KPIT Cummins[SM]

Technologies for a **better tomorrow**

2012-13
Annual Report

Board Of Directors

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

Kishor Patil
CEO & Managing Director

Sachin Tikekar
Whole-time Director

Prof. Alberto Sangiovanni Vincentelli
Director

Amit Kalyani
Director

Anant Talaulicar
Director

Dr. R. A. Mashelkar
Director

Lila Poonawalla
Director

Elizabeth Carey
Director

Manisha Girotra
Director

Sanjay Kukreja
Director

B V R Subbu
Director

Cariappa Chenanda
Alternate Director

Dwayne Allen
Alternate Director

Company Secretary
R. Swaminathan

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

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

Financial Institutions
- State Bank of India
- HDFC Bank Limited.
- The Hongkong and Shanghai Banking Corporation Limited.
- Citibank N.A.
- Axis Bank Limited.
- BNP Paribas
- Standard Chartered Bank
- ICICI Bank Limited.
- DBS Bank Limited.
- Kotak Mahindra Bank Limited.

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Letter from the Chairman and Group CEO

Dear Fellow KPites,

We closed yet another successful year for KPIT Cummins with the Company once again registering industry leading growth. During the year, we further strengthened our positioning in the verticals that we focus on, by moving further on cutting edge technology and yielding better business solutions for our customers.

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

"The year that went by"

Our Company, once again registered industry-leading performance in FY 2013.

In FY13, our top line grew by 49% in rupee terms and the bottom line grew by 37%. In dollar terms, revenue grew by 33% out of which 21% was organic. Even in an uncertain environment, we had good visibility for the year at the beginning of the year. Hence, we had issued a top line and bottom line guidance at the start of the year. We maintained our top line guidance, while upward revised our bottom line guidance during the year. The FY13 performance beat the lower end of both the top line as well as bottom line guidance. Our H1 performance was much better as compared to H2. We faced challenges in H2, in certain areas and are taking corrective steps to address the concerns. Our operational profitability improved during the year. The EBITDA margin for the year stood at 16.26% as compared to 14.44% for the last year. The exit rate for FY13 was EBITDA margin of 17.83%. The profitability across our three SBUs varies and we are directing our efforts towards pockets of low profitability. The net profit for the year also registered a healthy increase with EPS growth of 31%.

During the year, we generated INR 1.20 Billion as cash from operations against the net profit of INR 1.99 Billion. We are focused on generating higher cash flows and are keenly monitoring the DSO and Capex numbers. Over the years, due to our higher CQGR quarter on quarter, the blockage in working capital has been proportionately higher and we attribute this as Cost of Growth. If our growth had theoretically been half of the actual growth we achieved, the cash flow generation ratio to profits would have been substantially higher. Having said that we slipped on our DSO as of the year end and are realigning to correct the slippage. We have been actively following inorganic opportunities in our strategic focus areas and will continue to do so in the future. We raised equity during the year to strengthen our liquidity and will use the same to partly finance any inorganic growth in the near future. Additionally we will look at debt financing as an option if the need be.

Innovation has been a key thrust area for our Company for the last 3 years and entrepreneurship, which is an extension of innovation, has been a part of our CRICKET values for a long time. We have walked on the journey of innovation for a few years now. We recently spent some time re-looking at our journey. The senior management team of KPIT worked on this and made a presentation to the Board of Directors, putting forward ideas for strengthening some of our existing processes so that we can take innovation to the next orbit. **We are calling our future course of action on innovation as innovation 2.0** covering the entire spectrum of innovation activities including Idea Generation, Incubation and Conversion of the idea into a business. At the Board Level we have initiated an Innovation Council, chaired by Dr. R. A. Mashelkar. The Council is scheduled to meet once in 6 months to discuss, debate and guide innovation ideas.

Mr. Kishor Patil, CEO & MD, was nominated as a finalist for the Ernst & Young Entrepreneur of the Year (EOY) – India 2012 award. The award, one of the world's most prestigious business awards for entrepreneurs, recognizes those who have made stellar contribution towards placing India on a solid growth path. Mr. Patil's nomination endorses KPIT's values of innovation, entrepreneurship and originality of thought & ideas.

We won the prestigious Mahesh Modi Environmental Excellence Award for Revolo. The award, given by the Automotive Research Association of India (ARAI) with the objective to foster technological innovation based on innovative science, recognizes our commitment towards building sustainable automotive solutions of tomorrow.

"The Year Ahead"

Our Company's philosophy has always been to concentrate on a few industry verticals viz. Automotive & Transportation, Manufacturing and Energy & Utilities, thereby becoming an integral part of the ecosystem of these verticals. We strive for leadership in the areas in which we operate. Leadership at KPIT means working with the industry leaders, having the maximum wallet-share of outsourced services and having scale and being recognized as a 'Thought-Leader' by the industry participants. To attain this leadership, we regularly invest in domain focused technology R&D thereby staying ahead on the technology curve. We also look to attain leadership through our people - domain experts from their respective verticals. We have been adding such experts across the globe and will continue to do so in the near future.

