Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

Company Overview

KPIT Technologies Limited (erstwhile KPIT Engineering Limited) ("the Company") is a public limited company incorporated on 8 January 2018 under the Companies Act, 2013 and has been listed with effect from 22 April 2019 on Bombay Stock Exchange and National Stock Exchange. The Company's registered office is in Pune and it has subsidiaries across multiple geographies.

The Company is a global technology company specializing in providing Product Engineering solutions and services to Automobile and Mobility Sector. Refer note 42(1) for details of the Scheme of Demerger during the previous year.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 27 May 2020.

1. Significant accounting policies

Basis of preparation of standalone financial statements

The standalone financial statements are prepared in accordance with the Indian Accounting Standards ("Ind-AS") as specified under Section 133 of the Companies Act, 2013 read with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of Companies Act, 2013. The standalone financial statements are presented in millions of Indian rupees rounded off to two decimal places, except per share information, unless otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared on the historical cost basis, except for share based payments, defined benefit obligations and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Use of estimates

The preparation of standalone financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year. Actual results could differ from estimates. Differences between actual results and estimates are recognised in the year in which the results are known / materialized.

Critical accounting estimates

a. Revenue Recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total estimated costs to be expended. Efforts or costs expended have been used to measure progress towards completion as generally there is a direct efforts or relationship between input and output in respect of work completed.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income tax

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions (if any).

c. Measurement of defined benefit obligation, key actuarial assumptions and share based payments

Information about assumptions and estimation uncertainties in respect of defined benefit obligation and share based payments are included in note 29(2) and note 30 respectively.

d. Impairment of investment in subsidiaries

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

e. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities.

f. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind-AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the Company and affects whether it is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

g. Valuation of deferred tax assets

The Company reviews carrying amount of deferred tax asset at the end of each reporting period. The policy has been explained under note 1.13.

h. Estimation of uncertainties relating to the global health pandemic from COVID-19

In view of pandemic relating to COVID -19, the Company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, intangible assets, investment in subsidiaries and other financial assets. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment this situation does not materially impact this standalone financial statements as on 31 March 2020. However, the actual impact of COVID-19 on the Company's standalone financial statements, in future, may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

1.1 Current–non-current classification

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

Assets

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

a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is expected to be realised within 12 months after the reporting date; or

d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

a. it is expected to be settled in the Company's normal operating cycle;

b. it is held primarily for the purpose of being traded;

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

c. it is due to be settled within 12 months after the reporting date; or

d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

1.2 Revenue recognition

The Company derives revenues primarily from providing engineering services which includes design engineering services, embedded software development with its related services and from the sale of licenses and products.

The following is the summary of significant accounting policies related to revenue recognition:

Revenue is recognised upon transfer of control of promised services or products to customers for an amount that reflects the consideration expected to be received in exchange of those services or products.

Arrangements with customers for such engineering and its related services are bifurcated into following key categories:

a. Revenue on time and material contracts for the reporting period is recognised as and when the related services are performed and billed to the end customers. If billing for the related services is not done during the reporting period, revenue is recognized as unbilled revenue at the end of the reporting period.

b. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and output in respect of work completed.

c. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.

d. Revenue from client training, support and other services arising due to the sale of software products is recognised as the services are performed.

e. Revenue from internally developed software product licenses where the customer obtains a “right to use” the license is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognised over the access period.

f. Revenue from sale of third party licenses is recognised only when the sale is completed by passing ownership.

g. Revenue from sale of hardware products is recognized upon actual delivery of goods along with transfer of control and significant risks and rewards to the customers.

The following are the details of key significant accounting policies related to revenue recognition for all the above mentioned categories:

a. Revenue in excess of invoicing is classified either as contract asset (unbilled revenue) or financial asset (unbilled revenue), while invoicing in excess of revenue is classified as contract liabilities (unearned revenue).

b. Unbilled revenue is classified as contract asset when there is a right to consideration in exchange for goods or services which is

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

conditional on something other than the passage of time. Whereas, it is classified as financial asset when such right to consideration in exchange for goods or services is conditional only on passage of time.

c. Amount billed in advance, without services being rendered, is classified as unearned revenue (contract liabilities).

   Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses and incentives, if any, as specified in the contract with the customer. Expenses reimbursed by customers during the project execution are recorded as reduction to associated costs.

d. The Company accounts for volume and / or trade discounts to customers as a reduction of revenue. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

e. When there is an uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

f. In accordance with Ind-AS 37, provision for onerous contract/ estimated losses, if any, on uncompleted contracts are recorded in a period in which such losses become probable based on the expected contract estimates at the reporting date.

g. The Company presents revenues net of indirect tax in its Statement of Profit and Loss.

h. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services(ATS). The Company has applied the principles under Ind-AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts is allocated to each performance obligation of the contract based on its relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customised as part of the implementation service, the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognised as the performance obligations are satisfied. ATS revenue is recognised ratably over the period in which the services are rendered.

i. In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Significant judgments in revenue recognition:

a. The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b. Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c. The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

d. The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

e. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. The Company uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

1.3 Borrowing costs

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

The exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs, are regrouped from foreign exchange differences to finance costs.

1.4 Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. If significant parts of an item of property, plant and equipment have different useful lives , then they are accounted for as separate items (major components) of property, plant and equipment. The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets under construction are disclosed as capital work-in-progress.

1.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment, if any.

In case of internally generated intangibles, costs incurred during the research phase of a project are expensed when incurred. Development activities

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

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

Intangible fixed assets are derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal or when the economic benefits are not measurable.

1.6 Depreciation and amortization

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of the assets. The estimated useful lives are as follows:

Type of asset	Useful life (No. of years)
Buildings	30
Plant and equipment[(1)]	4-5
Office Equipment[(1)]	10
Owned Vehicle[(1)]	5
Furniture and fixtures[(1)]	8

[(1)] For these class of assets, based on internal assessment, the useful lives as given above are believed to best represent the period over which the assets are expected to be used. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The right-of-use assets is depreciated over shorter of useful life and lease term.

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

Capitalised development costs are amortised over a period of 3 to 4 years.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

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

Depreciation and amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

1.7 Impairment

a. Financial assets

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind-AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recorded as an impairment gain or loss in the Statement of Profit and Loss.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. While assessing the recoverability of receivables including unbilled receivables, the Company has considered internal and external information up to the date of approval of these standalone financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions. The Company expects to recover the carrying amount of these assets.

b. Non- financial assets

Property, plant and equipment and intangible assets

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

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

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

1.8 Inventories

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

1.9 Leases

A contract, or part of a contract, is a lease if that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the Statement of Profit and Loss.

