL | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | (64.83) | | (192.75) | |
| 7 | **Birlasoft Solutions GmbH** | | | | |
| | Sales | NIL | NIL | 3.81 | 50.32 |
| | Reimbursement of expenses (net) | 236.22 | | 34.58 | |
| | Advance given (net) | 0.89 | | NIL | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | (12.32) | | NIL | |
| 8 | **Birlasoft Solutions ME FZE. (Korea branch)** | | | | |
| | Software service charges | NIL | NIL | 2.14 | (2.75) |
| | Sales | NIL | | 1.20 | |
| | Reimbursement of expenses (net) | 1.11 | | NIL | |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | (0.15) | | NIL | |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| No. | Name of Related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| 9 | **Birlasoft Solutions ME FZE (Australia branch)** | | | | |
| | Reimbursement of expenses (net) | 3.74 | NIL | NIL | 4.79 |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | (5.91) | | 1.09 | |
| 10 | **Birlasoft Solutions France** | | | | |
| | Interest paid | 0.05 | NIL | NIL | NIL |
| | Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme. | 0.95 | | NIL | |
| **Transactions with Key Management Personnel (iv)** | | | | | |
| 1 | **Mr. S. B. (Ravi) Pandit** | | | | |
| | Short term employee benefits | 40.53 | NIL | 10.86 | NIL |
| | Post employment benefits | 1.36 | NIL | 0.34 | NIL |
| | Dividend paid | 0.75 | NIL | NIL | NIL |
| | Reimbursement of expenses | 0.07 | (0.00)* | 0.21 | (0.08) |
| 2 | **Mr. Kishor Patil** | | | | |
| | Short term employee benefits | 35.37 | NIL | 10.14 | NIL |
| | Post employment benefits | 1.36 | NIL | 0.34 | NIL |
| | Perquisites | 0.28 | NIL | 0.10 | NIL |
| | Repayment of loan granted | 6.55 | 5.25 | 1.56 | 11.80 |
| | Interest received | 0.71 | | 0.25 | |
| | Dividend paid | 21.64 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.54 | (0.01) | 0.32 | 11.72 |
| 3 | **Mr. Sachin Tikekar** | | | | |
| | Short term employee benefits | 32.62 | NIL | 9.45 | NIL |
| | Post employment benefits | 0.44 | NIL | 0.11 | NIL |
| | Dividend paid | 1.47 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.43 | (0.14) | 0.05 | (0.05) |
| 4 | **Mr. Anant Talaulicar** | | | | |
| | Commission paid | 2.38 | NIL | NIL | NIL |
| | Sitting Fees | 0.30 | NIL | 0.02 | NIL |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| No. | Name of Related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **5** | **Mr. B V R Subbu** | | | | |
| | Commission paid | 2.38 | NIL | NIL | NIL |
| | Sitting Fees | 0.24 | NIL | 0.02 | NIL |
| **6** | **Ms. Shubhalakshmi Panse** | | | | |
| | Commission paid | 0.38 | NIL | NIL | NIL |
| | Sitting Fees | 0.21 | NIL | 0.02 | NIL |
| **7** | **Mr. Rohit Saboo** | | | | |
| | Commission paid | 0.38 | NIL | NIL | NIL |
| | Sitting Fees | NIL | NIL | 0.02 | NIL |
| | Reimbursement of expenses (net) | NIL | NIL | 0.06 | NIL |
| **8** | **Dr. Klaus Blickle** | | | | |
| | Commission paid | 0.87 | NIL | NIL | NIL |
| **9** | **Mr. Nickhil Jakatdar** | | | | |
| | Commission paid | 1.00 | NIL | NIL | NIL |
| | Sitting Fees | 0.08 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.57 | NIL | NIL | NIL |
| **10** | **Prof. Alberto Sangiovanni Vincentelli** | | | | |
| | Commission paid | 2.34 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.33 | NIL | NIL | NIL |
| | Sitting Fees | 0.07 | NIL | NIL | NIL |
| **11** | **Mr. Rafi Maor** | | | | |
| | Sitting Fees | 0.05 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.84 | NIL | NIL | NIL |
| **12** | **Mr. Vinit Teredesai** | | | | |
| | Short term employee benefits | 11.68 | NIL | 2.71 | NIL |
| | Post employment benefits | 0.27 | NIL | 0.06 | NIL |
| | Reimbursement of expenses (net) | 0.27 | NIL | 0.21 | NIL |
| | Share based compensation | 0.78 | NIL | NIL | NIL |
| **13** | **Ms. Nida Deshpande** | | | | |
| | Short term employee benefits | 2.12 | NIL | 0.52 | NIL |
| | Post employment benefits | 0.07 | NIL | 0.01 | NIL |
| | Reimbursement of expenses (net) | 0.01 | NIL | 0.00* | NIL |
| | Share based compensation | 0.10 | NIL | NIL | NIL |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| No. | Name of Related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **Transactions with relative of Key Management Personnel (iv)** | | | | | |
| **1** | **Mr. Chinmay Pandit** | | | | |
| | Short term employee benefits | 5.81 | NIL | 1.23 | NIL |
| | Post employment benefits | 0.15 | NIL | 0.03 | NIL |
| | Dividend paid | 0.07 | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 1.36 | (0.21) | 0.12 | 0.02 |
| **2** | **Ms. Jayada Pandit** | | | | |
| | Short term employee benefits | 2.04 | NIL | 0.51 | NIL |
| | Post employment benefits | 0.06 | NIL | 0.01 | NIL |
| **3** | **Ms. Anupama Kishor Patil** | | | | |
| | Dividend paid | 0.21 | NIL | NIL | NIL |
| **4** | **Ms. Hemlata Shende** | | | | |
| | Dividend paid | 0.07 | NIL | NIL | NIL |
| **5** | **Ms. Manasi Patil** | | | | |
| | Short term employee benefits | 0.31 | NIL | NIL | NIL |
| | Post employment benefits | 0.01 | NIL | NIL | NIL |
| | Dividend paid | 0.00* | NIL | NIL | NIL |
| | Reimbursement of expenses (net) | 0.00* | (0.00)* | NIL | NIL |
| **6** | **Ms. Nirmala Shashishekhar Pandit** | | | | |
| | Dividend paid | 0.42 | NIL | NIL | NIL |
| **Transactions with enterprise over which Key Management Personnel have significant influence** | | | | | |
| **1** | **Kirtane & Pandit LLP** | | | | |
| | Professional fees | 0.45 | (0.05) | 0.20 | 0.02 |
| **2** | **K & P Management Services Private Limited** | | | | |
| | Dividend paid | 0.53 | NIL | NIL | NIL |
| **3** | **KP Capital Advisors Private Limited** | | | | |
| | Professional fees | 0.24 | (0.21) | NIL | NIL |
| **4** | **KP Corporate Solutions Limited** | | | | |
| | Professional fees | 5.53 | (0.33) | NIL | NIL |
| **5** | **Proficient FinStock LLP** | | | | |
| | Dividend paid | 109.22 | NIL | NIL | NIL |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| No. | Name of Related party | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2020 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2019 Debit/(Credit) |
| **Transactions with joint venture (ii)** | | | | | |
| **1** | **Yantra Digital Services Private Limited** | | | | |
| | Investment in equity shares | NIL | NIL | NIL | 33.97 |
| | Sale of component | NIL | NIL | 5.49 | NIL |
| | Purchase of component | 8.94 | (10.55) | NIL | NIL |
| | Transfer of payroll liabilities | 1.04 | NIL | NIL | NIL |
| | Advance given | NIL | NIL | 0.15 | (0.89) |
| | Loan given | 11.80 | NIL | 165.00 | 173.79 |
| | Interest income on loan given | NIL | | 9.77 | |

** Since denominated in ₹ millions*

i. The investee is an associate as defined under section 2(87) of the Companies Act, 2013. For the purpose of the consolidated Ind-AS financial statements, the entity has been considered as a Joint Venture as defined under Ind-AS 28 : Investments in Associates and Joint Ventures.

ii. All transactions with these related parties are priced on an arm's length basis.

iii. For the entities jointly controlled by a Group, since the joint control has concluded effective 1 February 2020, the balances outstanding as at 31 March 2020 are not reflected under related party disclosures. Also refer note 45(4).

iv. Remuneration excludes provision for gratuity and compensated absences as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

## 39 Lease

**Group as a lessee**

The Group primarily has rental office premises across multiple locations and a leasehold land.

The Group has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity as of 1 April 2019. Accordingly, the Group has not restated comparative information. This has resulted in recognising a right-of-use asset of ₹ 897.57 million and a corresponding lease liability of ₹ 1,109.97 million by adjusting other equity net of taxes of ₹ 198.43 million as at 1 April 2019. The weighted average incremental borrowing rate of 7.87% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

In respect of leases that were classified as finance leases, applying Ind AS 17, an amount of ₹ 389.07 million has been reclassified from property, plant and equipment to right-of-use assets. An amount of ₹ 0.09 million has been reclassified from other current financial liabilities to lease liability – current.

In the profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The following is summary of practical expedients elected on initial application:

(i) Applied a single discount rate to leases of similar assets in same geography.

(ii) Applied the exemption not to recognise the right of use of assets and liabilities for leases with less than 12 months of lease term on date of initial application.

(iii) Excluded the initial direct cost from the measurement of the right of use of assets at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of transactions which are leases. Accordingly, IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17.