Each of the three core industry verticals on which we are focusing are in for a substantial change.

The Automotive industry has been witnessing tremendous usage of electronics and technology is at the forefront of innovation and differentiation. Some of the crucial areas of technology investments in the industry are driven by stringent regulations for emission reduction and fuel efficiency improvements, move towards alternate fuel technologies – electrification and hybridization, standardization of electronics (ECU) software platform, complexity in infotainment with consumer electronics having a much faster product development cycle, standardization of diagnostic tools, safety concerns and regulations regarding driver, occupant and pedestrian safety. In each of these areas, we have made significant progress in creating Best-in-class technology solutions.

Likewise, technology innovations are also driving the manufacturing vertical. The key thrust is on operational efficiency through productivity improvement, quality management and cost reduction by automation of human tasks. Another important focus area for manufacturers around the globe is reduction in time to market. Rapid prototyping and actual manufacturing, using technologies like 3D printing are fast gaining momentum. Also embedded technologies have been playing a vital role, making machines more intelligent and efficient. For sub industries within manufacturing, like off highway equipment and farm equipment manufacturers, emission, fuel efficiency and even infotainment are becoming big technology spend areas. Along with ERP, BI & Analytics, CRM, Cloud and Enterprise Mobility Solutions are expected to be big spend areas globally. In these areas we are making our investments to come up with business focused technology solutions.

There has been a comparable technological transformation in the utilities industry with smart meters and smart grid technologies changing the way utilities serve their customers in developed markets. These technologies are slowly making their way into the emerging markets now. Simultaneously, a continuously evolving regulatory environment and a strong push towards renewable energy sources have brought forth a period of transition for the utilities industry. These changes have resulted in generation of volumes of data and the need for analytics concerning that data. These new technologies will also challenge the traditional business, operations and management structure that utilities have got accustomed to, over the years. It also implies the need for transformational deals in ERPs. Many utilities are also looking at cloud solutions to help them adopt the new business models and operational architectures.

We believe that there are immense opportunities for specialist, ambitious and dedicated players, like us, in the above mentioned focus verticals. Despite the macro uncertainties prevalent around us, we are confident of leading the growth path by building further on our leadership position in specified areas and being the partner of first choice for our customers.

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

1. People – People are at the core of our business. Hence attraction, development, retention and growth of the right kind of people is one of our key focus areas. People who aspire to work in a technology company find themselves at home in our Company. We focus not only on hiring the right kind of people, but also on training and equipping them to deliver their best. Across the Company, at various levels, right from the fresh graduates to the senior management within the Company, we run training and certification programs. For leadership development and decision making empowerment for our senior management team, we completed part one of the Elevate Program and the second phase will be completed by Q2FY14 at Stanford University in the USA. For select leaders in the Company, we have also initiated an in-house mentoring and coaching program to improve individual productivity and effectiveness. These initiatives, not only help the people deliver better, but also give a sense of personal growth and satisfaction to each individual.

2. Innovation – Innovation has to be in the DNA of a technology company like ours and we have identified innovation as a strategic focus area that will provide us sustainable competitive advantage. Over the years, we have been investing in fostering a culture of innovation involving each individual, irrespective of the level, practice or function. We will continue to do the same in the coming year. During FY14, we will focus on monetization of patents that we have filed and work towards the creation of a global innovation ecosystem which will transcend beyond the boundaries of the Company. We would focus on productized solutions, which will bring us non-linear growth and help us improve our profitability as we grow rapidly.

3. Profitable Growth – Profitability improvement is an ongoing initiative at KPIT Cummins. As we have done this year, we will strive to further improve our profitability in the coming year by focusing on operational efficiency, productivity improvement, enhanced value based offerings to our customers, scaling up of strategic customer accounts and changing the business mix with more annuity based revenues. As stated earlier, we do have challenges in some areas and we are focusing on those areas where we need to do more work, without losing out on the investments required for future growth.

4. One KPIT Experience – We started working on this initiative during the year and will build further on the same during FY14. As we aim to now focus more on scaling our existing accounts with more coordinated account management practice, it is imperative that we present a single comprehensive face to the customer. We have initiated the common branding effort across the globe, where all our entities will fall under the KPIT brand. The focus will be on the identified strategic accounts where we are building industry specific solutions which are more business solutions than plain IT solutions. These solutions aim to transform the way our customers do business, not only in their internal operations but also affecting the customer's customer.

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

We continue to issue annual guidance to the market.

Based on the current visibility, we have guided for a top line of USD 465 Million to USD 475 Million and bottom line of INR 2,309 Million to INR 2,388 Million, i.e. a total growth of about 14% to 16% in top line and 16% to 20% in bottom line.