The Company has elected not to apply the requirements of Ind-AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind-AS 115 Revenue to allocate the consideration in the contract.

Transition to Ind AS 116

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new lease accounting standard on 30 March 2019 and came into force with effect from 1 April 2019. Ind AS 116 has replaced the guidance in

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

Ind AS 17 “Leases”. The effect of initially applying this standard is recognised at date of initial application (i.e. 1 April 2019). Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

a. **Operating lease:**

Accordingly, the Company has applied Ind AS 116 using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity. Accordingly the company has not restated the comparative information, i.e. comparative information continues to be reported under Ind AS 17.

b. **Finance lease:**

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

Refer note 1.9 Leases under significant accounting policies in the annual report of the Company for the year ended 31 March 2019, for the policy as per Ind-AS 17.

1.10 Earnings per share

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

1.11 Foreign currency transactions

a. **Functional and presentation currency**

Indian Rupee is the Company’s functional as well as presentation currency.

b. Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the year-end rates. The exchange differences so determined and also the realised exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate prevalent at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and measured at historical cost are translated into the functional currency at the exchange rate prevalent at the date of transaction.

1.12 Employee benefits

a. **Defined benefit plan**

The Company’s gratuity scheme is a defined benefit plan. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at each Balance Sheet date. Remeasurement of net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effects of asset ceiling (if any, excluding interest) are recognised in other comprehensive income for the period in which they occur. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss. Past service cost is recognised immediately to the extent that the benefits are already vested or amortised on a straight-line basis over the average period until the benefits become vested.

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

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

b. Defined contribution plan

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

c. Other employee benefits

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

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax

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

1.14 Provisions, Contingent liabilities and Contingent assets

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

No provision is recognised for –

a. Any possible obligation that arises from past events and the existence of which will be

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

b. Present obligations that arise from past events but are not recognised because-

1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

2) A reliable estimate of the amount of obligation cannot be made.

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

Contingent assets are not recognised in the standalone financial statements since this may result in the recognition of income that may never be realised.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognises any impairment loss on the assets associated with that contract.

Warranty

The Company has an obligation by way of warranty to maintain the software during the period of warranty, as per the contractual requirements, for certain products/licenses. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost of service delivery. The Company estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

1.15 Research and development:

Costs incurred during the research phase of a project are expensed when incurred. Costs incurred in the development phase are recognised as an intangible asset in accordance with policy defined in 1.5.

1.16 Employee stock option

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the Company recognises employee compensation expense, using the grant date fair value in accordance with Ind-AS 102 - Share Based Payment, on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

1.17 Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

1.18 Financial instruments

a. Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

b. Subsequent measurement

i) Non-derivative financial instruments

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose

Notes forming part of the standalone financial statements
for the year ended on 31 March 2020

objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

However, in cases where the Company has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognised in other comprehensive income.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

ii) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the statement of profit and loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Cash flow hedge

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

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitments and highly probable forecast transactions.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions any cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve is retained until the forecast transaction occurs. When a hedged transaction occurs or is no longer expected to occur, the net cumulative gain or loss recognised in cash flow hedging reserve is transferred to the Statement of Profit and Loss.

The amount recognised in Other Comprehensive Income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the Statement of Profit and Loss and other comprehensive income.

iii) Treasury Shares

When any entity within the Group (KPIT Technologies Limited (erstwhile KPIT Engineering Limited) and its subsidiaries) purchases the Company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

c. Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind-AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

d. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, the Company uses discounted cash flow analysis method for the fair value of its financial instruments except for employee stock options, where Black and Scholes options pricing model is used. The method of assessing fair value results in general approximation of value and such value may never actually be realised.

For all other financial instruments the carrying amount approximates fair value due to short maturity of those instruments.

1.19 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a short maturity of three months or less from the date of investment.

1.20 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes forming part of the standalone financial statements

2A Property, plant and equipment

(Amount in ₹ million)

	Land (Leasehold)	Building	Leasehold improvements	Plant and Equipment	Furniture and Fixtures	Vehicles Leased	Vehicles Owned	Office Equipment	Total
Gross carrying amount as at 1 April 2018	-	-	-	-	-	-	-	-	-
Additions pursuant to scheme of demerger (Refer note 42(1))	405.40	1,035.26	171.39	695.69	148.41	6.70	29.41	341.17	2,833.43
Additions	-	-	-	6.25	1.14	-	4.30	2.91	14.60
Disposal/retirements/derecognition	-	1.51	3.55	4.93	4.10	-	-	2.34	16.43
Gross carrying amount as at 31 March 2019	**405.40**	**1,033.75**	**167.84**	**697.01**	**145.45**	**6.70**	**33.71**	**341.74**	**2,831.60**
Accumulated depreciation as at 1 April 2018	-	-	-	-	-	-	-	-	-
Additions pursuant to scheme of demerger (Refer note 42(1))	15.24	0.55	76.39	157.26	51.37	6.64	12.65	71.15	391.25
Depreciation for the year	1.09	8.79	5.65	38.01	4.70	0.06	1.21	9.40	68.91
Disposal/retirements/derecognition	-	0.55	1.83	3.93	1.69	-	-	1.08	9.08
Accumulated depreciation as at 31 March 2019	**16.33**	**8.79**	**80.21**	**191.34**	**54.38**	**6.70**	**13.86**	**79.47**	**451.08**
Carrying amount as at 31 March 2019	**389.07**	**1,024.96**	**87.63**	**505.67**	**91.07**	**-**	**19.85**	**262.27**	**2,380.52**
Gross carrying amount as at 1 April 2019	405.40	1,033.75	167.84	697.01	145.45	6.70	33.71	341.74	2,831.60
Additions	-	3.23	-	166.76	12.99	-	10.77	27.93	221.68
Disposal/retirements/derecognition	-	-	-	0.25	1.22	-	8.66	1.80	11.93
Reclassification on adoption of Ind AS 116 - Leases (Refer note 36)	405.40	-	-	-	-	6.70	-	-	412.10
Gross carrying amount as at 31 March 2020	**-**	**1,036.98**	**167.84**	**863.52**	**157.22**	**-**	**35.82**	**367.87**	**2,629.25**
Accumulated depreciation as at 1 April 2019	**16.33**	**8.79**	**80.21**	**191.34**	**54.38**	**6.70**	**13.86**	**79.47**	**451.08**
Depreciation for the year	-	35.75	21.54	169.52	19.20	-	5.28	35.90	287.19
Disposal/retirements/derecognition	-	-	-	0.14	1.04	-	6.85	0.66	8.69
Reclassification on adoption of Ind AS 116 - Leases (Refer note 36)	16.33	-	-	-	-	6.70	-	-	23.03
Accumulated depreciation as at 31 March 2020	**-**	**44.54**	**101.75**	**360.72**	**72.54**	**-**	**12.29**	**114.71**	**706.55**
Carrying amount as at 31 March 2019	**389.07**	**1,024.96**	**87.63**	**505.67**	**91.07**	**-**	**19.85**	**262.27**	**2,380.52**
Carrying amount as at 31 March 2020	**-**	**992.44**	**66.09**	**502.80**	**84.68**	**-**	**23.53**	**253.16**	**1,922.70**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

