KPIT

Driving Business Value

through industry focused expertise and innovation

2013-14

Annual Report

Board of Directors

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

Kishor Patil
CEO & Managing Director

Sachin Tikekar
Whole - time Director

Prof. Alberto Sangiovanni Vincentelli
Director

Amit Kalyani
Director

Anant Talaulicar
Director

Dr. R. A. Mashelkar
Director

Lila Poonawalla
Director

Elizabeth Carey
Director

Sanjay Kukreja
Director

B V R Subbu
Director

Adi Engineer
Director

Cariappa Chenanda
Alternate Director

Dwayne Allen
Alternate Director

Company Secretary
R. Swaminathan

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

Legal Advisors

AZB & Partners

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

Financial Institutions

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

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Letter from the Chairman and Group CEO

Dear Fellow KPites,

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

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

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

"The year that went by"

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

I believe it is important to take a look at the journey of our SAP SBU over the years and also the way forward for SAP. In FY10, we had acquired a SAP company viz. Sparta Consulting in the US. At that point of time our SAP revenues were roughly USD 15 Million and Sparta had a revenue run rate of around USD 25 Million. Thus on a base of approximately USD 40 Million SAP revenue in FY10, we grew threefold in 3 years to revenues of USD 123 Million in FY13. Around H2FY13 we witnessed a major technology change with SAP's acquisition of SuccessFactors (SFSF), a cloud based Human Resource Management (HRM) Product Company. SAP virtually stopped selling its on-premise HRM licenses and SFSF sales boomed. We had to train our onsite resources and get them certified on SFSF which had a dent on growth and utilization, thus affecting profitability negatively. With the rapid growth over the years, the deal sizes kept on increasing and we were not fully prepared on execution of these large deals. This resulted in some cost overruns in a couple of large projects. The efforts were fully directed towards ensuring the customer impact is retained at the minimum. Hence this had a dip on profitability and growth. As the SAP leadership team was concentrating more on the above, we also experienced delayed closure of some very large SAP deals by a couple of quarters which further impacted growth and profitability.

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

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

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

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

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

"The year ahead"

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

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

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

The Manufacturing Vertical is also driven by technology innovations. The key thrust of manufacturing organizations is on improving operational efficiency. This is primarily through productivity improvement, quality management and cost reduction. Another important focus area for manufacturers around the globe is reduction in time to market. Rapid prototyping and actual manufacturing, using technologies like 3D printing, has already gained momentum. The R&D in manufacturing is more focused on advanced manufacturing technologies with an objective of reducing energy intensity and use of nonrenewable raw materials. Another big area of research dollars for the manufacturing vertical is the whole concept of internet of things where Machine to Machine Communication (M2M) and enrichment of machine intelligence will call for embedded as well as business IT solutions. Our vertical focused solutions especially in the areas of Product Cost Management, Manufacturing Execution Systems, Supply Chain Management, Warranty Management, Value Chain Planning and Execution, Remote Diagnostics, Enterprise Asset Management and Warehouse Management coupled with proprietary, pre-configured manufacturing industry solutions in SAP, JDE and Oracle EBS positions us well to be a part of the exciting technology change that the manufacturing vertical is looking forward to and investing in. Within manufacturing, we are now building focus on sub-verticals such as Industrial/ Farm Equipments (IFE), Medical Equipments and Hi-Tech. We believe each of these sub-verticals have the potential of growing into individual verticals in the next 2-3 years.

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

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

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

2. **Innovation** – Innovation is in the DNA of KPIT and we concentrate on fostering a culture of innovation involving each individual across KPIT, irrespective of the level, practice or function. This, we believe, is one of the most important techniques to gain a sustainable competitive advantage. We will continue to do the same in the coming year. During FY15, we will continue to emphasize on monetization of IPs. We would focus on productized solutions, which will bring us non-linear growth and help us improve our profitability as we grow.

3. **Profitable Growth** – Profitability improvement is an ongoing initiative at KPIT. We will strive to improve our profitability in the coming year by focusing on efficiency enhancement, productivity improvement, superior business led technology solutions to our customers, scaling up of strategic customer accounts and more annuity based revenues. As stated earlier, we will have a greater stress on SAP profitability and going from red to black to green will be our number one priority for FY15. While we focus on profitability we will continue to invest in the right areas required for future growth.