At the same time, our vision for the Company is broader and bigger. We aim to reach the goal of USD 1 Billion in revenue with 18% EBITDA Margin, by the end of 2017.

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

Thank you for your continued patronage through the years.

Warm Regards,
Sincerely yours,

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

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

Dear Stakeholders,

FY 2012-13 was a year of transformation for the Company as we were working towards creating a strong base for our goal of being a USD 1 Billion company by 2017. We again delivered strongly, both in terms of revenue and profit growth. Even though the growth in the latter half of the year was lower as compared to H1, our focus in terms of industry verticals, employees, customers and innovation helped us in meeting our guidance for the year. We were deeply engaged on strengthening our customer mining strategy, through growing collaboration revenues, annuity business and business transformation solutions. We added 14 new customers during the year taking the active customer base to 183. Our USD 1 Million+ revenue customers grew from 59 in FY2012 to 74 in FY2013. During the year we also formed many strategic partnerships and industry associations, which further reinforce our leadership in the focused industry verticals where we operate.

BUSINESS UPDATE:

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

IES SBU which mainly provides Oracle ERP, Enterprise Consulting, E-Business (eBiz), Business Intelligence (BI) and other related offerings, currently contributes 45% to the total Company revenues and it was the highest growing SBU during the year as it grew by 66% (including full year revenues from SYSTIME). Post the successful integration of CPG and SYSTIME, we have re-aligned our practice and sales team in North American geography. The sales teams are aligned to industry and strategic customer accounts in the region to establish a common Go-to-Market strategy for all practices within the SBU. This strategy will help us to re-position ourselves as a stronger brand, mainly for enterprise customers. During the year we saw a significant traction for Oracle and JD Edwards roll-out and upgrade opportunities, particularly in North American market. We see strong potential for Master Data Management, BI and Value Chain Execution offerings and there is increased demand for bundled solutions and shared support propositions around Oracle E-Business Suite (EBS). With growing market opportunities for new technologies of Cloud, Analytics, Mobility and Social (CAMS), we are developing different solutions to capture the growth potential of these areas and build a strong deal pipeline in the CAMS space.

We were awarded the **2012 Oracle Excellence Award for Specialized partner of the year- North America in the Regional System Integrator/ Reseller Applications momentum category**. This award recognizes KPIT's excellence in the areas of solution development, customer satisfaction and sales. We also received an **honorable mention in the 2012 Oracle Excellence Award for Specialized Partner of the Year - North America in the SCM & Manufacturing Category.**

We continue to enjoy the highest market share in our largest customer, Cummins and with the nature of work we do with them, we remain their strategic partner and will continue to be so.

SYSTIME financials were consolidated for full year and we witnessed a very strong growth in its revenues and profitability during the year. The profitability improvement has come through high growth and operational levers as SYSTIME's EBITDA margins improved from 10% at the close of FY2012 to almost 15%+ towards the end of this year. We have been able to bring IES SBU EBITDA margins,including SYSTIME in the sustainable range of 17%-18%, on a full year basis.

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

In A&E SBU we offer solutions in the areas of Embedded Software and Automotive Electronics for global automotive equipment manufacturers (OEMs) and Tier I & II suppliers. It contributes 24% to the total Company revenues and it was the second highest growing SBU for the year with 39% Y-o-Y growth. There is good traction in the areas of Powertrain, AUTOSAR, Infotainment & Clusters and Mechanical Engineering & Design services (MEDS) practices.We launched the world's first AUTOSAR stack completely compatible with the latest AUTOSAR release R4.0.3 and developed according to the quality management requirements of ISO26262. AUTOSAR is fast emerging as an important area for global OEMs and our expertise and capabilities in this domain will definitely help us in gaining the competitive edge within the automotive industry. During the year we became member of the prestigious Open Alliance Special Interest Group that extensively works on Ethernet based automotive connectivity. Through this association we can now contribute and benefit from the goals of this group: to enable wide scale adoption of Ethernet-based automotive connectivity; establish industry standard for Ethernet connectivity over single pair, unshielded cable and enable migration from closed application to open, scalable Ethernet-based network.

One of our key automotive practice areas is Infotainment and last year we launched our GENIVI compliant In-Vehicle Infotainment platform, KIVI. During the year we announced a strategic partnership with In-Vehicle mobile applications provider LIVIO to enable seamless connectivity between multiple consumer devices, mobile applications and the infotainment head unit. We also launched our unique app deployment framework, Apps-to-go that allows OEMs and Tier Is to bring apps to cars and keep the Infotainment system up to date over the life of the vehicle.

During this year our REVOLO team shifted to the new facility located in Hinjewadi (Pune) and all further development and kit installation activities are now being carried out of this new facility. We are working with volunteers for the mass vehicle trial program and currently we have almost 40 vehicles running on the roads with REVOLO kit fitted in.The results have been very encouraging and as per expectations. Another area where a lot of efforts are being directed is the regulation part, where we are working and coordinating with Ministry of Road Transport to get approvals for conducting multi-city large scale trials of almost 200-300 vehicles and we expect to get the approval in the near future.