2B Right-of-use assets (Refer note 36)

	Building (Leasehold)	Land (Leasehold)	Vehicles Leased	Total
Gross carrying amount as at 1 April 2019	-	-	-	-
Effect of transition to Ind AS 116	569.97	-	-	569.97
Reclassification on adoption of Ind AS 116 - Leases	-	405.40	6.70	412.10
Additions	268.32	-	-	268.32
Gross carrying amount as at 31 March 2020	**838.29**	**405.40**	**6.70**	**1,250.39**
Accumulated depreciation as at 1 April 2019	-	-	-	-
Reclassification on adoption of Ind AS 116 - Leases	-	16.33	6.70	23.03
Depreciation for the year	120.85	4.43	-	125.28
Accumulated depreciation as at 31 March 2020	**120.85**	**20.76**	**6.70**	**148.31**
Carrying amount as at 31 March 2020	**717.44**	**384.64**	**-**	**1,102.08**

2C Other intangible assets

	Internally Generated	Other than Internally Generated	Total
	Product Development Cost	Software	
Gross carrying amount as at 1 April 2018	-	-	-
Additions pursuant to scheme of demerger (Refer note 42(1))	835.21	791.96	1,627.17
Additions	-	16.50	16.50
Disposal/retirements/derecognition	0.36	-	0.36
Gross carrying amount as at 31 March 2019	**834.85**	**808.46**	**1,643.31**
Accumulated amortisation as at 1 April 2018	-	-	-
Additions pursuant to scheme of demerger (Refer note 42(1))	421.18	538.97	960.15
Amortisation for the year	45.97	42.86	88.83
Disposal/retirements/derecognition	-	0.39	0.39
Accumulated amortisation as at 31 March 2019	**467.15**	**581.44**	**1,048.59**
Carrying amount as at 31 March 2019	**367.70**	**227.02**	**594.72**
Gross carrying amount as at 1 April 2019	**834.85**	**808.46**	**1,643.31**
Additions	-	278.56	278.56
Gross carrying amount as at 31 March 2020	**834.85**	**1,087.02**	**1,921.87**
Accumulated amortisation as at 1 April 2019	**467.15**	**581.44**	**1,048.59**
Amortisation for the year	186.45	238.10	424.55
Accumulated amortisation as at 31 March 2020	**653.60**	**819.54**	**1,473.14**
Carrying amount as at 31 March 2019	**367.70**	**227.02**	**594.72**
Carrying amount as at 31 March 2020	**181.25**	**267.48**	**448.73**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

3 Investments

	31 March 2020	31 March 2019
Investments (Unquoted)		
Investments in equity instruments of subsidiaries (at cost)		
KPIT Technologies (UK) Limited	1,273.72	947.08
A wholly owned subsidiary company incorporated in UK		
14,990,616 (Previous year 11,527,416) Equity shares of £ 1 each fully paid-up		
Impact Automotive Solutions Limited	1,326.29	1,326.29
A wholly owned subsidiary company incorporated in India		
136,750,000 (Previous year 136,750,000) Equity shares of ₹ 10 each fully paid-up		
KPIT (Shanghai) Software Technology Co. Limited, China	128.84	128.84
A wholly owned subsidiary company incorporated in China		
14,074,702 (Previous year 14,074,702) Equity shares of RMB 1 each fully paid up		
KPIT Technologies Netherlands B.V.	34.30	34.30
A wholly owned subsidiary company incorporated in Netherlands		
5,000 (Previous year 5,000) Equity shares of Euro 100 each fully paid up		
MicroFuzzy KPIT Technologia LTDA, Brazil	17.48	17.48
A wholly owned subsidiary company incorporated in Brazil		
999 (Previous year 999) Equity share of BRL 1 each fully paid up		
KPIT Technologies GK	18.08	18.08
A wholly owned subsidiary company incorporated in Japan		
KPIT Technologies Holding Inc	1,254.60	1,254.60
A wholly owned subsidiary company incorporated in USA		
17,000,000 (Previous year 17,000,000) Shares Common Stock at par value of USD 1 each		
KPIT Technologies Pte Ltd.	34.63	-
A wholly owned subsidiary company incorporated in Singapore		
	4,087.94	**3,726.67**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

4 Loans

(Unsecured, considered good with no significant increase in credit risk or credit impaired, unless otherwise stated)

	31 March 2020	31 March 2019
Loans and advances to related parties (Refer note 35)		
Loan to director	**-**	5.25
Loan to Impact Automotive Solutions Limited	**110.29**	102.03
Loan to KPIT Technologies (UK) Limited	**504.60**	-
Loans and advances to other than related parties		
Security deposits	**99.90**	37.95
Loan to employees	**-**	1.64
	714.79	**146.87**

Note:

(i) Information about the Company's exposure to credit risk and market risk is disclosed in note 27.

