

KPIIT

A SUSTAINABLE FUTURE POWERED BY SOFTWARE DEFINED VEHICLES



Inside the Report

Corporate Overview

02	Reimagining mobility
04	Chairman's message
08	Letter from the CEO & MD and President & Joint MD
12	Highlighting stories from FY23
14	Financial highlights
16	Our services and solutions
18	Fulfilling the promise of sustainability
20	Our quest for responsible transformations
24	Operating with integrity and transparency
25	Board of Directors
26	Contributing to a sustainable future: An In-depth Perspective
30	Our community development initiatives
34	Our employee engagement initiatives

Statutory Reports

36	Board's Report
71	Management Discussion and Analysis
76	Report on Corporate Governance
97	Business Responsibility & Sustainability Report
130	Enterprise Risk Management Report
134	R&D Activities
141	Additional Shareholders Information

Financial Statements

154	Standalone Financial Statements
228	Consolidated Financial Statements
314	Notice
336	Communication to shareholders

For more information about the Company, visit:



www.kpit.com



or scan the QR code

To attend 6th Annual General Meeting via video conferencing and to e-vote, the Members are requested to follow the instructions provided in the Notice.

Cut-off date:

Tuesday, August 22, 2023

Remote e-Voting Period:

1. Thursday, August 24, 2023 at 9.00 a.m. to Monday, August 28, 2023 at 5.00 p.m.
2. During the AGM

Read this Annual Report online

www.kpit.com

6th Annual General Meeting

Tuesday, August 29, 2023
3.00 p.m. IST

Video conferencing and e-voting:

Click on "VC/OAVM" link placed under "Join Meeting" in NSDL e-Voting system.

The automotive industry is in a state of constant evolution – redefining its role in the face of shifting customer preferences and global sustainability goals. With our extensive experience of over two decades in the mobility sphere, we aim to enable the transformation of the mobility ecosystem through software defined vehicles (SDVs).

In light of the evolving operating environment, we recognise the need for mobility players to invest prudently in advanced technologies to develop smarter, safer, and more intelligent mobility solutions. To this end, we help leading automotive players inculcate a range of technologically advanced features such as advanced driver assistance systems, connectivity, and autonomous capabilities.

These solutions support OEMs in a dynamic business environment and help minimise the carbon footprint of the automobile industry. It has not only accelerated the transition towards a greener and digitally empowered future, but also enabled us to transform traditional vehicles into smart, connected, and eco-conscious SDVs.

Leveraging our collaborations with global industry leaders to bring expertise in the areas of Feature Development and Integration, Architecture Consulting and Middleware and Cloud-based connected services, we aspire to redesign the future mobility roadmap. With a paradigm shift in auto manufacturing, the growth of autonomous and electric vehicles is on the rise. Ensuring flexibility, user convenience, greater adaptability and performance –

we are taking strides to make sustainable mobility a reality, to reimagine established practices and to turn a new page in the mobility ecosystem.



Reimagining mobility

Over the past two decades, KPIT has helped reimagine mobility with its global scale and technological expertise. We have emerged as an independent software integration partner for global automotive players and established an expansive footprint around the world.

We collaborate with industry leaders in the automotive and mobility sectors to make software-defined vehicles a reality. With our specialisation in embedded software, artificial intelligence and digital solutions, we help clients deploy next-generation technology to strengthen the future mobility roadmap.

Our commitment to environmental sustainability has enabled us to develop solutions that help organisations reduce their carbon footprint and lay the foundation for a cleaner, smarter and safer future. Through our focus on innovative solutions, we have earned the trust of our valued patrons, which has empowered us to play a prominent role in transforming the mobility ecosystem.

Vision
Reimagining mobility with YOU for creation of a cleaner, smarter and safer world.