A&E SBU has been the highest margin SBU for us and during this year we further improved the margins to the range of 24%-25%.

SAP STRATEGIC BUSINESS UNIT (SBU):

Through SAP SBU we offer SAP Implementation and support services along with BI and other related offerings. The SBU grew by 37% during the year with revenue contribution of 29%. We were positioned in the **"Niche Players"** Quadrant of the 2012 **"Magic Quadrant for SAP Implementation Service Providers, North America" by Gartner.** We have been witnessing good traction for our SAP offerings in the Utilities and Automotive verticals.There is good momentum across practices like Mobility, Analytics, Customer Relationship Management (CRM) and SuccessFactors (SF). We have also been making investments to create and develop SAP certified IP led solutions focused on our industry verticals and these investments have helped us in acquiring strategic customers in SAP SBU.

Due to technology shifts in the SAP domain, there is a growing demand for HANA, Mobility and SF capabilities. These changing technology trends did create some pressure on our global SAP revenues, especially in the second half of the year. However we have reoriented our focus on Cloud, Analytics and Mobility for SAP by expanding our footprint in HANA and SF. We were able to close some deals in these related areas towards the latter half of the year. Recently we added a 25 member team of SF certified consultants under a business transfer agreement with Learn 2 Perform (L2P), which is a SF specialist company. Under this arrangement all the employees and customers of the company would be transferred to our SAP SBU and this will give us a better positioning in the market space.

At the beginning of the year our SAP SBU EBITDA margins stood at 10% however due to the above mentioned technology shifts there was a pressure on the margins for this SBU, coupled with business slowdown. During the year we also got into new implementation deals which were primarily delivered onsite which again created some pressure on the operating profits of the SBU. Thus the full year EBITDA margin for SAP business was around 4% - 5%. Even though we have been directing our efforts to increase the proportion of Support and Maintenance business mix in this SBU and increase the offshore business share,we believe it will take some more time to achieve meaningful success in this direction.

BUSINESS TRANSFORMATION UNIT (BTU):

We started BTU with an objective of providing enhanced business value to our customers by integrating technology and business solutions across the three SBUs. During the year we strengthened BTU by adding key domain experts at senior level, who are working on creating industry specific business solutions. Our industry vertical focus aims at going deeper into the verticals and becoming an integral part of the overall ecosystem of the specific vertical by providing vertical specific solutions to our customers. With the aim of growing big on our existing accounts,the Global Account Management (GAM) process is led through BTU and we have identified around 25 Strategic accounts of the target 50, where the GAM process has started getting good momentum. Another area of importance for us is Product Lifecycle Management (PLM),which can be substantially leveraged across Engineering and Business IT, for our core verticals. We have invested in the same and will concentrate on developing it further during the coming year.

GEOGRAPHY UPDATE:

Our US market grew by 63% during the year while ROW grew by 36%. Europe has been moving slowly as compared to the other two geographies and during the year it grew by 6%. In IES SBU we are witnessing significant growth coming from US and APAC geographies. In the Auto SBU, we see growth across all the markets like North America, Europe and APAC. In Europe, Germany is an important automotive market for us and we expect it to perform better as compared to the other European markets. In SAP, other than the North American market we have started building a strong pipeline in APAC region and we expect it to grow significantly. Among the key markets in APAC, China presents good opportunity both for SAP and A&E offerings while Japan, India and Korea are the other growing markets in this region.

PEOPLE INITIATIVES:

People continue to be one of the top priorities for our Company. Various initiatives across the organization like PACE (fresher hiring program by mapping key colleges and universities to our focus practices), LEAP (leadership development program for middle management), ELEVATE (leadership development program for senior management), SHINE (employee engagement and organizational connect program), PROMS (certification programs for regular upgradation of skilled professionals) are directed towards the attraction, retention and development of people.

During the year we added new practices to the PACE program and have identified colleges with specific interests in working with us on these practices. This program will ensure that we hire the best talent in the competitive job market, passionate to work on the selected practices.

The Learning Organization conducts around 120 trainings per quarter facilitated across locations covering around 5000 participants under different programs.

The Certification programs in KPIT for Project Managers (PROMS) and Tech Lead (TechLead) had about 96 and 208 employees certified respectively. This program was rolled out in the newly acquired entities as well. Most of the employees certified in PROMS are now being aligned with the strategic accounts with appropriate projects. The TechEd certification programs are also now being aligned with the practices.

LIFT, the leadership program for middle management was launched with 70 people participating and with various trainings underway. The second batch is undergoing selection process.

ELEVATE, the leadership development program for senior management was launched during the year with phase one completed. The second phase will be completed during the second quarter of the year. Top 100 people within the organization will be covered under ELEVATE. Both LIFT and ELEVATE aim to create the management bandwidth at the middle and senior level to help us on our USD 1 Billion journey.