5 Deferred tax assets (net)

	31 March 2020	31 March 2019
Deferred tax assets		
- Provision for bad and doubtful debts and advances	8.43	10.67
- Provision for compensated absences	3.34	3.24
- Provision for gratuity	34.16	18.40
- Forward contracts designated as cash flow hedges	30.33	-
- Others	25.44	1.68
- MAT credit entitlement	324.56	73.73
	426.26	**107.72**
Deferred tax liabilities		
- Excess of depreciation/amortisation on property, plant and equipment and other intangible assets under income-tax law over depreciation/amortisation provided in accounts	85.93	95.20
- Forward contracts designated as cash flow hedges	-	9.64
- Others	0.32	1.06
	86.25	**105.90**
Net deferred tax asset	**340.01**	**1.82**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

6 Other non-current assets

(Unsecured, considered good unless otherwise stated)

	31 March 2020	31 March 2019
Capital advances	26.50	8.55
Advance rentals	36.65	13.68
Others	3.12	8.22
	66.27	**30.45**

7 Inventories (Refer note 42(3))

(Valued at the lower of cost and net realisable value)

	31 March 2020	31 March 2019
Raw materials	0.01	6.10
Stores and spares	-	3.08
	0.01	**9.18**

8 Current investments

	31 March 2020	31 March 2019
Investments in equity instruments of other entities measured at fair value through profit or loss (quoted)		
Shares of Birlasoft Limited (erstwhile KPIT Technologies Limited) held by KPIT Employee Welfare Trust	82.24	487.06
	82.24	**487.06**

Note:

(i) The details of aggregate value of quoted investments are disclosed in note 27.

9 Trade receivables

(Unsecured)

	31 March 2020	31 March 2019
Trade receivables considered good	2,980.03	2,192.34
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	53.18	46.30
	3,033.21	**2,238.64**
Less: Allowances for bad and doubtful trade receivables	53.18	46.30
	2,980.03	**2,192.34**

Note:

(i) Trade Receivables from related parties are disclosed in note 35.

(ii) Information about the Company's exposure to credit risk and market risk is disclosed in note 27.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

10 Cash and bank balances

	31 March 2020	31 March 2019
Cash and cash equivalents		
Cash on hand	0.04	0.02
Balances with banks		
- In current accounts	285.01	389.91
- In deposit accounts(with original maturity of 3 months or less)	170.00	-
	455.05	**389.93**
Other bank balances	2.08	-
	457.13	**389.93**

Note:

(i) Information about the Company's exposure to credit risk, liquidity risk and market risk is disclosed in note 27.

11 Loans

(Unsecured, considered good with no significant increase in credit risk or credit impaired, unless otherwise stated)

	31 March 2020	31 March 2019
Loans and advances to related parties (Refer note 35)		
Loan to director	5.25	6.55
Loans and advances to other than related parties		
Other loans and advances		
Loan to employees	1.64	1.70
Security deposits	13.08	104.43
	19.97	**112.68**

Note:

(i) Information about the Company's exposure credit risk and market risk is disclosed in note 27.

12 Other current financial assets

(Unsecured, considered good unless otherwise stated)

	31 March 2020	31 March 2019
Interest accrued on fixed deposits	0.62	-
Forward contracts designated as cash flow hedges (Refer note 27(3))	-	27.59
Receivable from related parties (Refer note 35)	173.37	1,616.32
Receivable from other than related parties (Refer note 42(2))	127.01	-
	301.00	**1,643.91**

Note:

(i) Information about the Company's exposure credit risk and market risk is disclosed in note 27.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

13 Other current assets

(Unsecured, considered good unless otherwise stated)

	31 March 2020	31 March 2019
Advance to suppliers	31.30	53.92
Employee advances		
Considered good	23.81	39.85
Considered doubtful	10.77	6.55
	34.58	**46.40**
Less: Provision for doubtful advances	10.77	6.55
	23.81	**39.85**
Balances with statutory authorities	11.42	115.62
Advance rentals	10.31	4.51
Contract assets (Refer note 40)	50.80	77.53
Others	141.01	115.31
	268.65	**406.74**

14 Equity share capital

	31 March 2020	31 March 2019
Authorised:		
300,000,000 (Previous year 300,000,000) equity shares of ₹ 10 each.	3,000.00	3,000.00
	3,000.00	**3,000.00**
Issued subscribed and fully paid up:		
268,879,735 (Previous year 268,502,435) equity shares of ₹ 10 each fully paid up	2,688.80	2,685.02
	2,688.80	**2,685.02**

14.01 Dividend

The Company declares and pays dividends in Indian rupees.

Cash dividends on equity shares declared and paid:

Particulars	31 March 2020	31 March 2019
Final dividend for the year ended on 31 March 2019: ₹ 0.75 per share (Previous year ₹ Nil per share)	201.38	-
Dividend distribution tax on final dividend	42.26	-
Interim dividend for the year ended on 31 March 2020: ₹ 0.55 and ₹ 0.45 per share (Previous year ₹ Nil per share)*	268.86	-
Dividend distribution tax on interim dividends	56.35	-
Total dividend paid (including dividend distribution tax)	**568.85**	**-**

**Two interim dividends, aggregating to ₹ 1.00 per equity share, paid during the current year has been considered as the final dividend for the financial year ended 31 March 2020.*

Notes forming part of the standalone financial statements

(Amount in ₹ million)

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

14.03 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount in ₹ million	Number of shares	Amount in ₹ million
Equity shares outstanding at the beginning of the year	268,502,435	2,685.02	100,000	1.00
Add: Issue of share capital pursuant to demerger scheme (Refer note 42(1))	-	-	274,143,808	2,741.43
Add: Shares issued on exercise of employee stock options	377,300	3.78	-	-
Less : Shares held by employee welfare trust	-	-	5,641,373	56.41
Less: Cancellation of shares pursuant to demerger scheme (Refer note 42(1))	-	-	100,000	1.00
Equity shares outstanding at the end of the year	**268,879,735**	**2,688.80**	**268,502,435**	**2,685.02**

14.04 The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each shareholder of equity shares is entitled to one vote per share.

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

Name of the shareholders	Number of shares as at 31 March 2020	% of shares held	Number of shares as at 31 March 2019	% of shares held
Proficient Finstock LLP	88,861,500	32.41%	27,130,949	9.90%
Mr. Kishor Patil	19,395,605	7.07%	2,989,080	1.09%
National Engineering Industries Limited	-	0.00%	72,956,796	26.61%

14.06 Aggregate number of shares issued for consideration other than cash during the period of two years immediately preceding the reporting date - Nil [Previous year 268,502,435 equity shares of ₹ 10 each have been fully paid up, pursuant to scheme of demerger (Refer note 42(1))].