(v) Low value exemption: The Group has not made any adjustments on transition for leases for which underlying asset is of low value.

**A** Refer note 2(B) for changes in the carrying amount of right of use assets for the year ended 31 March 2020.

**B** **Break up of current and non-current lease liabilities**

| Particulars | 31 March 2020 |
|---|---:|
| Non-current lease liabilities | 1,143.95 |
| Current lease liabilities | 313.51 |
| **Total** | **1,457.46** |

**C** **Movement in lease liabilities**

| Particulars | 31 March 2020 |
|---|---:|
| Lease liabilities created on 1 April 2019 on adoption of IND AS 116 | 1,109.97 |
| Additions during the year | 580.80 |
| Finance cost accrued on lease liabilities | 90.74 |
| Payment of lease liabilities | (323.87) |
| Termination of lease | (17.78) |
| Translation difference | 17.60 |
| **Balance at the end of the year** | **1,457.46** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**D Contractual maturities of lease liabilities on an undiscounted cash flows basis**

| Particulars | 31 March 2020 |
|---|---|
| Not later than one year | 421.85 |
| Later than one year and not later than five years | 952.75 |
| Later than five years | 532.16 |
| **Total undiscounted lease liabilities** | **1,906.76** |

Rent expenses recorded for short term and low value leases for the year ended 31 March 2020 was ₹ 129.19 million.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

The Group does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Leases not yet commenced to which the Group is committed is ₹ 1,933.47 million (on an undiscounted cash flows basis) for a lease term upto 10 years.

Refer note 44B for the impact of COVID-19 (Global pandemic).

## 40 Basic and diluted earnings per share

| Particulars | | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Nominal value per equity share** | ₹ | 10.00 | 10.00 |
| Profit for the year | ₹ (million) | 1,465.90 | 541.86 |
| Weighted average number of equity shares | No. of shares | 268,655,114 | 66,281,422 |
| **Earnings per share – basic** | ₹ | 5.46 | 8.18 |
| Effect of dilutive potential equity shares | | | |
| Weighted average number of diluted equity shares | No. of shares | 269,601,546 | 66,491,739 |
| **Earnings per share – diluted** | ₹ | 5.44 | 8.15 |

**41** The Company has received recognition from Department of Scientific and Industrial Research, Ministry of Science and Technology DSIR for its Research and Development (R&D) facility at its premise in Hinjawadi which is effective upto 31 March 2021.

Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 251.02 million (Previous year ₹ 58.55 million) has been incurred by the Company and disclosed under appropriate account heads. Out of total R & D expenditure incurred during the year ₹ 184.20 million (Previous year ₹ 37.53 million) is towards eligible R & D expenditure under section 35 (2AB).

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

Total capital expenditure on towards R & D facility is as follows, which is disclosed in respective fixed assets blocks:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Building | NIL | NIL |
| Computers | NIL | NIL |
| Plant and machinery | NIL | NIL |
| Office equipment | 5.43 | 0.12 |
| Furniture and fixtures | NIL | NIL |

## 42 Details of provisions and movements in each class of provisions as required by the Ind-AS 37 on Provisions, Contingent Liabilities and Contingent Assets

**1. 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 | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Carrying amount as at the beginning of the year | 13.52 | - |
| Addition pursuant to the scheme of demerger (Refer note 45(3)) | - | 12.20 |
| Reversals during the year | (2.90) | - |
| Additional provision made during the year | 4.05 | 1.32 |
| Carrying amount at the end of the year | 14.67 | 13.52 |

The warranty provision is expected to be utilized over a period of 1 year.

**2. Contingent liabilities**

**A. Taxes and guarantees**

| Sr. No. | Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| 1 | Outstanding bank guarantees in routine course of business | 71.58 | 186.57 |
| 2 | Income tax matters | - | 0.59 |

**B. Other matters**

Birlasoft Limited (erstwhile KPIT Technologies Limited) had made a disclosure on 14 September 2018, towards an update on lawsuit filed by Copart Inc. (“Copart”) against Sparta Consulting, Inc. (“Sparta”), Birlasoft Solutions Inc. (erstwhile KPIT Infosystems, Inc.) and Birlasoft Limited (erstwhile KPIT Technologies Limited).

During the current year, Sparta, inter alia, entered into a settlement agreement with Copart. The parties reached an amicable settlement, and entered into a settlement agreement for USD 2.8 million (₹ 195.94 million) payable by Sparta to Copart with no party admitting any liability or wrong doing, resulting in the Court dismissing the case. The Company, through its subsidiary in USA, has paid Sparta the full amount and the same has been accounted for during the current year for USD 2.8 million (₹ 195.94 million).

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

As a part of merger and demerger scheme (Refer note 45(3)), where engineering business of Birlasoft Limited (erstwhile KPIT Technologies Limited) had demerged into KPIT Engineering Limited (now KPIT Technologies Limited) as a resulting entity, entire legal liability / recourse / proceedings, costs and expenses related to the legal proceedings and monetary benefits and reliefs, if any, relating to Copart matter was with KPIT Technologies Limited (erstwhile KPIT Engineering Limited) and/or its subsidiary KPIT Technologies Inc., USA. Sparta / Birlasoft Limited was fully indemnified via contractual agreement by KPIT Engineering Limited (now KPIT Technologies Limited).

Consequently, KPIT Technologies Inc., USA paid the settlement amount to Sparta, which was further paid by Sparta to Copart. With the above outcome, the matter related to Copart is closed and there is no further exposure for the Company.

**3. Commitments**

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

a. Property, plant and equipment - ₹ 422.48 million (Previous Year ₹ 37.49 million)

b. Intangibles - ₹ 3.19 million (Previous Year ₹ 89.87 million)

## 43 Revenue from operations

Revenue disaggregation by business segments is as follows:

| Segment | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Product Engineering Services | 20,149.87 | 5,739.59 |
| Product Organization | 1,411.82 | 584.74 |
| Others | - | 88.23 |
| **Total** | **21,561.69** | **6,412.56** |

**Disaggregate revenue information**

The table below represents disaggregated revenues from contract with customers by geography and contract type for each of the business segments. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.

**Revenue disaggregation by geography is as follows:**

| Geography | Product Engineering Services | Product Organization | Others | Total |
|---|---|---|---|---|
| **For the year ended 31 March 2020** | | | | |
| Americas | 8,594.58 | 304.05 | - | 8,898.63 |
| UK & Europe | 7,622.53 | 765.40 | - | 8,387.93 |
| Rest of World | 3,932.76 | 342.37 | - | 4,275.13 |
| **Total** | **20,149.87** | **1,411.82** | **-** | **21,561.69** |
| **For the year ended 31 March 2019** | | | | |
| Americas | 3,177.84 | 136.35 | 88.23 | 3,402.42 |
| UK & Europe | 1,534.85 | 150.75 | - | 1,685.60 |
| Rest of World | 1,026.90 | 297.64 | - | 1,324.54 |
| **Total** | **5,739.59** | **584.74** | **88.23** | **6,412.56** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

Revenue disaggregation by contract type is as follows:

| Contract type | Product Engineering Services | Product Organization | Others | Total |
|---|---|---|---|---|
| **For the year ended 31 March 2020** | | | | |
| Time & Material (T&M) and Cap T&M projects | 10,034.47 | 357.08 | - | 10,391.55 |
| Fixed price projects | 10,023.11 | 757.47 | - | 10,780.58 |
| License projects | 92.29 | 173.22 | - | 265.50 |
| Sale from manufacturing unit/ product sale | - | 124.06 | - | 124.06 |
| **Total** | **20,149.87** | **1,411.82** | **-** | **21,561.69** |
| | | | | |
| **For the year ended 31 March 2019** | | | | |
| Time & Material (T&M) and Cap T&M projects | 3,395.74 | 90.22 | 85.68 | 3,571.64 |
| Fixed price projects | 2,343.85 | 296.30 | 2.55 | 2,642.70 |
| Sale from manufacturing unit/ product sale | - | 198.22 | - | 198.22 |
| **Total** | **5,739.59** | **584.74** | **88.23** | **6,412.56** |

Movement in contract assets (unbilled revenue):

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 121.29 | - |
| Additions pursuant to the scheme of demerger | - | 121.29 |
| Revenue recognised during the year | 76.88 | - |
| Invoicing during the year | (112.05) | - |
| Reversals during the year | (7.58) | - |
| **Balance at the end of the year** | **78.54** | **121.29** |

Movement in contract liabilities (unearned revenue):

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 580.34 | - |
| Acquired as a part of business combination | - | 88.19 |
| Additions pursuant to the scheme of demerger | - | 374.64 |
| Invoiced during the period but not recognised as revenue | 863.20 | 393.48 |
| Revenue recognised during the year | (524.47) | (275.97) |
| Exchange difference | 0.25 | - |
| **Balance at the end of the year** | **919.32** | **580.34** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**Performance obligations and remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue.

Applying the practical expedient as given in Ind-AS 115 Revenue from contract with customers, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligations estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2020, other than those meeting the exclusion criteria mentioned above, is ₹ 3,387.86 million. Out of this, the Group expects to recognize revenue of around 95% within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Refer note 44B for the impact of COVID-19 (Global pandemic).

## 41(A) Income taxes

The income tax expense consists of following:

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Tax expense | | |
| Current tax | 617.63 | 168.55 |
| Deferred tax (benefit)/charge | (279.29) | (46.80) |
| **Total tax expense** | **338.34** | **121.75** |

The net charge relating to temporary differences during the year ended 31 March 2020 is primarily on account of property, plant & equipment and gratuity and leave encashment.