E-Learning rigor went up with 50% utilization across various locations across globe. More new courses are now being introduced. E-Learning will benefit our colleagues who are based at customer sites across different locations.

As a part of the SHINE initiative on the employee communication front we had Bi-Annual connect with the Chairman and Group CEO where he addresses all employees on the business update and the overall direction of the Company, Leaders Club Meetings where the MD and CEO address Top 100 people in the Company to discuss business strategies and future growth areas and ground zero meetings where the senior/middle management share with their groups the Company strategy, growth plans and the individual roles in the same. We are also committed to the overall health and well-being of our employees and regularly conduct health awareness programs run by eminent doctors free dental checkup, bone density checkup and blood profile camps. We organized RESONANCE 2013 (KPIT family day program) where 4,500+ employees and family members attended the functions at various locations.

EXECUTIVE APPOINTMENTS:

Former General Manager of Technical Planning Department at Nissan Technology Development Division Mr. Yamanoi Toshimi San has been appointed as the Vice President- Automotive technology. Based in Tokyo, Japan, he will focus on strengthening and streamlining KPIT Cummins offerings for automotive Original Equipment Manufacturers (OEMs). Mr. Yamanoi San brings in more than 30 years of experience in the automotive industry and has vehicle safety technology as his core area of expertise.

Mr. Guven Kivran has been appointed as the Managing Director (Geschäftsführer) responsible for KPIT Cummins Automotive Operations in Germany. Based in Munich, he brings in over 20 years of experience in the automotive industry and has been successfully driving the vehicle diagnostics practice of KPIT Cummins, globally.

LEADERSHIP TEAM UPDATE:

Vaibhav Nadgouda, Executive Vice President, SAP SBU has been appointed as the Head of SAP SBU. He will work closely with Mr. Sachin Tikekar, Board Member and President- Strategic Relationships & Business Transformation. With more than 16 years of consulting and business delivery experience in the SAP space, Vaibhav has been driving global relationships with key customers including Fortune 500 companies. The leadership transition has already been completed and it has been functioning smoothly across employees and client relationships. All other partners and the executive leadership of Sparta will continue as earlier.

INFRASTRUCTURE:

In order to enhance the productivity of the delivery organization, we have extended our Private cloud for 500+ Test and Development servers. This has given On Demand capabilities for server provisioning.

We have not only built highly resilient infrastructure, but also setup Disaster Recovery of all critical infrastructure including all corporate applications using innovative technologies. We are the first Company in India to setup Disaster Recovery for Virtual Desktop Infrastructure. This has helped us to enhance availability, security and scalability of global IT infrastructure. Successful rollout of Telepresence across all international and India offices facilitated collaboration across global workforce and customers.

Last year we also rolled out SAP application to cover 4 additional locations in US and India. This has helped us to have uniform processes across the offshore and onsite team helping to improve organizational productivity.

In terms of physical capacity we have around 7600+ seats capacity in India and will not need to add any major capacity to facilitate the growth for the current year.

BUSINESS OUTLOOK:

In light of the uncertain macro environment, we believe that through right measures and focus in right areas, we will reach our desired levels of revenue and profit growth. To continue moving on our growth trajectory and to address the challenges we will have to bring in rigor and focus in certain areas:

- **Growing strategic accounts**: We have identified a set of strategic accounts where we see abundant growth opportunities if we enter into more practices than the ones we are already engaged with. Our focus will be to penetrate deeper into these accounts by partnering in multiple areas leveraging our industry thought leadership and strong technology expertise. We will also focus on annuity deals in these accounts.
- **Non-linear revenues:** While we have seen some initial success last year we will focus on growing non-linear revenues in both engineering and IT, especially in cloud space.
- **Increasing revenues from emerging markets:** We want a sizeable component of our revenues to come from the emerging markets, namely APAC and Latin America. We will invest in marketing in these geographies to support sales teams in faster closures and deeper penetration in the markets.
- **Collaborative sales and winning large deals:** We need to scale up faster and collaborate more closely among the SBUs to ensure that we are able to offer better value propositions to our customers.
- **Increasing organizational efficiency:** We will focus and invest in three key areas namely building Six Sigma competencies to achieve better organizational efficiencies, achieving the right people pyramid and making our onsite operations more profitable.

We are excited about the opportunities we see in our focused verticals, markets and customers and in spite of the uncertain macro-economic outlook, we believe we have the right prospects, capable team and able leadership to drive our Company into the next orbit.