14.07 Capital Management

The Company's objective is to safeguard its ability to continue as a going concern and to maintain investor, creditor and market confidence and to maximize shareholder value. In order to fulfil its objective, the management of the Company monitors the return on capital as well as the level of dividends to ordinary shareholders.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

15 Non-current borrowings

	31 March 2020	31 March 2019
Term loans		
- From banks (Secured)		
External Commercial Borrowing (ECB) (Refer note (i))	-	344.96
Other loan (Refer note (ii), (iii) & (iv) below)	12.85	9.09
- From other than banks (Refer note (v) below)	16.88	16.88
	29.73	**370.93**

Notes:

(i) The ECB loan consists of loan secured by pari passu charge over the Company's Land and Building located at Plot No. 17, Rajiv Gandhi Infotech Park, Phase III, Hinjawadi. The term loan carries interest rate of 6 months LIBOR plus 90 basis points. The ECB loan is repayable in eight equal semi-annual installments of USD 2.5 million each, with a moratorium of 1 year, upto March 2021. The principal amount of loan outstanding as at 31 March 2020 is USD 5 million.

(ii) During the previous year, other term loans from bank included a loan secured against fixed assets obtained under the loan arrangement. The loan carried interest upto 9.25 % p.a. and is repaid during the year.

(iii) Other term loans from bank includes a loan secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 8.60 % p.a. and is repayable in equated monthly installments of ₹ 0.15 million each upto July 2025.

(iv) Other term loans from bank includes a loan secured against fixed assets obtained under the loan arrangement. The loan carries interest upto 8.70 % p.a. and is repayable in equated monthly installments of ₹ 0.22 million each upto November 2023.

(v) Term loan from other than banks consist of unsecured loan, carrying interest rate of 3% p.a. The loan will be repaid upto October 2029.

(vi) Information about the Company's exposure to market risk and liquidity risk is disclosed in note 27.

16 Long term provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
- Compensated absences	22.46	17.68
- Gratuity (Refer note 29(2))	96.60	182.00
Other provisions		
- Provision for warranty (Refer note 39(1))	-	0.16
	119.06	**199.84**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

17 Current borrowings

	31 March 2020	31 March 2019
Loans repayable on demand		
- From banks		
Working capital loans from banks (secured)(Refer note (i), (ii) & (iii) below)	166.10	599.68
	166.10	**599.68**

Notes:

(i) During the previous year, the above loan included the loan of USD 6.5 million, secured by way of first charge by way of hypothecation of Company's entire book debts, both present and future, on pari passu basis, carrying an average interest rate upto 6 months LIBOR plus 1.95% p.a. This has been repaid in full during the current year.

(ii) During the previous year, the above loan included the loan of ₹ 150 million, secured by way of first charge by way of hypothecation of the Company's entire book debts, both present and future, on pari passu basis, carrying an interest rate of 8.55% p.a. This has been repaid in full during the current year.

(iii) The above loan includes the loan of EUR 2 million, secured by way of first charge by way of hypothecation of the Company's entire book debts, both present and future, on pari passu basis, carrying an interest rate of 3 months LIBOR plus 0.50% p.a.

(iv) Information about the Company's exposure to market risk and liquidity risk is disclosed in note 27.

18 Other current financial liabilities

		31 March 2020	31 March 2019
Current maturities of long term debt			
-	from banks (secured)	379.80	349.54
	(Refer note 15 - Term loan from banks for details of security and repayment terms)		
-	from others	3.62	3.06
	(Refer note 15 Term loan from other than banks for details of security and repayment terms)		
-	Current maturities of finance lease obligations	-	0.09
Other than trade payables :			
Payable to joint venture (Refer note 35)		-	0.89
Accrued employee costs		126.63	420.64
Unclaimed dividend		1.08	-
Payables in respect of fixed assets		34.64	69.38
Forward contracts designated as cash flow hedges (Refer Note 27(3))		86.79	-
Payable to related parties (Refer note 35)		11.28	50.47
Payable to other than related parties (Refer note 42(2))		7.38	-
Others		37.66	95.65
		688.88	**989.72**

Note:

(i) Information about the Company's exposure to market risk and liquidity risk is disclosed in note 27.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

19 Other current liabilities

	31 March 2020	31 March 2019
Unearned revenue (Refer note 40)	481.87	366.45
Advances from customers	-	4.91
Statutory remittances	102.04	88.25
	583.91	**459.61**

20 Short-term provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
- Compensated absences	6.65	5.82
- Gratuity (Refer note 29(2))	140.83	48.27
Other provisions		
- Provision for onerous contracts	0.17	-
- Provision for warranty (Refer note 39(1))	0.27	3.01
	147.92	**57.10**

21 Revenue from operations (Refer note 40)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Software services	9,552.42	2,301.79
Sale of products		
Finished goods	0.08	1.21
	9,552.50	**2,303.00**

22 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income	26.62	4.27
Dividend income from current investments (Refer note i below)	13.82	0.10
Profit on sale of fixed assets (net)	1.87	0.67
Foreign exchange gain (net)	187.23	-
Net gain on investments carried at fair value through profit or loss (Refer note ii below)	-	319.01
Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income)	2.33	33.70
	231.87	**357.75**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Notes :

(i) This represents the dividend income of:

- ₹ 0.75 million (Previous year ₹ 0.10 million) from investment in mutual funds. These investments are sold at the end of the respective years.
- ₹ 13.07 million (Previous year ₹ Nil) on shares in Birlasoft Limited (erstwhile KPIT Technologies Limited), held by KPIT Employee Welfare Trust.

(ii) This represents the gain on fair valuation of shares in Birlasoft Limited (erstwhile KPIT Technologies Limited), held by KPIT Employee Welfare Trust.

23 Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory of materials at the beginning of the year	6.10	-
Add: Purchases	26.93	8.41
Less: Inventory written-off during the year (Refer note 42(3))	31.80	-
Less: Inventory of materials at the end of the year	0.01	6.10
	1.22	**2.31**

24 Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and incentives	5,074.38	993.78
Contribution to provident fund (Refer note 29(1))	185.90	37.74
Share based compensation to employees (Refer note 30)	32.06	-
Staff welfare expenses	32.60	9.13
	5,324.94	**1,040.65**

25 Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Finance cost on lease liabilities (Refer note 36)	67.55	-
Other interest expense	54.15	61.25
Exchange differences to the extent considered as an adjustment to finance cost	29.43	-
	151.13	**61.25**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