In focus

11,000+

Automobelievers

25

Centres of excellence

68

Patents granted

25+

Different nationalities

500+

Production programme experience

75+

Platforms, Tools and Accelerators

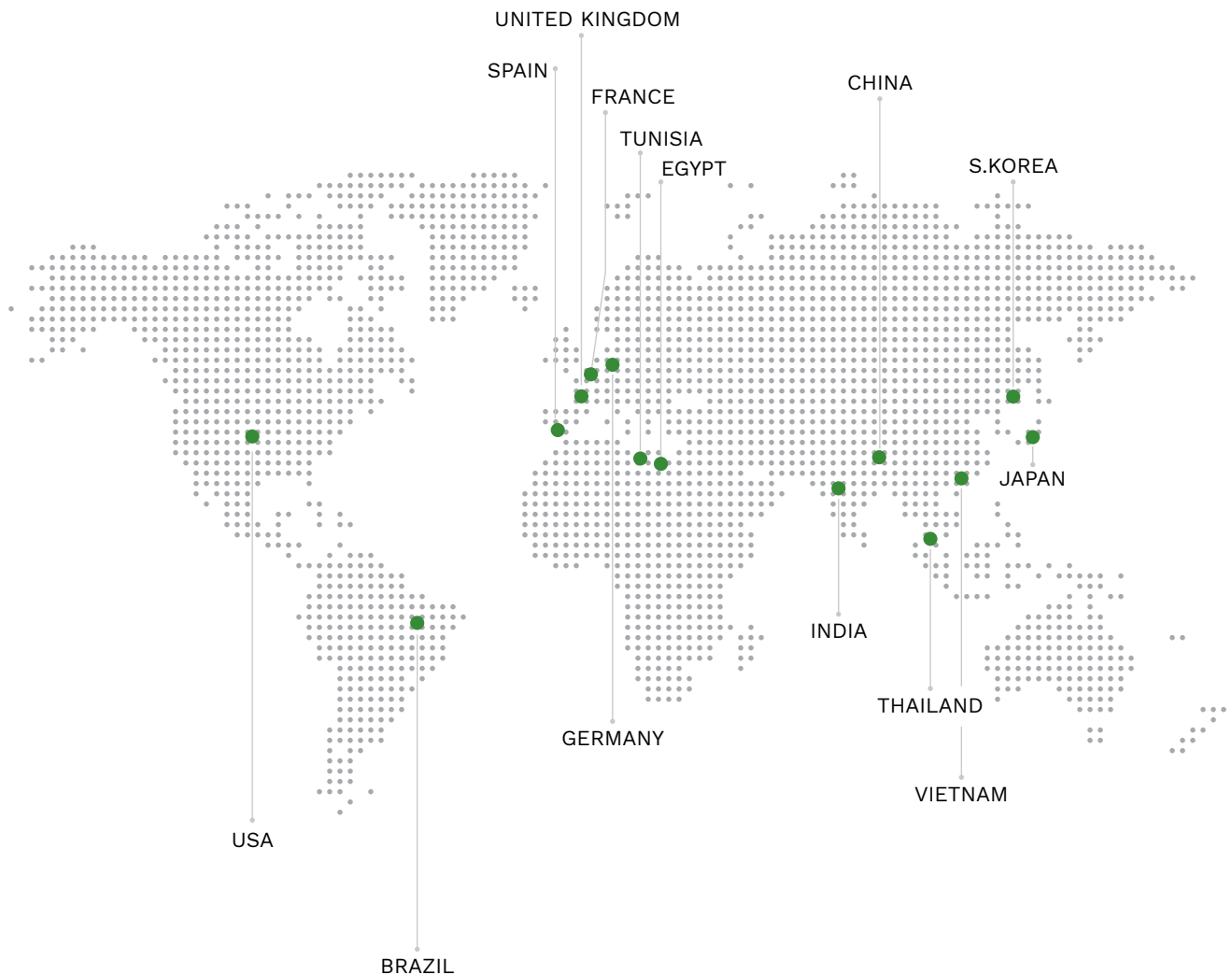
25+

OEMs/Tier I strategic partners

10+ Mn

Vehicles on road with KPIT software

Our global footprint



Map not to scale. Only for representation purpose

Chairman's message



Today, KPIT is home to over 11,000+ dedicated Automobelievers across the globe, with a presence in 13 countries, including Centres of Excellence across India (Pune, Bengaluru, Kochi), the EU, the USA, Brazil, Thailand, China and Japan.

Dear shareholders,

It is always a pleasure to converse and share my thoughts with you through this annual letter. In this letter, I would like to take a look at the way the world of mobility is transforming and your Company's place in this brave new world-to-be.

Standing at an extraordinary juncture in human history

Two hundred and fifty years of the industrial revolution have brought unimaginable prosperity to humanity. Major breakthroughs have facilitated the availability of essentials such as good food and healthcare for the vast majority, leading to increased longevity and a higher standard of living for a large part of humanity. Hundreds of millions are coming out of the curse

of poverty in China and India. Today, most of the world is enjoying a better quality of life than ever since our ancestors got down from the trees.