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Profit before tax | 1,806.09 | 671.95 |
| Indian statutory income tax rate | 34.94% | 34.94% |
| Expected income tax expense | 631.12 | 234.81 |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **Tax Effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Effect of income tax exemption / tax holiday | (776.74) | (162.09) |
| Effect of permanent adjustments | 253.73 | (77.35) |
| Effect of differential overseas tax rates | (13.21) | (1.25) |
| Effect of unrecognised deferred tax assets | 277.78 | 196.33 |
| Others (net) | (34.34) | (68.70) |
| **Total tax expense** | **338.34** | **121.75** |

During the year ended 31 March 2020 the Group has claimed weighted tax deduction on eligible research and development expenditures based on the approval received from Department of Scientific and Industrial Research (DSIR), which has been renewed upto March 2021. The weighted tax deduction is equal to 150% of such expenditures incurred. Also refer note 41.

Additionally, the Group benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005 (SEZ). Accordingly, units designated in SEZ are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. The tax holiday period being currently available to the Group expires in various years through fiscal year 2025. From 1 April 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

Some subsidiaries of the Group have unabsorbed depreciation and losses under respective local tax laws and it is not probable that taxable profits will be available in the future. Hence, deferred tax assets on temporary differences have been recognized only to the extent of deferred tax liabilities. The amount of unrecognised deferred tax assets is ₹ 277.78 million (Previous year - ₹ 196.33 million).

**Deferred Tax**

The gross movement in the deferred tax account:

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Net deferred tax asset at the beginning of the year | 43.46 | - |
| Credits / (charge) relating to temporary differences (net) | 42.48 | (26.94) |
| Temporary differences on other comprehensive income | 46.53 | (15.79) |
| Deferred tax asset transferred on account of demerger (Refer note 45(3)) | - | 12.95 |
| MAT credit entitlement during the year | 250.83 | 73.73 |
| Foreign exchange translation | 3.98 | (0.49) |
| **Net deferred tax asset at the end of the year** | **387.28** | **43.46** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The net charge relating to temporary differences during the year ended 31 March 2020 are primarily on account of provision for bad and doubtful debts, provision for gratuity, leave encashment and property, plant & equipment. The Group has adopted Ind AS 116 - Leases, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach. The credit / (charge) relating to temporary differences also includes impact of deferred tax on leases as per Ind AS 116 relating to past periods, which is debited/ (credited) to opening reserves.

## 41(B) Impact of COVID-19 (Global pandemic)

### 1. Revenue from operations

The Group has evaluated the impact of COVID - 19 resulting from (i) the probable constraints to render services which may require revision of estimations of costs to complete the contract; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID - 19 is not material based on these estimates. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

### 2. Right-of-use assets (Lease arrangements)

The Group does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Group has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and the Group does not expect any change due to global pandemic in the terms of lease arrangements including renewal options assessed in this regard while assessing the right-of-use assets.

### 3. Financial Instruments

#### i. Cashflow hedge

The Group basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

#### ii. Trade receivables and contract assets including unbilled revenue

Trade receivables and contract assets including unbilled revenue, have been valued after making allowance for expected credit losses based on factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer, geographies, considering impact of COVID – 19 on customers and related customer verticals and geographies. In addition the Group has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic. The Group believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

#### iii. Fair valuation

Assets measured using level 1 inputs primarily include investment in securities with fair value being marked to an active market which factors the impact of COVID-19, hence, the Group does not expect material volatility in these financial assets.

Assets and liabilities measured using level 2 and level 3 inputs which include derivative financial instruments and financial liability measured at amortised cost, have been assessed basis counterparty credit risk.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

4. **Deferred tax asset**

The Group has considered the impact of COVID-19 in preparing revenue and profit projections. On the basis of these projections, the Group believes that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

5. **Going concern**

The Group has prepared cashflow projections for the foreseeable future after considering the impacts of COVID-19. Further, the Group carries cash and cash equivalents of ₹ 2,758.85 million, other bank balances of ₹ 1,051.53 million and has unutilized working capital limits of ₹ 3,072.32 million as at 31 March 2020. Accordingly, the management has assessed that the going concern assumption is appropriate for the Group.

6. **Goodwill**

The Group has prepared cashflow projections for the foreseeable future after considering the impacts of COVID-19. Further, the Group carries cash and cash equivalents of ₹ 2,758.85 million, other bank balances of ₹ 1,051.53 million and has unutilized working capital limits of ₹ 3,072.32 million as at 31 March 2020. Accordingly, the management has assessed that the going concern assumption is appropriate for the Group.

## 45 Other disclosures and explanatory notes

1. **Disclosure of financial information of subsidiaries with material non-controlling interest**

**The interest that non-controlling interest have in the Group's activities and cash flows:**

A. **Proportion of equity interest held by non-controlling interest**

| Name of the subsidiary | Country of incorporation and operation | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| MicroFuzzy Industrie-Elektronic GmbH ("MicroFuzzy") | Germany | 10.00% | 12.50% |
| ThaiGerTec Co. Ltd. ("ThaiGerTec") (Refer note 45(7)) | Thailand | 1.63% | NA |

B. **Details of non-controlling interest**

| Particulars | MicroFuzzy | | ThaiGerTec | |
|---|---|---|---|---|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Accumulated balance of non-controlling interest | 34.42 | 39.09 | 1.29 | NA |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**C. Summarised balance sheet (before inter-company eliminations)**

| Particulars | MicroFuzzy | | ThaiGerTec |
|---|---|---|---|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 |
| Non-current assets | 363.78 | 137.30 | 47.15 |
| Cash and cash equivalents | 477.74 | 35.79 | 14.25 |
| Current assets (excluding cash and cash equivalents) | 886.58 | 639.82 | 42.26 |
| **Total assets** | **1,728.10** | **812.91** | **103.66** |
| Non-current liabilities | 196.13 | - | 0.06 |
| Trade payables | 706.30 | 300.88 | 3.29 |
| Current liabilities (excluding trade payables) | 481.45 | 199.28 | 21.17 |
| **Total liabilities** | **1,383.88** | **500.16** | **24.52** |
| **Equity** | **344.22** | **312.75** | **79.14** |
| **Attributable to:** | | | |
| Owners of the Group | 309.80 | 273.66 | 77.85 |
| Non-controlling interest | 34.42 | 39.09 | 1.29 |

**D. Summarised Statement of Profit and Loss (before inter-company eliminations)**

| Particulars | MicroFuzzy | | ThaiGerTec |
|---|---|---|---|
| | For the year ended 31 March 2020 | For the three months ended 31 March 2019 | For the year ended 31 March 2020 |
| Revenue | 2,821.47 | 614.16 | 175.13 |
| Other income | 3.34 | 0.10 | 1.44 |
| **Total income** | **2,824.81** | **614.26** | **176.57** |
| Employee benefits expense | 1,348.68 | 271.55 | 100.96 |
| Finance costs | 9.97 | 0.55 | 1.62 |
| Depreciation and amortization | 75.41 | 12.42 | 22.46 |
| Other expenses | 1,371.28 | 234.34 | 30.54 |
| **Total expenses** | **2,805.34** | **518.86** | **155.58** |
| **Profit/(loss) before tax** | **19.47** | **95.40** | **20.99** |
| Current tax | 0.06 | 33.01 | - |
| Deferred tax | 4.27 | (4.37) | - |
| **Total tax expense** | **4.33** | **28.64** | **-** |
| **Profit/(loss) for the period** | **15.14** | **66.76** | **20.99** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**E. Summarised cash flow information (before inter-company eliminations)**

| Particulars | MicroFuzzy | | ThaiGerTec |
|---|---|---|---|
| | For the year ended 31 March 2020 | For the three months ended 31 March 2019 | For the year ended 31 March 2020 |
| Cash flow from: | | | |
| Operating activities | 545.78 | 2.31 | 40.03 |
| Investing activities | (11.57) | (39.87) | 2.40 |
| Financing activities | (92.26) | (0.32) | (28.85) |
| **Net increase / (decrease) in cash and cash equivalents** | **441.95** | **(37.88)** | **13.58** |

2 **Disclosure of interest in joint arrangement and associate**

The Group has the investment of 45% in Yantra Digital Services Private Limited, a non-listed company based in Mumbai, India. The investee is a joint venture of the Company in which it has joint control. Investee is engaged in providing the wifi based entertainment in public transport.