26 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Travel and overseas expenses (net)	210.36	72.79
Transport and conveyance (net)	81.06	22.80
Cost of service delivery (net)	0.72	-
Cost of professional sub-contracting (net)	158.14	63.16
Recruitment and training expenses	89.72	23.03
Power and fuel	75.47	17.34
Rent (Refer note 36)	69.67	60.73
Repairs and maintenance -		
- plant & equipment	223.67	43.89
- others	31.69	2.95
Insurance	69.73	13.46
Rates & taxes	5.27	1.70
Communication expenses (net)	43.65	8.29
Legal and professional fees	119.22	35.63
Marketing expenses	19.06	13.05
Printing & stationery	9.01	0.78
Foreign exchange loss (net)	-	34.25
Auditors remuneration (net of taxes)		
- Audit fees (Refer note (ii) below)	5.20	1.50
- Limited review of quarterly results	1.80	-
- Fees for other services	1.71	-
- Out of pocket expenses reimbursed	0.20	-
Bad debts written off	0.35	-
Provision for doubtful debts and advances (net)	(31.66)	17.06
Contributions towards corporate social responsibility (Refer note 42(5))	18.41	1.35
Net loss on investments carried at fair value through profit or loss	56.92	-
Miscellaneous expenses (net)	200.32	49.40
	1,459.69	**483.16**

Note

(i) Certain expenses are net of recoveries/reimbursements from customers.

(ii) Previous year's audit fees exclude ₹ 4 million for audit of financial statements for the purpose of listing.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

27 Financial Instruments

27.1 Financial Instruments by category

The carrying value and fair value of financial instruments by categories as on 31 March 2020 are as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss (FVTPL)		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Financial assets							
Investments	-	-	82.24	-	-	82.24	82.24
Trade receivables	2,980.03	-	-	-	-	2,980.03	2,980.03
Cash and cash equivalents	455.05	-	-	-	-	455.05	455.05
Other balances with banks	2.08	-	-	-	-	2.08	2.08
Loans	734.76	-	-	-	-	734.76	734.76
Unbilled revenue	306.89	-	-	-	-	306.89	306.89
Other financial assets	301.00	-	-	-	-	301.00	301.00
Total financial assets	**4,779.81**	**-**	**82.24**	**-**	**-**	**4,862.05**	**4,862.05**
Financial liabilities							
Borrowings	195.83	-	-	-	-	195.83	195.83
Trade payables	354.35	-	-	-	-	354.35	354.35
Lease liabilities	915.90	-	-	-	-	915.90	915.90
Other financial liabilities	602.09	-	-	-	86.79	688.88	688.88
Total financial liabilities	**2,068.17**	**-**	**-**	**-**	**86.79**	**2,154.96**	**2,154.96**

The carrying value and fair value of financial instruments by categories as on 31 March 2019 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss (FVTPL)		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Financial assets							
Investments	-	-	487.06	-	-	487.06	487.06
Trade receivables	2,192.34	-	-	-	-	2,192.34	2,192.34
Cash and cash equivalents	389.93	-	-	-	-	389.93	389.93
Loans	259.55	-	-	-	-	259.55	259.55
Unbilled revenue	259.43	-	-	-	-	259.43	259.43
Other financial assets	1,616.32	-	-	-	27.59	1,643.91	1,643.91
Total financial assets	**4,717.57**	**-**	**487.06**	**-**	**27.59**	**5,232.22**	**5,232.22**
Financial liabilities							
Borrowings	970.61	-	-	-	-	970.61	927.42
Trade payables	398.64	-	-	-	-	398.64	398.64
Other financial liabilities	989.72	-	-	-	-	989.72	989.72
Total financial liabilities	**2,358.97**	**-**	**-**	**-**	**-**	**2,358.97**	**2,315.78**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

27.2 Fair value hierarchy

Financial assets and liabilities include investments, cash and cash equivalents, other balances with banks, trade receivables, loans, unbilled revenue, other financial assets, trade payables, borrowings and other financial liabilities, whose fair values approximate their carrying amounts largely due to the short term nature of such assets and liabilities. Fair value of lease liabilities approximate its carrying amount, as lease liabilities are valued using discounted cash flow method. Except for investments, which are Level 1, rest of the financial assets and financial liabilities are classified as Level 2.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of financial assets and liabilities as on 31 March 2020:

Particulars	As at	Fair value measurement		
	31 March 2020	Level 1	Level 2	Level 3
Forward contracts designated as cash flow hedge (liability)	86.79	-	86.79	-
Investment in Birlasoft	82.24	82.24	-	-
Borrowings	195.83	-	195.83	-

The following table presents fair value hierarchy of assets and liabilities as on 31 March 2019:

Particulars	As at	Fair value measurement		
	31 March 2019	Level 1	Level 2	Level 3
Forward contracts designated as cash flow hedge (asset)	27.59	-	27.59	-
Investment in Birlasoft	487.06	487.06	-	-
Borrowings	927.42	-	927.42	-

Level 2:

(i) Derivative financial assets are valued based on inputs that are directly or indirectly observable in the market.

(ii) Borrowings are valued using the discounted cash flow method, the expected net cash flows are discounted using the cost of borrowing that are directly or indirectly observable in the market.

27.3 Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks arising from financial instruments:

a. Credit risk

Credit risk is the risk of financial losses to the Company if a customer or counterparty to financial instruments fails to discharge its contractual obligations and arises primarily from the Company's receivables from customers amounting to ₹ 2,980.03 million and ₹ 2,192.34 million and unbilled revenue amounting to ₹ 306.89 million and ₹ 259.43 million and other current financial assets pertaining to receivable from related and other than related parties amounting to ₹ 300.38 million and ₹ 1,616.32 million

Notes forming part of the standalone financial statements

(Amount in ₹ million)

as on 31 March 2020 and 31 March 2019 respectively. To manage this, the Company periodically assesses the key accounts receivable balances. As per Ind-AS 109 : Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain.

i. Trade receivables

The management has established accounts receivable policy under which customer accounts are regularly monitored. The Company has a dedicated sales team at each geography which is responsible for collecting dues from the customer within stipulated period. The management reviews status of critical accounts on a regular basis.