But the same industrial revolution has disturbed our ecology, destroyed our diversity, increased the temperature, triggered calamitous events and brought human existence on this beautiful planet to the threshold of destruction.

Now, we are at a juncture where we must manage sustainability in all its dimensions – social and economic, so that no part of humanity gets left behind; and environmental, so that we can live in harmony with nature.

The world of mobility

Mobility, the facet of human life in which your Company operates, faces this dilemma in all its aspects.

The history of human progress is the history of mobility. Mobility has led the progress of humanity; from the days our ancestors got down from trees and started walking on hind legs, to walking out of Africa, covering the entire world, sailing the seas and soaring in the skies, to touching the depth of the seas and the edge of outer space.

This mobility has brought unimaginable success and prosperity to the world. It has also had a huge impact on sustainability. Today, transportation constitutes roughly 16% of global CO₂ generation. It accounts for the largest usage of fossil fuels, mining for various materials, and creating waste that the world has to carry forward across generations.

Just as other aspects of human endeavours are on the cusp of transformation, so is the world of mobility. And your Company

is an active participant in this transformation story worldwide.

So, what is changing in the world of mobility?

Today, the world of mobility is undergoing the greatest transformation of the past hundred years since Henry Ford brought Model T to the world in 1919 and made cars affordable to the masses. It is transforming in every aspect: from fossil fuels to renewable energy, from human-driven to fully autonomous, from just a mode of transport to an extremely comfortable hub of connectivity in an increasingly interconnected world.

Not only that, but the economic architecture of the industry is changing as well. The automotive industry, facing stagnant sales in most of the developed world, is now desiring to change its relationship with the customer. Rather than being a one-time transaction, the vehicle sale would be the beginning of a long-term relationship with continuous upgrades for the vehicle throughout its life.

All this means that the vehicle is not a piece of hardware anymore. It's a living entity that brings in new functionalities throughout its life and rejuvenates itself. It uses minimum energy when it is built, recycles most of its parts when it morphs into a new vehicle, and emits minimum CO₂. It can take in energy, i.e., charge its battery, when adequate renewable energy is available, and exhale the energy back into the grid when required. In the new business model, the user doesn't have to make a one-time purchase and pays for the usage rather than the asset itself.

These are some of the fundamental changes that are happening in the world of mobility. This beautiful

transformation is aimed at making mobility sustainable. How can we ensure that the need for mobility for our goods and human beings is satisfied without emitting more CO₂ into the air, destroying the environment and damaging our diversity?

The answer is to make the car more intelligent and responsive to the environment. All of this is encapsulated in three beautiful words: Software-Defined Vehicles (SDVs).

As the words suggest, this transformation is driven by software; and your Company is an integral part of the industry driving this transformation. With our Vision 'Reimagining Mobility with You for Creation of a Cleaner, Smarter and Safer World', we have clearly stated our objective for the world. Our Mission Statements classify our vision into four broadly defined Goals, as follows:

- Becoming the leading Company in PRACTICES and PLATFORMS business
- Delivering ZERO DEFECT DELIVERY



The industry's performance, the strong growth we have been able to achieve is commendable as well as encouraging. I am pleased to share that we recorded industry-leading growth, wherein the total revenue from operations stood at ₹ 33,650 million (USD 418 million), marking a 37% constant currency growth.



- Being the BEST PLACE to Grow
- Having strategic relationships with our T25 CLIENTS

By pursuing these Missions, we will create value by nurturing a CULTURE OF EXCELLENCE across the organisation.

Today, KPIT is home to over 11,000+ dedicated Automobelievers across the globe, with a presence in 13 countries, including Centres of Excellence across India (Pune, Bengaluru, Kochi), the EU, the USA, Brazil, Thailand, China and Japan. Our Practices- Autonomous Driving/ ADAS, Propulsion, eCockpit and Connectivity, new-age Vehicle Engineering and Design, Cloud and Virtualisation, Predictive Diagnostics and Maintenance, Functional Consolidation in Body Electronics, and Common Middleware for new E/E Architecture- are aligned to support the SDV transformation. This allows us to build trusted partnerships with major global OEMs and Tier 1 and collaborate with all the major stakeholders throughout the ecosystem.

I am happy to report that this year, global giants like Renault and Honda have partnered with us to further their SDV transformation.

Our contribution to this transformation is well appreciated by the industry, as is evident by our robust growth. This year, too, we reported sustainable growth and margin expansion. We created better engagements and secured substantial deals with our key clients. During the year, we acquired Somit Solutions and Technica Engineering, the latter significantly deepening our engagement with our clients and enabling us to create a unique one-stop shop for the automotive industry.