**A. Summarised balance sheet**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Non-current assets | - | 2.94 |
| Cash and cash equivalents * | 0.00 | 0.96 |
| Current assets (excluding cash and cash equivalents) | 44.18 | 75.94 |
| **Total assets** | **44.18** | **79.84** |
| Trade payables | 0.06 | 17.75 |
| Current liabilities (excluding trade payables) | 0.03 | 103.60 |
| **Total liabilities** | **0.09** | **121.35** |
| **Equity** | **44.09** | **(41.51)** |
| The Group’s share in equity | 19.84 | (18.68) |
| Carrying amount of the investment (investment of ₹ 169.59 million less impairment loss of ₹ 169.59 million) | - | - |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

**B. Summarised Statement of Profit and Loss**

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Revenue | 8.94 | - |
| Other income | 0.25 | 83.83 |
| **Total income** | **9.19** | **83.83** |
| Employee benefits expense | 4.66 | 4.43 |
| Finance costs | 0.12 | 12.51 |
| Depreciation and amortization | 0.88 | 40.65 |
| Other expenses | 0.82 | 31.65 |
| **Total expenses** | **6.48** | **89.24** |
| **Profit before exceptional items and tax** | **2.71** | **(5.41)** |
| Exceptional items | 82.89 | 159.78 |
| **Profit before tax** | **85.60** | **154.37** |
| Current tax | - | - |
| **Profit for the period** | **85.60** | **154.37** |
| Other comprehensive income | - | - |
| **Total comprehensive income** | **85.60** | **154.37** |

**C. Reconciliation of carrying amount of investment**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Carrying amount at the beginning of the year** | - | - |
| Transfer on account of demerger | - | 169.59 |
| Share of accumulated losses | - | 169.59 |
| **Carrying amount at the end of the year** | **-** | **-** |

* Since denominated in ₹ millions

**3. Scheme of arrangement**

During the previous year, the Board of Directors of KPIT Technologies Limited (now known as Birlasoft Limited) at its meeting held on 29 January 2018 had approved a Composite Scheme which was subsequently filed with National Company Law Tribunal (NCLT) for: (a) amalgamation of Birlasoft (India) Limited (“Birlasoft” or “Transferor Company”) with KPIT Technologies Limited (“KPIT” or “Transferee Company” or “Demerged Company”); and (b) demerger of the engineering business of KPIT Technologies Limited into KPIT Engineering Limited (“Resulting Company”).

Pursuant to the Composite Scheme approved by the National Company Law Tribunal, Mumbai Bench on 29 November 2018 for which the certified copy of the order was received on 18 December 2018, the Engineering Business (Primarily comprising Automotive vertical with embedded software, digital technologies (cloud, IoT, analytics), Mobility Solutions and application life cycle management Business)

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

was demerged from the Transferee Company and transferred to the Resulting Company, with effect from 1 January 2019, the appointed date.

Shareholders of the Transferor Company received 22 equity shares of the Transferee Company for every 9 shares they held in the Transferor Company. After the demerger of KPIT's engineering business, shares of the Resulting Company got listed and shareholders of the Demerged Company received 1 share of the Resulting Company for every 1 share they held in the Demerged Company. After the demerger, the Demerged Company has a combined business of KPIT IT Services and the current Birlasoft creating a new leader in the mid-tier IT services space. Whereas the Resulting Company has the current Engineering business of the Demerged Company to create a company focused on Automotive Engineering and Mobility Solutions.

As per the Composite Scheme, all assets and liabilities of the Engineering Business ("Demerged Undertaking") stand transferred to the Resulting Company from the appointed date. The employees of the Engineering Business have also moved to the Resulting Company and consequently the employee related benefits and all contracts and agreements in relation to them have been taken over by the Resulting Company. The Composite Scheme has accordingly been given effect to in these financial statements as on the appointed date.

Pursuant to the approved Composite Scheme, the Resulting Company accounted for demerger of Demerged Undertaking in its books as per the applicable accounting principles prescribed under relevant Indian Accounting Standards (Ind AS). It included the following:

1. Assets, Liabilities and Reserves of the Demerged Undertaking transferred to and vested in the Resulting Company were recorded at their carrying values as appearing in books of the Demerged Company at the time of the demerger effective date and in accordance with requirements of relevant Ind AS.
2. The Resulting Company credited its share capital account in its books of account with the new equity shares issued pursuant to the Composite Scheme to the shareholders of the Demerged Company.
3. Subsequent to the demerger, the pre demerger shares of the Resulting Company held by the Demerged Company were cancelled and appropriately adjusted with share capital/share premium of the Resulting Company.
4. The inter-company balances between the Demerged Company and the Resulting Company relating to Demerged Undertaking, if any, in the books of accounts of the Demerged Company and the Resulting Company got cancelled.
5. The difference, if any, between assets, liabilities and reserves transferred and the value of the new equity shares issued on Demerger by the Resulting Company is adjusted in capital reserves of Resulting Company.
6. The Company is in the process of transferring the title of the assets and liabilities received under the scheme of demerger as on the reporting date.
7. As per para 43 of Ind-AS 7 - Statement of Cash Flows, transactions that do not require the use of cash and cash equivalents (i.e. the above transfer of assets and liabilities under the scheme of demerger) have been excluded from the standalone cash flow statement for the year ended 31 March 2019.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

The details of Demerged Undertaking as per the scheme approved by National Company Law Tribunal into Resulting Company is as follows:w

| Particulars | 1 January 2019 |
|---|---|
| **ASSETS** | |
| **Non-current assets** | |
| Property, plant and equipment | 2,442.17 |
| Capital work-in-progress | 7.13 |
| Other intangible assets | 667.02 |
| Intangible assets under development | 18.63 |
| Financial assets | |
| Investments | 2,454.59 |
| Loans | 191.85 |
| Other non-current assets | 25.76 |
| | **5,807.15** |
| **Current assets** | |
| Inventories | 13.85 |
| Financial assets | |
| Trade receivables | 2,056.03 |
| Loans | 243.58 |
| Unbilled revenue | 451.86 |
| Other financial assets | 2,181.81 |
| Other current assets | 308.04 |
| | **5,255.17** |
| **Total assets** | **11,062.32** |
| | |
| **EQUITY AND LIABILITIES** | |
| Equity | |
| Other equity | 3,573.15 |
| **Total equity** | **3,573.15** |
| | |
| **Liabilities** | |
| **Non-current liabilities** | |
| Financial liabilities | |
| Borrowings | 548.92 |
| Provisions | 201.88 |
| Deferred tax liabilities (net) | 30.48 |
| | **781.28** |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| Particulars | 1 January 2019 |
|---|---|
| **Current liabilities** | |
| Financial liabilities | |
| Trade payables | 435.10 |
| Other financial liabilities | 951.94 |
| Other current liabilities | 350.87 |
| Provisions | 49.85 |
| | **1,787.76** |
| **Total liabilities** | **6,142.19** |
| Excess of assets over liabilities | 4,920.13 |
| Less: Issue of equity share capital of the Company as consideration (Refer note 15) | 2,741.43 |
| Add: Cancellation of existing share capital of the Company (Refer note 15) | 1.00 |
| **Amount credited to capital reserve pursuant to the above scheme of arrangement** | **2,179.70** |

**Note:**

i. The above assets, liabilities and reserves are for the standalone company. Accordingly, Other equity:

(a) includes the below identified reserves transferred on account of demerger of standalone company:

- General reserve amounting to ₹ 34.38 million
- Remeasurement of the net defined benefit Plans amounting to ₹ (44.16) million
- Effective portion of cash flow hedges amounting to ₹ 9.75 million
- Retained earnings amounting to ₹ 3,573.18 million

(b) excludes ₹ 188.91 million with respect to KPIT Employee Welfare Trust.

(c) excludes the below reserves of subsidiary entities which have been transferred under the Scheme of Demerger:

- General reserve amounting to ₹ (148.30) million
- Remeasurement of the net defined benefit Plans amounting to ₹ (1.10) million
- Retained earnings amounting to ₹ 962.48 million

4 As per the agreement between the parties, consequent to the National Company Law Tribunal (NCLT) approved composite scheme, the joint control between the Transferee Company i.e. Birlasoft Limited (erstwhile KPIT Technologies Limited) and the Resulting Company i.e. KPIT Technologies Limited (erstwhile KPIT Engineering Limited) has concluded effective 1 February 2020. As a result, Mr. Rohit Saboo, Nominee Director, has resigned from KPIT Technologies Limited (erstwhile KPIT Engineering Limited) effective 1 February 2020.

5 During the previous year, the Group through KPIT Technologies Holding Inc., USA has purchased 100% stake in KPIT Technologies Inc, USA, an Engineering services company, from KPIT Infosystems Incorporated, USA. KPIT Technologies Inc, USA is engaged in providing embedded software for the Automobile and Mobility Industry.

The above business combination is accounted for at carrying value using the pooling of interest method.

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

Details of the consideration transferred, the net assets acquired and the treatment thereof are as follows:

| Particulars | Amount (₹ million) |
|---|---|
| Net identifiable assets acquired | 697.35 |
| Cash consideration transferred | 857.72 |
| **Excess of consideration over net assets acquired transferred to reserves** | **(160.37)** |

6 During the previous year, the Group through KPIT Technologies Limited (erstwhile KPIT Engineering Limited) and KPIT Technologies Holding Inc., USA has purchased stake of 99.9% and 0.1% in MicroFuzzy KPIT TECNOLOGIA LTDA, Brazil, an Engineering services company, from SYSTIME Computer Corporation, USA and KPIT Technologies Corporation, Canada respectively. MicroFuzzy KPIT TECNOLOGIA LTDA, Brazil is engaged in providing embedded software for the Automobile and Mobility Industry.

The above business combination is accounted for at carrying value using the pooling of interest method.

Details of the consideration transferred, the net assets acquired and the treatment thereof are as follows:

| Particulars | Amount (₹ million) |
|---|---|
| Net identifiable assets acquired | 13.44 |
| Cash consideration transferred | 17.50 |
| **Excess of consideration over net assets acquired transferred to reserves** | **(4.06)** |

**7 Acquisition of ThaiGerTec Co. Ltd.**

On 1 April 2019, the Group, through its wholly owned subsidiaries KPIT Technologies (UK) Limited and KPIT Technologies Pte Ltd., Singapore, has acquired 98.37% stake in ThaiGerTec Co. Ltd. (“ThaiGerTec”), a software led Engineering services company, focused in design & development of microelectronics, powerelectronics and embedded systems for the automotive industry.