Warm Regards,
Sincerely Yours,

Sachin Tikekar
Whole-time Director,
President- Strategic Relationships
& Business Transformation

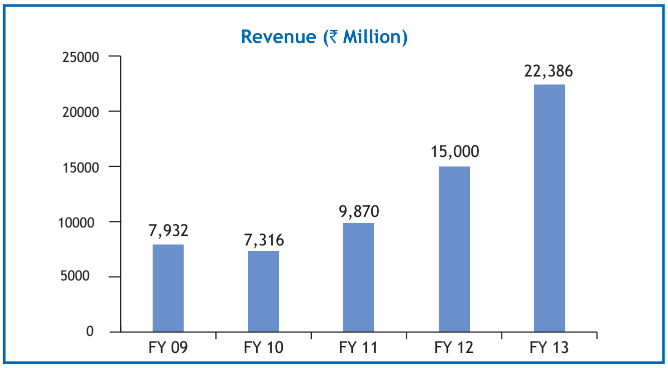
Kishor Patil
CEO & Managing Director

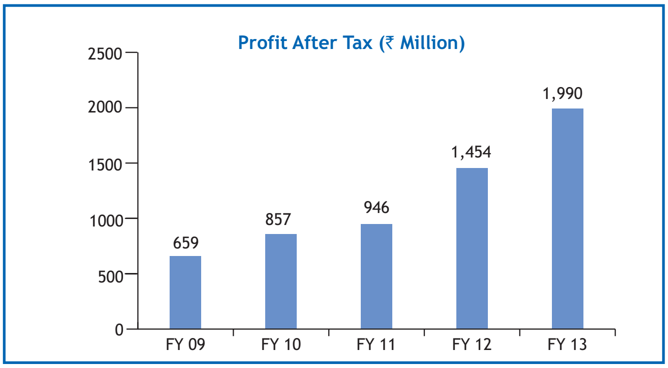
Financial highlights

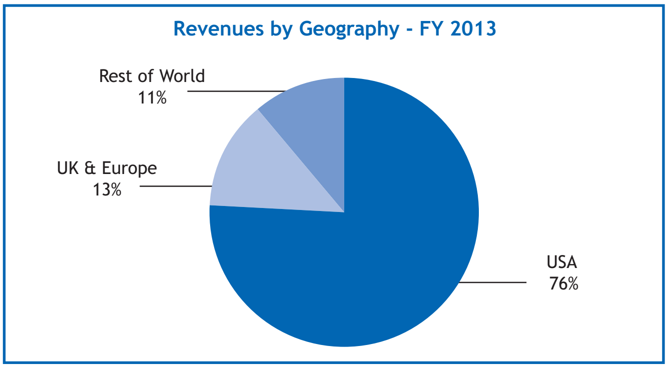
₹ Million

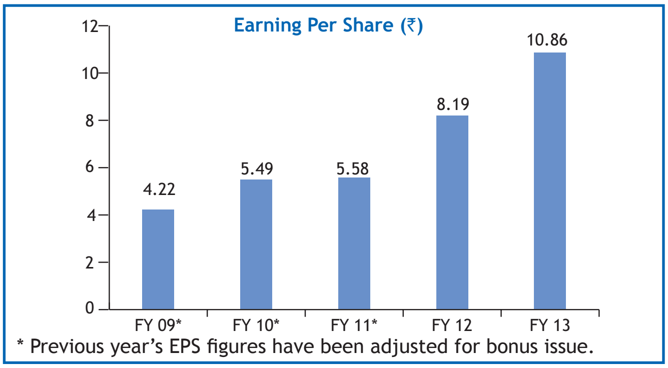
INR Million	FY 2013	FY 2012
CONSOLIDATED INCOME STATEMENT		
Sales (USD Million)	410.45	309.28
Sales	22,386.28	15,000.12
Gross Profit	7,746.47	5,065.69
EBITDA	3,639.86*	2,165.76
Interest	139.93	62.95
Depreciation/ Amortization	471.51	444.86
Other Income	(168.14)	127.95
Profit Before Tax	2,847.23	1,886.35
Profit After Tax	1,990.05	1,453.54
CONSOLIDATED BALANCE SHEET		
Share Capital	385.63	355.89
Application Money	1.41	1.05
Reserves & Surplus	9,975.38	6,768.48
Total Shareholders' Funds	10,362.42	7,125.42
Minority Interest	270.24	326.01
Non- Current Liabilities	1,602.29	1,043.68
Current Liabilities	5,613.05	4,785.41
Total Equity & Liabilities	**17,848.00**	**13,280.52**
Fixed Assets	2,004.61	1,852.69
Goodwill on Consolidation	4,423.43	3,622.54
Other non-current assets	1,373.18	990.45
Current Investments	2,036.46	364.70
Trade Receivables	4,672.80	4,232.57
Cash and cash equivalents	1,920.95	1,472.98
Other Current Assets	1,416.57	744.59
Total Assets	**17,848.00**	**13,280.52**
KEY RATIOS		
Revenue growth	49.24%	51.97%
EBITDA Growth	68.06%	45.92%
PAT Growth	36.91%	53.68%
Gross Profit Margin	34.60%	33.77%
EBITDA Margin	16.26%	14.44%
PAT Margin	8.89%	9.69%
SG&A to Revenue	18.34%	19.33%
ROE	22.76%	22.09%
Return on Capital	16.98%	17.55%
Debt to Equity	0.34	0.26
Cash/ Total Assets	10.76%	11.09%
Earnings Per Share (INR)	10.86	8.19