4. **One KPIT Experience** – We started working on this initiative a couple of years back and will build further on the same during FY15. With the new Organization Structure in place for scaling our existing strategic accounts, it is imperative that we present a single comprehensive face to the customer. The focus will be on coordinated account management practices to help the customer reap benefits of our vertical focused solutions across Engineering and Business IT.

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

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

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

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

Thank you for your continued patronage through the years.

Warm Regards,
Sincerely yours,

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

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

Dear Stakeholders,

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

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

NEW IDENTITY:

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

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

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

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

ORGANIZATION STRUCTURE:

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

Our focus verticals viz. Automotive and Transportation, Manufacturing and Energy and Utilities will be structured as IBUs. These business units will help in cross-selling multiple services and solutions across practices and ensure that we come across as One KPIT to our customers. The SBU structure will become more global with new roles being created for Delivery Management across practices for strategic customers, Delivery Excellence, Operational Excellence and for selecting and creating capabilities in new technologies. SBUs will continue to help us differentiate in the market with our cutting-edge offerings & solutions. With increased focus on non-linear growth and IP based revenues, we have created a separate unit called "Products & Platforms" which will work towards development of a strong product portfolio. We are witnessing higher traction in Infrastructure Management Services (IMS) and we would be creating a separate SBU to capture these significant opportunities and take this business to the next level. There is a need to understand customer's business requirements and provide offerings with specific value added propositions. We are building a consulting layer onsite and developing capabilities for business value creation and harvesting models to win more business.

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

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

BUSINESS UPDATE:

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

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

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

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

A&E SBU, which contributes 25% of total company revenue, was the second highest growing SBU during the year with 23% Y-o-Y growth. There was strong momentum in practices like powertrain, infotainment, AUTOSAR, body electronics and instrument clusters, which have driven the growth for this SBU. With increased focus on diagnostics, we announced the release of new generation diagnostics products – "In2Soft Diagnostic Tools" during the year. This version comes with features that ensure smoother and more seamless diagnostics for the OEMs. During the year, we witnessed increased interest and activity in Intelligent Transportation systems. We have built our System Integration (SI) and end-of-line (EOL) testing facility in Pune near our corporate office. This facility has been created to engage more strategically with our customers, mainly in Indian market and provide end-to-end solutions through innovation, localization and frugal engineering.

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

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

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

SAP STRATEGIC BUSINESS UNIT (SBU):

This was not a good year for SAP SBU as the revenues declined by 1% on a Y-o-Y basis, with the SBU contributing 25% to total company revenues. At the beginning of the year, we expected closure on large deals to drive strong growth in the SBU. But the delay in closure of a few of these deals, especially in North America was the major factor for the slowdown in the SBU's performance thus hindering company's overall growth. However, aided by strong traction in Asia, we did observe the SBU growing towards the end of the year. We have built a strong deal pipeline and offerings portfolio across the geographies, which will enable us to bounce back to growth in the next year. We are working with SAP and our customers to create offerings for cloud and analytics through HANA and SuccessFactors.

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

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

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

BUSINESS TRANSFORMATION UNIT (BTU):

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

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

M & A UPDATE:

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

GEOGRAPHY UPDATE:

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

PEOPLE INITIATIVES:

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

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

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

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

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

EXECUTIVE APPOINTMENTS:

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

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

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

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

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

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

OPERATIONAL UPDATE:

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

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

During the year, we strengthened the use of "Auto Code Generator" tools that improve productivity and code quality and the results are encouraging. CBA, an indigenously developed platform for quality and productivity measurement and enhancement has been implemented for the company and also for key customers as a service offering. User productivity kit (UPK) from Oracle, a content development and deployment platform for increasing project, program and user productivity is being deployed across the organization as well as for customers and the feedback has been promising. Under six sigma 50+ process improvement projects have been completed successfully and with a good pipeline for six sigma customer engagements, 89% of our customers have endorsed their satisfaction with our services and products.

INFRASTRUCTURE:

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

BUSINESS OUTLOOK:

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

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

Warm Regards,
Sincerely Yours,

Kishor Patil
CEO & Managing Director

Sachin Tikekar
Whole-time Director