With this partnership, the Group will be able to enhance engineering and outsourcing solutions for all the areas of the embedded industry.

**a. Consideration transferred (at the acquisition date fair values)**

| Particulars | Amount (₹ million) |
|---|---|
| Cash | 15.86 |
| **Total** | **15.86** |

**b. The fair value of assets acquired and liabilities assumed as at the date of acquisition were:**

| Particulars | Amount (₹ million) |
|---|---|
| **Assets** | |
| Property, plant and equipment | 37.17 |
| Intangible assets | 0.96 |
| Cash and bank balances | 0.67 |

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

| Particulars | Amount (₹ million) |
|---|---|
| Other non current assets | 9.74 |
| Other current assets | 30.08 |
| **Total** | **78.62** |
| **Liabilities** | |
| Trade payables | 2.45 |
| Other current liabilities | 1.45 |
| Loans | 16.35 |
| **Total** | **20.25** |
| **Total identifiable net assets at fair value** | **58.37** |

c. **Non-controlling interest**

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share in the recognised amounts of the identifiable net assets.

d. **Gain on bargain purchase on acquisition**

| Particulars | Amount (₹ million) |
|---|---|
| Purchase consideration | 15.86 |
| Add : Non-controlling interest | 0.93 |
| Less : Fair value of identifiable net assets acquired | 58.37 |
| **Gain on bargain purchase on acquisition** | **(41.58)** |

None of the bargain purchase gain recognised is expected to be deductible for income tax purposes.

e. **Net cash outflow on acquisition of subsidiary**

| Particulars | Amount (₹ million) |
|---|---|
| Consideration paid in cash | 15.86 |
| Less : Cash and cash equivalents balances acquired | 0.67 |
| **Net cash outflow** | **15.19** |

f. From the date of acquisition, the Acquiree has contributed ₹ 175.13 million to revenue and ₹ 20.99 million to the profit before tax from continuing operations of the Group.

8 The Company was required to spend ₹ 10.23 million (Previous year ₹ Nil) towards Corporate Social Responsibility. During the year, the Company has spent and paid ₹ 18.41 million (Previous year ₹ 1.35 million) towards Corporate Social Responsibility, in various activities as specified in Schedule VII of the Companies Act 2013, read with the Rules thereunder, as direct spend for purposes other than construction/acquisition of any asset. Also, refer Annexure 7 of the Director's Report.

9 In line with its re-defined strategy to focus only on Software led services and solutions for Mobility and discontinue hardware dominated products, the Company has :

a. completed the conditions precedents towards the disinvestment of its business related to telematics hardware products consisting VTS - AIS 140, OBITS (On Bus Integrated Telematics

# Notes forming part of the consolidated financial statements

(Amount in ₹ million)

Systems complying to UBS-II specifications), and telematics products for School buses to Minda Industries Ltd. The initial consideration of ₹ 170.00 million and an expense of ₹ 49.20 million, towards the obligations related to the sale of business, is accounted for as an exceptional item during the year.

b. during the previous year, provided for exposure in its joint venture company in the business in "KIVI-Smart Bus WIFI" towards debtors amounting to ₹ 67.73 million, loan for ₹ 173.78 million and the Corporate Guarantee for lease obligation towards running this business for ₹ 101.40 million. During the current year provided further exposure towards loan of ₹ 11.80 million.

c. during the current year, entered into a definitive agreement with leading manufacturing company in India towards disinvestment of its business related to Defense and Aeronautic hard-ware products. The upfront consideration of ₹ 56 million is recognized on completion of the closing.

d. during the current year, on prudent assessment, written-off its inventories of ₹ 55.78 million and the related GST credit of ₹ 8.37 million.

e. during the current year, accounted for USD 2.8 million (₹ 195.94 million) paid to Sparta towards settlement agreement of Copart [Refer note 42(2)(B)].

10 The Board of Directors of the Company at its meeting held on 26 July 2019 had approved a merger scheme of its wholly owned subsidiary Impact Automotive Solutions Limited with its parent company KPIT Technologies Limited. The merger scheme application seeking approval has been subsequently filed with National Company Law Tribunal (NCLT) on 27 September 2019. The application is pending for approval.

11 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 2019-2020.

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

12 Previous period's figures have been regrouped / reclassified wherever necessary to conform with the current year's classification / disclosure. Further, consequent to the Composite Scheme as mentioned under note 45(3), the figures for the year ended 31 March 2020 are not comparable with figures for the year ended 31 March 2019.

As per our report of even date attached

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

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

**For and on behalf of the Board of Directors of**
**KPIT TECHNOLOGIES LIMITED**
**(erstwhile KPIT ENGINEERING LIMITED)**
CIN: L74999PN2018PLC174192

**Vinit Teredesai**
Chief Financial Officer

**S. B. (Ravi) Pandit**
Chairman & Group CEO
DIN : 00075861

**Nida Deshpande**
Company Secretary

**Kishor Patil**
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020

# KPIT’s global presence

## India offices

### Registered & Corporate Office

Plot No. 17, Rajiv Gandhi Infotech Park,
MIDC-SEZ, Phase - III, Maan, Taluka-Mulshi,
Hinjawadi, Pune 411057. Maharashtra, India.
Phone: +91-20-6770 6000/6500

## Software Development Centres

### SEZ Premises

SEZ Unit - I, IT-3, 3rd Floor, Plot No. 154/6,
Qubix, Blueridge Township,
MIDC, Phase - I, Hinjawadi,
Pune - 411057, Maharashtra, India.
Phone: +91-20-4203 7000

SEZ Unit - III, IT-9, Ground & First Floor,
Plot 2, Blueridge Township,
MIDC, Phase - I, Hinjawadi,
Pune - 411057, Maharashtra, India.
Phone: +91-20-4203 7000

# 20 & 21,
RMZ Ecoworld Infrastructure Pvt. Ltd.,
SEZ, Sarjapur Outer Ring Road,
Deverabeesanahalli,
Bengaluru – 560103,
Karnataka, India.
Phone: +91 80 6606 6000/6141 9000
Fax: +91 80 6606 6001

Unit – II, Plot B, Campus 5B, 9th Floor,
RMZ Ecoworld Infrastructure Private Limited, SEZ,
Devarabeesanahalli Village, Sarjapur Outer Ring Road,
Bengaluru - 560103, Karnataka, India.
Phone: +91-80-6606 6262

Block B1, 1st Floor,
Brigade Properties Pvt Ltd, SEZ (Brigade Tech Gardens)
Kundalahalli Marathahalli Post, Bengaluru 560037.
Phone: +91 80 6606 6000

### Other Premises

Plot No. 2, Survey No. 288,
Hissa No. 1 to 4, Village Maan,
Taluka Mulshi, Pune- 411057, Maharashtra, India.
Phone: +91-20-6770 6000

### Research and Development Unit

Plot No. 17, Rajiv Gandhi Infotech Park,
MIDC-SEZ, Phase - III, Maan, Taluka-Mulshi,
Hinjawadi, Pune 411057. Maharashtra, India.
Phone: +91-20-6770 6000/6500

## Overseas offices

### United States of America

28001 Cabot DR, Suite 110
Novi, MI 48377,
United States of America.
Phone: +248-215-0304

### Brazil

Rua James Watt, 84 – 8º andar – sala 2 - Jardim Edith
CEP 04576-050 – São Paulo / SP – Brasil.
Phone: +55-11-3664-9918

### United Kingdom

Coventry University Technology Park
Puma Way
Coventry CV1 2TT.
Phone: +44-24-7615-8631

### Sweden

C/o BTR Accounting Services AB
Grev Turegatan 21
114 38 Stockholm.
Phone: +44-24-7615-8631

### Germany

Adams-Lehman-Str. 109,
80797 Munich,
Germany.
Phone: +49-89-3229-9660
Fax: +49-89-3229-966999

Taunusstr. 38 80807
Munich Germany
Phone: +49-89-1890-874-70
Fax: +49-89-1890-874-90

### The Netherlands

Westerdoksdijk 423,
1013 BX, Amsterdam,
The Netherlands.
Phone: +31-0204190779

**China**

1603-1604, Tower B,
Central Towers,
567 Langao Road,
Shanghai 200333, PRC.
Phone: +86-21-5631-5785
Fax: +86-21-5631-3925

**Japan**

Senikaikan 5F,
3-1-11 Nihonbashi-Honcho Chuo-ku,
Tokyo, Japan 103-0023
Phone: +03-6913-8501
Fax: +03-5205-2434

**Singapore**

9 Raffles Place
#27-00 Republic Plaza
Singapore 048619.

**South Korea**

A-410-1/2, SAMHWANHIPEX, Sampyung-Dong,
240, Pangyoyeok-ro,
Budang-gu, Seongnam-si,
Gyeonggi-do 13493, Korea.
Phone: +82-31-606-9996

**Italy**

Galleria Pattari,
2 (Piazza Duomo) 20122,
Milan, Italy.
Phone: +44-24-7615-8631

**Thailand**

Rungrojthanakul Building, 14th Floor
44/1 Ratchadapisek Road, Huay Kwang District
Bangkok 10310, Thailand
Phone: +66 02-6636096
Fax: +66 02-6636099

# Notice

NOTICE is hereby given that the Third Annual General Meeting of KPIT Technologies Limited will be held on Wednesday, September 2, 2020, at 10.30 a.m., through Video Conference (VC) / Other Audio Visual Means (OAVM) to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2020, together with the reports of the Auditors and the report of the Board of Directors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended March 31, 2020, together with the reports of the Auditors thereon.