Refer note 41(B) for the impact of COVID-19 (Global Pandamic).

ii. Impairment

Movement in the allowance for impairment in respect of trade and other receivables

Particulars	Amount (₹ million)
Balance as on 1 April 2018	-
Transfer pursuant to scheme of demerger	83.69
Impairment relating to entities jointly controlled by the Company	(37.39)
Balance as on 31 March 2019	**46.30**
Reversal of impairment on account of collection	(33.03)
Impairment during the year	39.91
Balance as on 31 March 2020	**53.18**

Trade receivables that were not impaired (Ageing as per the due date of invoice raised in demerged undertaking and/or in the Company)

Particulars	Carrying amount	
	31 March 2020	31 March 2019
Neither past due nor impaired	1,292.04	1,201.94
Past due 1- 30 days	938.55	893.60
Past due 31 - 90 days	229.58	49.30
Past due 91 - 180 days	55.72	25.98
More than 180 days	464.14	21.52

Unbilled revenue is not outstanding for more than 90 days.

iii. Cash and bank balances

The Company held cash and bank balances of ₹ 457.13 million and ₹ 389.93 million as on 31 March 2020 and 31 March 2019 respectively. The cash and bank balances are held with banks which have high credit ratings assigned by international credit rating agencies.

iv. Other current financial assets

The Group is exposed to credit risk on receivable from related and other than related parties amounting to ₹ 300.38 million (Previous year ₹ 1,616.32 million). The counterparty has a high credit rating of A+ for short term by ICRA.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

v. Guarantees

The Company's policy is to provide financial guarantees in routine course of business and on behalf of subsidiaries/joint ventures. The Company has issued the guarantee to certain financial institution in respect of credit facility granted to its joint venture. During the previous year, guarantee issued to the joint venture has been entirely provided for (Refer note 42(3)).

b. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a view of maintaining liquidity and to take minimum possible risk while making investments. In order to maintain liquidity, the Company invests its excess funds in short term liquid assets like liquid mutual funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

The liquidity position at each reporting date is given below:

Particulars	31 March 2020	31 March 2019
Cash and cash equivalents	455.05	389.93
Other balances with banks	2.08	-
Total	**457.13**	**389.93**

The following are the remaining contractual maturities of financial liabilities as on 31 March 2020:

Particulars	Carrying value	Gross cash outflow	Upto 1 year	2-3 years	4-5 years	> 5 years
Borrowings	195.83	215.02	179.30	15.03	9.87	10.82
Trade payables	354.35	354.35	354.35	-	-	-
Other financial liabilities	688.88	688.88	688.88	-	-	-

*Refer note 36 for the contractual maturities of lease liabilities.

The following are the remaining contractual maturities of financial liabilities as on 31 March 2019 :

Particulars	Carrying value	Gross cash outflow	Upto 1 year	2-3 years	4-5 years	> 5 years
Borrowings	970.61	1,012.98	626.46	365.82	8.36	12.34
Trade payables	398.64	398.64	398.64	-	-	-
Other financial liabilities	989.72	989.72	989.72	-	-	-

Notes forming part of the standalone financial statements

(Amount in ₹ million)

c. **Market risk**

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. **Foreign currency risk**

Significant portion of the Company's revenues are in foreign currencies, while a significant portion of the costs are in Indian rupee i.e. functional currency of the Company. The foreign currencies to which the Company is majorly exposed to are US Dollars, Euros and Pound Sterling.

The Company evaluates net exchange rate exposure based on current revenue projections and expected volatility in the market and covers its exposure up to 75% on net basis. For this purpose the Company uses foreign currency derivative instruments such as forward covers to mitigate the risk. The counterparty to these derivative instruments is a bank. The Company has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of highly probable forecasted cash flows.

Exposure to Currency Risk

The below figures are INR equivalent amounts of foreign currency.

The following is the Company's exposure to currency risk from financial instruments as of 31 March 2020:

Particulars	US Dollars	Euros	Pound Sterling	Other currencies	Total
Trade receivables	1,078.16	1,020.52	104.50	483.50	2,686.68
Other financial assets (including loans)	33.36	660.01	5.43	-	698.80
Unbilled Revenue	93.16	57.01	10.78	39.87	200.82
Borrowings	(376.57)	(166.10)	-	-	(542.67)
Trade payables	(10.57)	(41.25)	(0.23)	(31.45)	(83.50)
Other financial liabilities	(11.12)	(0.30)	-	(62.71)	(74.13)
Net assets/(liabilities)	**806.42**	**1,529.89**	**120.48**	**429.21**	**2,886.00**

The following is the Company's exposure to currency risk from financial instruments as of 31 March 2019:

Particulars	US Dollars	Euros	Pound Sterling	Other currencies	Total
Trade receivables	1,232.22	-	189.72	611.95	2,033.89
Other financial assets	841.78	461.25	328.30	106.22	1,737.55
Unbilled Revenue	140.97	6.83	11.38	42.43	201.61
Borrowings	(1,139.97)	-	-	-	(1,139.97)
Trade payables	(28.71)	(18.69)	(1.96)	(29.98)	(79.34)
Other financial liabilities	(5.82)	(34.07)	(4.83)	(57.00)	(101.72)
Net assets/(liabilities)	**1,040.47**	**415.32**	**522.61**	**673.62**	**2,652.02**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

The above figures exclude amounts in local currency of foreign subsidiaries.

For the period ended 31 March 2020, every 1% appreciation / depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 1.02% / (1.02)%.

For the period ended 31 March 2019, every 1% appreciation / depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 3.27% / (3.27)%.

ii. Derivative assets and liabilities designated as cash flow hedges

In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than in Indian rupees. The counter party to the Company's foreign currency contracts is a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments (sales orders) and highly probable forecast transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Refer note 41(B) for the impact of COVID-19 (Global pandemic).

The following are the outstanding EUR/USD/JPY/GBP: INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges:

Particulars	31 March 2020		31 March 2019	
	Foreign Currency (million)	₹ (million)	Foreign Currency (million)	₹ (million)
EUR	6.00	498.30	0.80	62.16
USD	19.55	1,473.79	8.95	619.08
JPY	700.00	487.55	-	-
GBP	5.15	479.34	0.30	27.14

The forward contracts have maturity between 30 days to 6 months from 31 March 2020.

The movement in the hedging reserve for derivatives, which have been designated as Cash Flow Hedges, is as follows:

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	17.95	-
Additions pursuant to scheme of demerger	-	9.75
Gains/(losses) on changes in fair value of foreign exchange contracts recognised in other comprehensive income	(86.79)	12.59
Deferred tax on fair value of effective portion of cash flow hedges	39.97	(4.39)
Amounts reclassified to the statement of profit and loss	(27.59)	-
Balance at the end of the year	**(56.46)**	**17.95**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

iii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and bank deposits. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	31 March 2020	31 March 2019
Fixed rate instruments		
Financial assets	792.78	117.17
Financial liabilities	36.57	632.95
Variable rate instruments		
Financial liabilities	542.68	690.35

A change of 50 basis points in interest rates at the reporting date would have increased or decreased finance costs by ₹ 2.72 million.