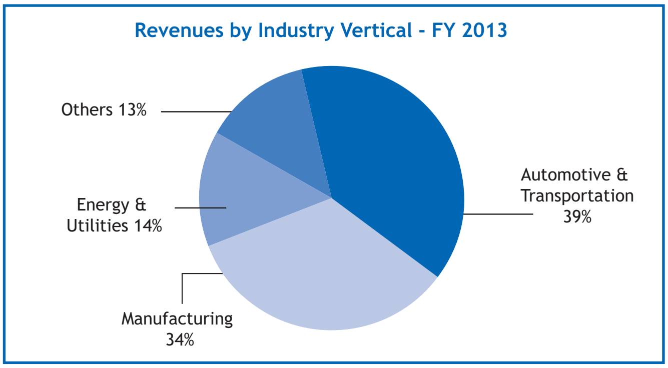
* EBITDA is before exchange gain/loss.

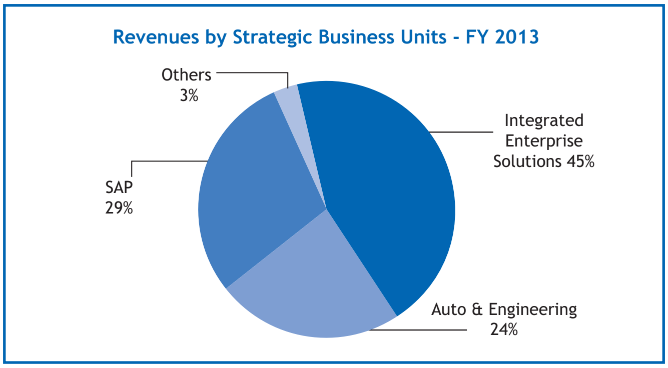

Revenue (₹ Million)
25000
20000
15000
10000
5000
0
7,932
7,316
9,870
15,000
22,386
FY 09
FY 10
FY 11
FY 12
FY 13

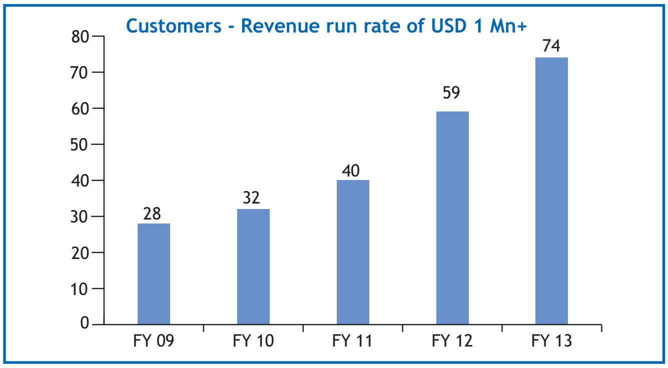

Profit After Tax (₹ Million)
2500
2000
1500
1000
500
0
659
857
946
1,454
1,990
FY 09
FY 10
FY 11
FY 12
FY 13


Revenues by Geography - FY 2013
Rest of World 11%
UK & Europe 13%
USA 76%


Earning Per Share (₹)
12
10
8
6
4
2
0
4.22
5.49
5.58
8.19
10.86
FY 09*
FY 10*
FY 11*
FY 12
FY 13
* Previous year's EPS figures have been adjusted for bonus issue.


Revenues by Industry Vertical - FY 2013
Others 13%
Energy & Utilities 14%
Manufacturing 34%
Automotive & Transportation 39%


Revenues by Strategic Business Units - FY 2013
Others 3%
SAP 29%
Integrated Enterprise Solutions 45%
Auto & Engineering 24%


Customers - Revenue run rate of USD 1 Mn+
80
70
60
50
40
30
20
10
0
28
32
40
59
74
FY 09
FY 10
FY 11
FY 12
FY 13

Management Discussion & Analysis

Global Economic Scenario:

As we started the year FY2013, macro-economic conditions remained volatile. During the first half of the year growth was stable and seen across sectors and markets.However as the year progressed, challenges started surfacing across the industry. Many organizations started facing client specific issues resulting in subdued growth. Growth was seen in patches from a few industry verticals. While US continued facing uncertainties mainly in the first half of the year, the economic indicators started improving towards the second half. At the same time the Euro zone crisis further deepened.

Globally the 2008 financial crisis that continued to impact the India IT industry until now is subsiding.The industry has rapidly evolved and has now become quite agile in terms of expanding to new verticals or geographies, acquiring new customers and providing that extra value to the customers. The industry transformed from being just IT vendors to becoming strategic partners. They moved from being mere service providers to solutions providers, offering solutions that are IP driven, productized and transformative. Experts predict that in the coming years companies will move from investing in cost-centric IT applications to business enablement technologies such as cloud, mobility, analytics and social media. These offerings will enable customers to increase revenues, profitability and cash flows.