Chairman's message contd...

The IT industry endured several turbulences during fiscal year 2023. Yet, given the industry's performance, the strong growth we have been able to achieve is commendable as well as encouraging. I am pleased to share that we recorded industry-leading growth, wherein the total revenue from operations stood at ₹ 33,650 million (USD 418 million), marking a 37% constant currency growth. The EBITDA for the year has been 18.9%, which demonstrates a 45% growth over last year. Our net profit for the year was reported at ₹ 3,810 million, up by 39% over the last year. Overall, our top-line as well as bottom-line growth has been healthy and we have been able to meet the expectations that we had put forth in our outlook for the year. Our consistent performance over the years has been richly rewarded by the financial markets. Sustaining this growth is what enables us to keep pursuing our vision of a cleaner, smarter and safer world.

Socially responsible

Our commitment to sustainability goes beyond the work that we do. We are also mindful of our social responsibilities and have always strived to make a positive change in society by contributing to its betterment. As part of our social activities, we have continued to organise specialised community development programmes focusing on education, clean energy, and a better environment.

However, rather than merely investing money and resources, we believe in also investing our time and efforts. Hence, along with these critical

areas, we have continued to promote employee engagement for these social and environmental causes. Over four thousand employees have contributed their personal time and taken great efforts to make our initiatives a success, and I am grateful to them for their commitment and service to society.

In addition to these, through our educational initiatives such as Chhote Scientists, KPIT Sparkle, KPIT STEM Dialogue, KPIT Shodh, and more, we support education that allows us to change people's lives through science and technology.

Our consistent performance, high work ethic, and commitment to society and the environment have also earned us awards from the industry this year.

Looking ahead

Going forward, we believe that the future of mobility is already present, albeit unevenly distributed.



We believe that the future of mobility is already present, albeit unevenly distributed. At KPIT, we are excited to be part of this evolution and embrace the opportunities it brings. With our robust operating and financial positions, a strategic roadmap and a highly engaged team, we are well on track for FY 2023-24 and beyond. We will keep unlocking further opportunities by leveraging our deep domain expertise and software competence.



At KPIT, we are excited to be part of this evolution and embrace the opportunities it brings. With our robust operating and financial positions, a strategic roadmap and a highly engaged team, we are well on track for FY 2023-24 and beyond. We will keep unlocking further opportunities by leveraging our deep domain expertise and software competence.

On behalf of the team at KPIT, I want to thank our shareholders for their trust and cooperation throughout our journey. Your belief in our Company helps make it possible for us to do what we do best. I also want to extend my gratitude to our Board of Directors, whose guidance, passion, energy and strength propel us forward.

Sincerely yours,

S. B. (Ravi) Pandit
Chairman



Letter from the CEO & MD and President & Joint MD



Dear shareholders,

As we reflect upon the fiscal year gone by, we are pleased to share the key highlights with you. It was a period marked by remarkable growth in revenue and profitability. As we celebrate these achievements, we remain very optimistic about what lies ahead.

We find ourselves in a stage of transition that has not been witnessed in the past century. Our clients, the Passenger Car and Truck Original Equipment Manufacturers (OEMs), are experiencing a profound shift in their business models, driven by a multitude of factors.

The urgent need to reduce greenhouse gas emissions and combat climate change has prompted the transition towards Zero Emission Vehicles (ZEVs). This paradigm shift is characterised by the widespread adoption of electric vehicles (EVs) and other zero-emission technologies. Additionally, the industry is embracing a circular economy model, aiming to minimise waste, optimise resource efficiency and foster sustainability. This entails re-evaluating product design, production processes, and end-of-life management with a focus on efficiency and effectiveness. These trends resonate deeply with us, as we are passionate about providing our clients with sustainable solutions.

At the core of the Mobility Industry's rapid transformation lies technology, especially software. Its pivotal role

in this shift cannot be overstated. Today, the strategic growth of new-age businesses relies on their ability to adapt to the changing operating environment and effectively leverage software solutions.

For KPIT, our motto is to be a software Company that understands the needs of the Passenger Car and Truck OEMs better than any other player. This sets us apart as we solely focus on the Mobility Industry. Over the past few years, we have aligned our efforts with the fast-paced changes in our clients' business models. This has empowered us to contribute to the architectural development and problem-solving aspects of product development for our clientele.

As we embark on a progressive journey, our confidence stems from the convergence of two