3. To confirm Interim Dividends paid during the financial year 2019-20 (₹ 0.55 & ₹ 0.45) aggregating to ₹ 1 per Equity Share of ₹ 10/- each (at 10%) as the Final Dividend for the financial year ended March 31, 2020.

4. To appoint a Director in place of Mr. Kishor Patil (DIN: 00076190), who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to Regulation 31A and all other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments made thereto) ("Listing Regulations") and other applicable laws, and subject to necessary approvals from BSE Limited and National Stock Exchange of India Limited and other appropriate authorities, as may be necessary, the consent of the shareholders of the Company be and is hereby accorded for the reclassification of National Engineering Industries Limited ("NEIL") and Central India Industries Limited ("CIIL"), currently classified as 'Promoter and Promoter Group' of the Company, and not holding any equity shares of the Company, from 'Promoter and Promoter Group' category to 'Public' category of the shareholders of the Company and removal of their names from "Promoter and Promoter Group" of the Company.

   RESOLVED FURTHER THAT Mr. Kishor Patil, CEO and Managing Director Ms. Priyamvada Hardikar, Chief Financial Officer, and Ms. Nida Deshpande, Company Secretary of the Company, be and are hereby jointly and/ or severally authorized to submit the applications for reclassification to BSE Limited and National Stock Exchange of India Limited wherein securities of the Company are listed, or any other regulatory body as may be required and to take steps necessary or desirable to give effect to this resolution.

   RESOLVED FURTHER THAT upon receipt of approval from BSE Limited and National Stock Exchange of India Limited for applications made by the Company for the reclassification of NEIL and CIIL, the Company shall effect such reclassification in the shareholding pattern from the immediate succeeding quarter under Regulation 31 of the Listing Regulations and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and other applicable provisions and in all other records of the Company and make such applications, intimations, disclosures and/or filings as may relevant or necessary from such date, as may be appropriate.

   RESOLVED FURTHER THAT Mr. Kishor Patil, CEO and Managing Director, Ms. Priyamvada Hardikar, Chief Financial Officer and Ms. Nida Deshpande, Company Secretary of the Company, be and are hereby jointly and/ or severally authorized to sign any documents and do any and all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary or desirable, and to settle any questions, difficulty or doubt that may arise, in order to give effect to the above resolution for and on behalf of the Company.

   RESOLVED FURTHER THAT a copy of the above resolution certified by any of the Directors or the Company Secretary be submitted to the concerned authorities and they are requested to act upon the same."

By Order of the Board of Directors
For **KPIT Technologies Limited**
(Formerly KPIT Engineering Limited)

Pune
May 27, 2020

**Nida Deshpande**
Company Secretary

## NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") is annexed hereto.

2. The relevant details, pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.

3. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) dated May 12, 2020, permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

4. Pursuant to the provisions of the Act and MCA Circulars, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form are not annexed to this Notice.

5. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.

6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to jbbhave@gmail.com with a copy marked to evoting@kfintech.com. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC.

7. The Company has fixed **Wednesday, August 26, 2020** as the Cut-off Date for determining entitlement of members to vote on the resolutions set forth in above notice for the financial year ended March 31, 2020.

8. The e-voting period commences on **Friday, August 28, 2020 (9:00 a.m. IST)** and ends on **Tuesday, September 1, 2020 (5:00 p.m. IST)** both days inclusive. During this period, members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on **Wednesday, August 26, 2020** may cast their votes electronically. The e-voting module will be disabled by KFintech for voting thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast and shall not be allowed to change it subsequently. The voting rights of members shall be in proportion to the number of shares held by the members as on the cut-off date, i.e. **Wednesday, August 26, 2020**.

9. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM Insta Poll.

10. Pursuant to the provisions of Section 108 of the Section 108 of the Act, the Rules made the Rules made thereunder and Regulation 44 of the SEBI Regulations, the Company is providing a facility to the shareholders to exercise their right to vote by electronic means (e-voting). Instructions for e-voting are attached to this notice.

11. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at einward.ris@kfintech.com. However, if he / she is already registered with KFintech for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.

12. In light of the MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent by electronic mode to those Members whose email addresses are registered with the depositories. For Members who have not

registered their email addresses, we urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Private Limited at einward.ris@kfintech.com to receive copies of the Annual Report 2019-20 in electronic mode.

13. In light of the MCA Circulars, shareholders who have not registered their email addresses and in consequence the Notice & Annual Report could not be serviced, may temporarily get their email registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: https://ris.kfintech.com/email_registration/ and follow the registration process as guided thereafter. Post successful registration of the email, the shareholder would get soft copy of the notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this Annual General Meeting.

14. Members may also note that the Notice and Annual Report 2019-20 will also be available on the Company's website https://www.kpit.com/investors/#corporate-governance and websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively.

15. Members desirous of obtaining any information concerning the accounts, operations, and business of the Company are requested to address their queries to the Chief Investor Relation Officer at Sunil.Phansalkar@kpit.com or to the secretarial department at grievances@kpit.com so as to reach them at least seven days before the date of the meeting i.e. Wednesday, September 2, 2020, to enable the Company to make available the required information at the meeting, to the extent possible.

16. The Securities and Exchange Board of India ("SEBI") has made it mandatory to distribute dividends through electronic channels such as RTGS/NEFT/NACH. Members holding shares in demat form are requested to notify change in their bank account details, if any, to their DPs immediately and not to send the requests directly to the Company or to its Registrar & Share Transfer Agent.

    Members holding shares in physical form are requested to intimate change in their Bank account details, if any, to the Registrar & Share Transfer Agent of the Company.

17. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DPs. Members holding shares in physical form are required to submit their PAN details to the Registrar & Share Transfer Agent.

18. 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 RTA of the Company.
    - take note that SEBI has included the securities of the Company in the list of companies for compulsory settlement of trades in dematerialized form for all the investors effective June 26, 2000. Accordingly, shares of the Company can be traded only in dematerialized form with effect from June 26, 2000. Members holding shares in physical form are, therefore, requested to get their shares dematerialized at the earliest.

19. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. Wednesday September 2, 2020. Members seeking to inspect such documents may send an email to grievances@kpit.com

20. Since Annual General Meeting of the Company is held through VC /OAVM, the Attendance Slip and Venue Route map are not attached with this notice.

## EXPLANATORY STATEMENT AND ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING.

**Item No. 4**

Mr. Kishor Patil, aged 58 years, is a member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost Accountants of India.

Mr. Kishor Patil is a Co-founder, CEO & Managing Director of KPIT. He drives the overall strategy & operations of the Company, His vision is integral in maintaining KPIT's leadership in its key focus areas and in making KPIT one of the technology leaders, globally. He has set a high standard of excellence in the areas of running high growth international operations, effecting successful mergers & acquisitions and executing profitable operations. His exceptional people skills and sincerity have been instrumental in building an innovative enterprise that KPIT is today. Under his leadership, KPIT has grown multifold over the years, more recently at a CAGR of 23% in the last 3 years.

In 2014, Mr. Patil was honored with the CA Business Leader Award - Corporate award, by the Institute of Chartered Accountants of India. For his excellence in entrepreneurship, he was honored with the Maharashtra Corporate Excellence (MAXELL) Awards 2014. In 2013, Mr. Patil was named among the top 16 entrepreneurs in India by Ernst and Young in its Entrepreneur of the Year award program, recognized among the Top 50 CEOs of 2013 by The Entrepreneur Magazine, and awarded the 2013 Rotary Excellence Award. He is a prolific speaker and has presented at various national and international forums including the World Economic Forum (WEF), on topics such as entrepreneurship, innovation, building high performance organizations and business transformation. Mr. Patil possesses 36 years of experience.

Mr. Patil has been a Director on our Board since incorporation and appointed as CEO & Managing Director since January 16, 2019 for a period of five years subject to retirement by rotation.

The details of his directorships and membership of committees in other companies are as follows March 31, 2020:

| Names of the Companies | Designation |
|---|---|
| KP Corporate Solutions Limited | Director |
| Impact Automotive Solutions Limited | Director |
| K and P Management Services Private Limited | Director |
| Kirtane Pandit Foundation Private Limited | Director |
| KPIT Technologies (UK) Ltd. | Director |
| KPIT Technologies GmbH | Director |
| KPIT (Shanghai) Software Technology Co. Limited | Director |
| KPIT Technologies Netherlands B.V. | Director |
| Microfuzzy KPIT Tecnologia LTDA, Brazil | Director |
| KPIT Technologies GK | Director |
| KPIT Technologies Inc. | Director |
| KPIT Technologies Pte. Ltd. | Director |
| KPIT Technologies Holding Inc. | Director |
| ThaiGerTec Co., Limited | Director |
| Sentient Labs Private Limited | Director |

He does not hold membership in any committee in other companies.

Mr. Patil as on March 31, 2020, holds 1,93,95,605 equity shares in the Company.

Mr. Patil is not related to any other Director or Key Managerial Personnel of the Company or the relatives of other Directors or Key Managerial Personnel.

Except Mr. Kishor Patil or his relatives, none of the Directors or key managerial personnel or their relatives are concerned or interested, financial or otherwise, in the proposed resolution.