Industry Growth Estimates:

The world-wide IT spending is expected:

- To reach USD 3.8 Trillion in 2013, an increase of 4.1% from 2012 spending of USD 3.6 Trillion.
- The enterprise software related spend is estimated to reach USD 297 Billion compared to USD 279 Billion in 2012, a growth of 6.4%.
- IT services spend is expected to reach USD 918 Billion, a growth of 4.5% against USD 878 Billion in 2012.

The India IT BPM sector is estimated to aggregate revenues of:

- USD 108 Billion in FY2013 with exports touching USD 75.8 Billion growing at 10.2%.
- Domestic IT BPM services revenue is expected to grow at 14.1% to gross ₹ 1,047 Billion in FY2013.
- The ER&D and software products segment is expected to generate revenues of USD 18 Billion in FY2013.

The Indian IT BPM domestic revenue is expected to grow by:

- 13% - 15% to reach ₹ 1,180 Billion – ₹ 1,200 Billion in FY2014
- The exports are likely to grow by 12% - 14% to USD 84 Billion – USD 87 Billion in FY2014

Increase in global technology spending, adoption of disruptive technologies, changing business models, new buyer segments and emerging markets are expected to drive the future growth.

(Source: Gartner Report, NASSCOM)

Focus Industry Trends:

Over the last decade, cost has been the major factor driving the manufacturing domain.However the future will be defined by technology. Global manufacturing corporations are investing significantly in IT. The enterprise IT spending for manufacturing and natural resources sector is expected to reach USD 482 Billion in 2013, up 2.9% from USD 468 Billion in 2012. The increased IT spend is driven by pent-up consumer demand, changing buying patterns, shorter time to market, increasing user maturity and advent of new technology.

Organizations have been investing in core ERP technologies to turn around their mission critical business processes while preparing for the next level of growth. Now they are also looking beyond ERP to leverage technology to deliver value to the enterprise. End customers are looking for more innovative output from manufacturers, which is expected to impact the way products are designed, manufactured and sold, including everything from nanotechnologies to 3D printing. As per a recent report, the global market for 3D printing is projected to reach USD 4.5 Billion by 2018, driven by the development of innovative printing techniques, expanding application areas and declining cost of systems and consumables. Most of the advancement is seen in the areas of new production processes and new information technologies. It is also expected that soon there will be in-sourcing of production base back to developed world from the developing nations. The rising wage pressures along with issues relating to supply chain brought about by natural disasters in the Asian region combined with the time factor where speed to market is critical,is compelling global manufacturing corporations to relocate their manufacturing centres.

Similar to the broader manufacturing segment automakers have also been facing a whole new set of challenges in terms of addressing the future mobility needs. The expanding middle class of emerging markets like China, India, Brazil, Russia and other growing nations, with their low car ownership and pace of urban development, continues to present growth opportunities for car makers.The consumers in mature markets are downscaling to smaller, fuel efficient cars, buyers in developing markets also prefer owning larger models like SUVs and pick-ups, apart from small cars.With rising concerns and continuous government focus on needs to curb emissions, there is more emphasis on the development of hybrid vehicles and bringing in efficiency and optimization in the vehicle's "Internal combustion engine" (ICE). In emerging markets like China & Brazil, a lot of investment is being directed into powertrains with an aim to downsize ICE and improve the traditional combustion engine. The increased usage of mobile phones and other gadgets and their growing significance in our day-to-day lives is also driving the need to stay connected even when travelling. Some of the recent advancements in sensor, positioning, computing and communication technologies combined with advanced software and cloud computing are bringing the concept of autonomous vehicle closer to reality. With a large population living in over crowded cities, smaller urban friendly vehicles are becoming a necessity with concepts such as car sharing, mobility etc. gaining popularity. Many people are considering Mobility-as-a-Service as an alternative to car ownership.

Car sharing trends:

- In 2013, global car sharing is expected to cross 3 Million members and 70,000 vehicles on a cumulative basis;
- In 2012, the number was 2.3 Million members and 54,310 vehicles.

Thus compared to the past, OEMs today must adapt to a far greater complexity in a number of different areas to maintain their market share by launching new, safe, comfortable and ergonomically advanced vehicles, while incorporating latest technologies with low production costs.

The energy & utilities industry is undergoing through a transformational phase of business and technical innovation. Public and private utility companies are considering new technologies to reduce cost, bring in operational efficiencies and enhance their competitive advantage. Some of these technical innovations are also creating opportunities to leverage technology that did not exist before. The utility companies are aligning their IT investments with regulatory and compliance requirements, market restructuring, environmental issues and customer needs. In 2013, the total enterprise IT spending for utilities