The Board of Directors recommends the Ordinary Resolution set forth as Item No. 4 of the notice for approval of the shareholders.

**Item No. 5**

In terms of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations"), BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") may allow reclassification of promoters as public shareholders or vice versa subject to fulfillment of conditions as provided therein.

In this regard, the Company has received letters from National Engineering Industries Limited ("NEIL") and Central India Industries Limited ("CIIL"), who are part of the 'Promoter and Promoter Group' of the Company and have requested for reclassification under the 'Public' category under Regulation 31A of the Listing Regulations ("Requests"). The Requests were received by the Company on May 19, 2020 and were placed before the Board of Directors at its meeting held on May 27, 2020.

NEIL, CIIL, and persons related to NEIL and CIIL do not hold any equity shares in the Company.

The Board noted that NEIL and CIIL are not associated with the business of the Company in any manner and do not exercise direct or indirect control over the affairs of the Company or do not have any influence over the business and policy decisions made by the Company. Further, NEIL and CIIL are not involved in the day-to-day activities of the Company.

NEIL and CIIL have also confirmed that they are eligible for reclassification as public shareholders and satisfy the conditions set out in Regulation 31A of the Listing Regulations and any other applicable law. In accordance with Regulation 31A(3)(b), of the Listing Regulations, NEIL and CIIL have confirmed that they and the persons related to them (as defined by sub-clause (i), (ii) and (iii) of sub-clause (pp) of sub-regulation (1) of Regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018):

(i) together, do not hold more than 10 (ten) percent of the total voting rights of Company;

(ii) do not exercise control over the affairs of the Company, whether directly or indirectly;

(iii) do not have any special rights with respect to the Company through formal or informal arrangements, including through any shareholder agreements;

(iv) are not represented in any capacity on the board of directors of the Company (including through any nominee director);

(v) are not acting as key managerial persons in the Company;

(vi) are not 'willful defaulters' as per the Reserve Bank of India guidelines; and

(vii) are not fugitive economic offenders.

NEIL and CIIL have also undertaken to abide by the conditions listed in Regulation 31A(4) of the Listing Regulations after their reclassification as public shareholders of the Company pursuant to the approval of such reclassification by the shareholders of the Company and the Stock Exchanges, failing which, they shall automatically be reclassified as promoters/ persons belonging to the promoter group, as applicable.

The Board of Directors of the Company considered the facts stated above and accepted the Requests for reclassification from 'Promoter and Promoter Group' category to the 'Public' category by NEIL and CIIL subject to approval of the shareholders of the Company and also subject to the approval of the Stock Exchanges. In accordance with the Listing Regulations, the Board of Directors has recommended passing the Ordinary Resolution as set out in the notice, for approval of the shareholders.

The Company is in compliance with the requirement for minimum public shareholding as required under Regulation 38 of the Listing Regulations. The Company does not have any outstanding dues to the Securities and Exchange Board of India, the Stock Exchanges, or the depositories. Further, trading in the equity shares of the Company has not been suspended by the Stock Exchanges.

The relevant documents in this regard are available for inspection on the website of the Company, www.kpit.com.

In accordance with the Listing Regulations, NEIL and CIIL and their immediate relatives (as defined under Regulation 2(1)(pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018) shall not vote on this resolution.

None of the Directors, key managerial personnel and relatives thereof has any concern or interest, financial or otherwise, in the resolution at Item No. 5 of this notice.

The Board of Directors recommends the Ordinary Resolution set forth as Item No. 5 of the notice for approval of the shareholders.

## Instructions to Shareholders for remote E-voting & voting during the meeting session.

**A. The procedure for and instructions relating to E-Voting are set forth below (Remote e-voting):**

a. Shareholder will receive an e-mail from KFin Technologies Private Limited.

b. Launch an internet browser and open https://evoting.karvy.com/

c. Enter the login credentials i.e. User ID and password, provided in the email received from KFin Technologies Private Limited. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote.

d. After entering the above details click on - LOGIN

e. Password change menu will appear. Change the password with a new password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$ etc.). The system will also prompt you to update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. After changing the password, you need to login again with the new credentials.

f. On successful login, the system will prompt you to select the E-Voting Event.

g. Select 'EVENT' of KPIT Technologies Limited and click on - Submit.

h. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head

i. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

j. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

k. Upon confirmation, the message 'Vote cast successfully' will be displayed.

l. Once you have confirmed your vote on the resolution, you cannot modify your vote.

m. The Portal will remain open for e-voting from **Friday, August 28, 2020 at 9:00 a.m. (IST)** and will end on **Tuesday, September 1, 2020 at 5:00 p.m. (IST)**.

n. Corporate / Institutional shareholders (that is, other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail id: jbbhave@gmail.com. They may also upload the same in the e-voting module in their login.

**Instructions for Shareholders for e-Voting during the Meeting session:**

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page.
2. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
3. Only those shareholders, who are present in the Meeting and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the Meeting.

**B. Instructions for the shareholders for attending the meeting through Video Conference:**

a) Shareholders will be provided with a facility to attend the Meeting through video conferencing platform provided by KFin Technologies Private Limited. Shareholders may access the same at by https://emeetings.kfintech.com/ and clicking "Video Conference " and access the Shareholders/Members login by using the remote e-voting credentials. The link for Meeting will be available in Shareholder/ Members login where the EVENT and the name of the Company can be selected.

b) The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

c) Please note that the shareholders who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e- Voting instructions mentioned in the notice.

d) Shareholders are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

e) Further shareholders will be required to switch on Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.

f) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

g) System requirements for best VC experience:

| Instrument | Description |
|---|---|
| Cell phone | Android 6.0+ Google Chrome 28+ Mozilla Firefox 24+ (Chrome doesn't bolster screen sharing on Android).<br>iOS 12.2+ Mobile Safari/WebKit (iOS 11+) (Safari Mobile doesn't bolster screen sharing on iOS) |
| iOS PC/ Desktop | Google Chrome (Best suggested) Firefox, Safari, Internet Explorer, Edge Microsoft Edge 12+ Google Chrome 28+ Mozilla Firefox 22+ Safari 11+ |
| For Desktop | Should have outside mic and Webcam introduced |

**Speaker Registration during Meeting session:**

For the Q&A session in the meeting, shareholders may log into https://emeetings.kfintech.com/ and click on "Speaker Registration" by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commerce on **Friday, August 28, 2020 9.00 AM** and closed on **Monday, August 31, 2020 at 10.30 AM**.

Due to limitations of transmission and coordination during the Q&A session, the Chairman of meeting may dispense with the speaker registration during the Meeting conference.

**C. Questions prior to Meeting**

Shareholders who would like to express their views/ ask questions during the meeting may log into https://emeetings.kfintech.com/ and click on "Post your Questions" and may post their queries/views/ questions in the window provided by mentioning the name, folio number, email id, mobile number. Please note that, shareholders' questions will be answered only if the shareholder continue to hold the shares as on cut-off date i.e. **Wednesday, August 26, 2020**. The "Post your Questions" window shall be activated during the remote e-voting period and shall be closed on **Monday, August 31, 2020 at 10.30 AM**.

In case of any queries related to e-voting, you may refer to the Frequently Asked Questions (FAQ's) and e-voting user manual available in the "Downloads" section of https://evoting.karvy.com or contact Mr. S V Raju of KFin Technologies Private Limited at +040-67162222 or at 1800 345 4001 (Toll Free).

**KPIT Technologies Limited**
(Formerly KPIT Engineering Limited)

CIN: L74999PN2018PLC174192
Registered & Corporate Office: Plot No. 17, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Maan,
Taluka - Mulshi, Hinjawadi, Pune – 411057, India.
Phone: +91 20 6770 6000 | E-mail: grievances@kpit.com | Website: www.kpit.com

**Subject: Green Initiative in Corporate Governance - Shareholders' Consent to receive communication in Electronic Form & Mandatory updation of PAN and Bank details against your holding.**

Dear Shareholder,

The MCA vide Section 20 of the Companies Act, 2013 and Rule 35 of the Companies (Incorporation) Rules, 2014 allow companies to serve documents through electronic mode thus encouraging the green initiative. We propose to send you all shareholder communications and documents like Annual Reports, Notices etc. through electronic mode, in future. In order to facilitate electronic communication with you, we request you to register your e-mail address with your depository participant (the agency with whom your demat account is maintained) or with our Registrar and Share Transfer Agent, **KFin Technologies Private Limited** (Formerly Karvy Fintech Private Limited) at: einward.ris@kfintech.com. Alternatively, you may register your e-mail address with the Company by writing an email to grievances@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 believe that by subscribing to this green initiative, you would be contributing towards the protection of environment. We request your concurrence so as to enable us to e-mail the Annual Reports, Notices, etc. to you.

The Securities and Exchange Board of India has vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and BSE Limited vide its Circular No. LIST/ COMP/ 15/ 2018-19 dated July 5, 2018 mandated that companies through their Registrar and Transfer Agents ("RTA") take special efforts for collecting copies of PAN and bank account details of their security holders holding securities in physical form and advise them to dematerialize their physical securities as it is mandatorily to carry out the transfer of securities in dematerialized form only.

Further, please be informed that, in terms of the provisions of the Income-tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by every Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. Every Company is required to deduct tax at source ("TDS") on Dividend to be paid to shareholders at the prescribed rate. Therefore, if dividend is declared, same will be paid after deducting TDS. Shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source. The Shareholders can submit their declarations directly to RTA. Forms are available on website of RTA at https://mfs.kfintech.com/mfs/.

In event of tax on dividend is deducted at a higher rate in the absence of receipt of the details / documents, shareholders would still have the option of claiming refund of the excess tax paid at the time of filing income tax return. No claim shall lie against the Company for such taxes deducted.

Those shareholders whose folio(s) do not have complete details relating to their PAN and Bank Account or where there is any change in the bank account details provided earlier, have to compulsorily furnish the details to the RTA/ Company for registration / updation, please do the needful at the earliest by following the below mentioned procedure.

Kindly fill in the details as mentioned in the attached form and forward the same along with all the supporting documents based on requirements considering the below mentioned points to RTA.

ACTION REQUIRED FROM SHAREHOLDER

You are requested to submit the following to update the records immediately

A. For updating PAN of the registered shareholder and/or joint shareholder(s):

- Self- attested legible copy of PAN card (exempted for Shareholders from Sikkim)

B. For updating Bank Account details of the registered shareholder:

1. In cases wherein the original cancelled cheque leaf has the shareholder's name printed
   - For address proof : Self- attested legible copy of Aadhar/passport/utility bill (not older than 3 months)
   - Original cancelled cheque leaf containing the Bank A/c No., Bank Name, Type of Account, IFSC Code, MICR Code and the name of the shareholder printed on the cheque leaf OR
2. In cases wherein the cancelled cheque leaf does NOT contain the shareholder's name printed on it
   - For address proof : Self- attested legible copy of Aadhar/passport/utility bill (not older than 3 months)
   - Original cancelled cheque leaf containing the details, Bank A/c No., Bank Name, Type of Account, IFSC Code, MICR Code.

   Legible copy of the Bank passbook / Bank statement specifying the details of the registered shareholder such as the name, address, bank account number etc. duly attested by the officer of the same Bank with his signature, name, employee code, designation, bank seal & address stamp, phone no. and date of attestation.

In case you have any queries or need any assistance, please contact **KFin Technologies Private Limited** (Formerly Karvy Fintech Private Limited) at: einward.ris@kfintech.com (in case of physical holding) or to the depositories (in case of dematerialized holding).

Thanking you,

For **KPIT Technologies Limited**
(Formerly KPIT Engineering Limited)

Nida Deshpande
**Company Secretary**

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**Format for furnishing the PAN and Bank Details:**

To,
KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Selenium Tower B, Plot no. 31 & 32,
Financial District Nanakramguda,
Serilingampally Mandal, Hyderabad – 500032.
Phone: +91 40 6716 2222

Dear Sir,

I/We furnish below our folio details along with PAN and Bank mandate details for updation and confirmation of doing needful. I/we are enclosing the self-attested copies of PAN cards of all the holders, original cancelled cheque leaf of first holder, Bank Pass book and address proof viz., Aadhar card as required for updation of details:

| | |
|---|---|
| Folio No. | |
| Address of the 1st named Shareholder | |
| Mobile No. | |
| E-Mail ID | |

Bank Account Details: (for electronic credit of unpaid dividends and all future dividends)

| | | | |
|---|---|---|---|
| Name of the Bank | | | |
| Name of the Branch | | | |
| Account Number (as appearing in the cheque book) | | | |
| Account Type (Savings/ Current/ Cash Credit) | Savings | Current | Cash Credit |
| 9 Digit MICR Number (as appearing on the MICR cheque issued by the Bank) | | | |
| 11 Digit IFSC Code | | | |

| | PAN | Name |
|---|---|---|
| First Holder: | | |
| Joint Holder 1 : | | |
| Joint Holder 2: | | |

Signature : ________________

Date: _____________

Place: ____________

Note: The above details will not be updated if the supporting documents are not attached and not duly self-attested.

Notes

# Notes

# Notes

# Notes

# Corporate Leadership Team

| | | |
|---|---|---|
| S. B. (Ravi) Pandit | - | Chairman & Group CEO |
| Kishor Patil | - | CEO & Managing Director |
| Sachin Tikekar | - | President & Whole-time Director |
| Anup Sable | - | Chief Technology Officer |
| Vinit Teredesai | - | Chief Financial Officer (upto June 12, 2020) |
| Priyamvada Hardikar | - | Sr. Vice President and Head Finance (w.e.f. June 12, 2020) |
| Pankaj Sathe | - | President – Europe |
| Rajesh Janwadkar | - | Executive Vice President, Passenger Cars and Global Practices |
| Rajeeb Nath | - | Executive Vice President, US |
| Chinmay Pandit | - | Executive Vice President, Commercial Vehicles |
| Pushpahas Joshi | - | Executive Vice President, New Mobility |

## 3rd Annual General Meeting

Wednesday, September 2, 2020

10.30 AM IST

Video Conferencing and e-Voting

https://emeetings.kfintech.com

Members are requested to follow the instructions provided in the Notice of 3rd Annual General Meeting in order to attend the AGM via video conferencing and to e-vote.

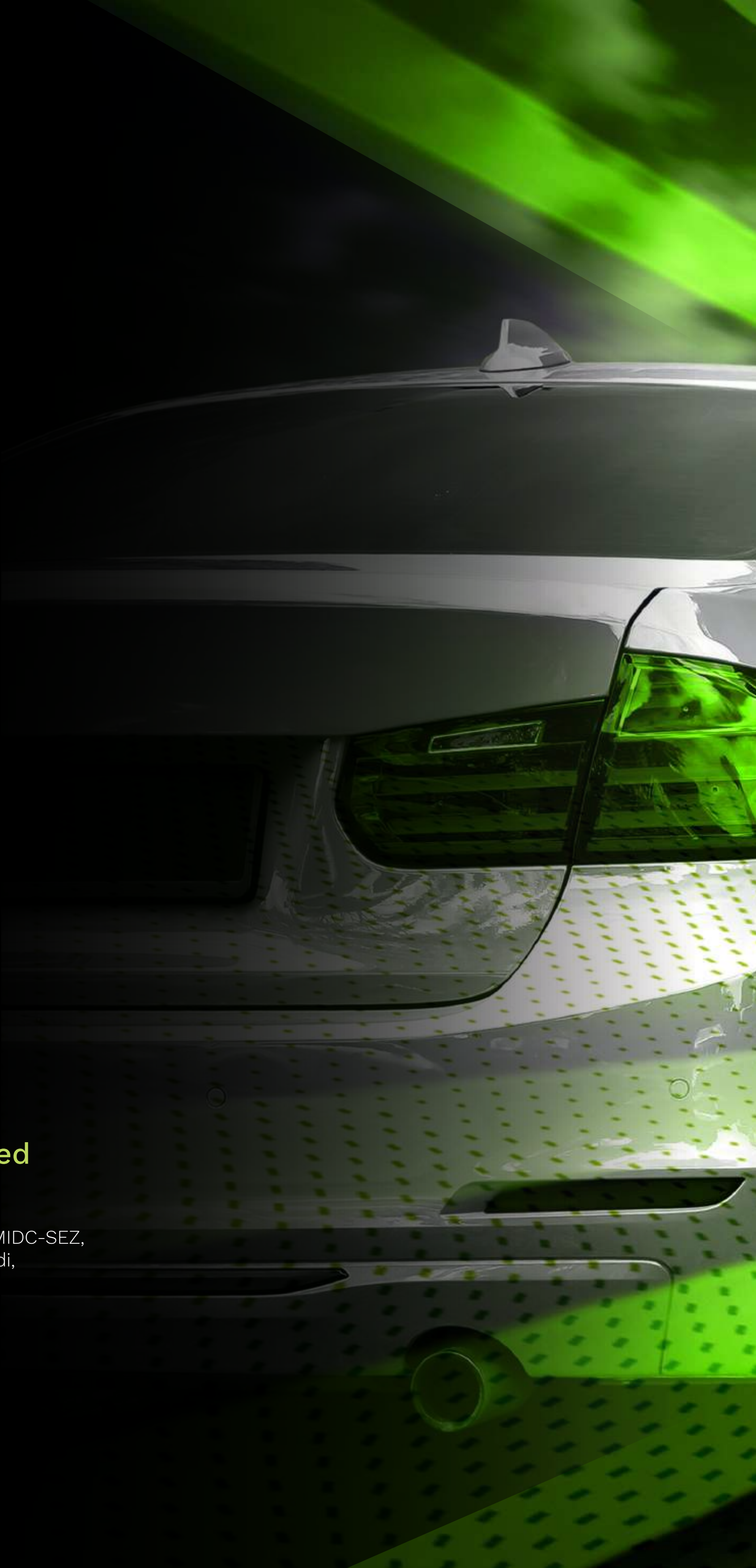
**Cut-off date: Wednesday, August 26, 2020**

**Remote e-Voting Period:**

1. Friday, August 28, 2020 at 9.00 a.m. to Tuesday, September 1, 2020 at 5.00 p.m.

2. During the AGM

Read this Annual Report online: www.kpit.com




## KPIT Technologies Limited

**(Formerly KPIT Engineering Ltd.)**

Registered & Corporate Office:
Plot No. 17, Rajiv Gandhi Infotech Park, MIDC-SEZ,
Phase-III, Maan, Taluka-Mulshi, Hinjawadi,
Pune-411057, India.
CIN: L74999PN2018PLC174192

**O** +91 20 6770 6000
**E** info@kpit.com
**W** kpit.com