28 Other equity

(i) Capital reserve

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve. Any surplus or shortfall on account of merger / demerger within common control is also transferred to capital reserve (Refer note 42(1)). This reserve is not available for distribution of dividend.

(ii) General reserve

During the previous year, general reserve amounting to ₹ 34.38 million was transferred to the Company on account of composite scheme of arrangement - demerger scheme (Refer note 42(1)). The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

(iii) Share based payment reserve

Share based payment reserve is used to record the fair value of equity-settled share-based payment transactions with employees. Refer note 30 for the details of employee stock options and share purchase schemes.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

29 Details of employee benefits as required by Ind-AS 19 - "Employee benefits are as under":

1 Defined contribution plan - Provident fund

Amount recognized as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 185.90 million (Previous year ₹ 37.74 million).

2 Defined benefit plan

i) The defined benefit plan comprises gratuity, which is funded (Previous year unfunded).

ii) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).

iii) Return on plan assets, excluding interest income are recognized in the Other Comprehensive Income (OCI).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Gratuity is a benefit to an employee in India based on 15 days last drawn salary for each completed year of service with a vesting period of five years.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Present value of defined benefit obligation at the beginning of the period	230.27	-
Current service cost	36.76	6.22
Interest cost	16.28	3.73
Liability transferred on account of demerger (Refer note 42(1))	-	198.35
Actuarial loss / (gain) recognised in other comprehensive income		
a) changes in demographic assumptions	0.11	-
b) changes in financial assumptions	8.29	-
c) experience adjustments	22.20	24.51
Liability Transferred out / Divestments	(2.03)	-
Liability Transferred in / Acquisitions	4.64	-
Benefits paid	(19.30)	(2.54)
Present value of defined benefit obligation at the end of the period	297.22	230.27

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Changes in the fair value of the plan assets representing reconciliation of opening and closing balances thereof are as follows :

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the beginning of the period	-	-
Interest income	1.02	-
Contributions by the Company	57.53	-
Return on plan assets, excluding interest income	1.24	-
Fair value of plan assets at the end of the period	59.79	-

Amount recognised in the Balance Sheet	For the year ended 31 March 2020	For the year ended 31 March 2019
Present value of obligation as at the end of the period	**297.22**	230.27
Fair value of plan assets at the end of the period	**59.79**	-
Net defined benefit obligation	**237.43**	230.27

Expenses recognized in the Statement of Profit and Loss	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	36.76	6.22
Interest cost net of interest income on plan assets	15.26	3.73
Expenses recognized in the Statement of Profit and Loss	52.02	9.95

Expenses recognized in the Other Comprehensive Income (OCI)	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial loss / (gain)	30.60	24.51
Return on plan assets, excluding interest income	1.24	-
Net (income)/expense recognized in the OCI	29.36	24.51

Category of assets	For the year ended 31 March 2020	For the year ended 31 March 2019
Insurance fund	59.79	-

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Actuarial Assumptions:	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Expected return on plan assets	6.43%	7.07%
Discount rate	6.43%	7.07%
Salary Escalation	5.00%	5.00%
Attrition Rate	15.00%	17.00%

a. The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

b. Salary Escalation Rate: The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

c. Assumptions regarding future mortality rates are the rates as given under Indian Assured Lives Mortality (2006-08) Ultimate.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Projected benefit obligation on current assumptions	**31 March 2020**		**31 March 2019**	
	Defined benefit obligation		**Defined benefit obligation**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(12.73)	14.12	(8.45)	9.26
Future salary growth (1% movement)	14.18	(13.01)	9.36	(8.69)
Attrition rate (1 % movement)	(0.48)	0.39	(0.12)	0.04

Maturity profile of defined benefit plan

Projected benefits payable in future years from the date of reporting

	31 March 2020	**31 March 2019**
Within 1 year	55.10	48.27
1-2 year	36.45	31.41
2-3 year	44.65	30.81
3-4 year	31.30	35.90
4-5 year	30.19	24.06
5-10 years	111.53	82.25
Thereafter	115.65	69.24

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Weighted average assumptions used to determine net periodic benefit cost

Particulars	31 March 2020	31 March 2019
Number of active members	6,179	5,793
Per month salary cost for all active members (₹ million)	140.83	117.43
Weighted average duration of the projected benefit obligation (years)	6.00	5.00
Average expected future service (years)	6.00	5.00
Projected benefit obligation (PBO)	297.22	230.27
Prescribed contribution for next year (12 months)	140.83	-

30 Share based payments

1 Employee Stock Option Scheme - 2019

In accordance with the terms of the approved Composite Scheme (Refer note 42(1)), the Company has issued the stock options to the employees holding options of the Transferee Company as at the appointed date. The options issued consist of:

i. 1,807,450 options of the Transferee Company (“Birlasoft options”), equivalent to the number of options outstanding as at the appointed date;

ii. 1,807,450 options of the Resulting Company (“KPIT options”), in the ratio of 1:1 for every outstanding stock options held by the employees in the Transferee Company.

The Board of Directors of the Company approved the Employees Stock Option Scheme at their meeting on 15 May 2019. Pursuant to this approval, the Company instituted ESOS 2019 in May 2019. The compensation committee of the Company administers this Plan. Each type of option carries with it the right to purchase one equity share of the Demerged Company or the Resulting Company as the case may be. In terms of clause 18.5 of the Composite Scheme, the stock options have been granted at an exercise price which is the pre-demerger exercise price suitably adjusted in the manner of share exchange ratio. Further, as per the Composite Scheme, the Company has taken into account the vesting period completed, under the plan in the Demerged Company, prior to the grant of options to the employee under the ESOS 2019. The maximum exercise period is 5 years from the date of vesting.

The outstanding stock options held by employees of the Demerged Company as at 31 March 2020 are 697,950 and 723,250 of Birlasoft options and KPIT options respectively. The employee compensation cost for such employees is not eligible for recognition in the books of the Company.

The number of outstanding Birlasoft options held by employees of the Company as at 31 March 2020 are 600,405. The Company recorded an employee compensation cost of ₹ Nil million in this respect in the Statement of Profit and Loss.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Below are the details pertaining to the KPIT options held by employees of the Company:

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year:

Particulars	FY 2019-20	
	No. of options	Weighted average exercise price
Options issued pursuant to the scheme of demerger	856,800	42.73
Options granted during the year	-	-
Forfeited / surrendered during the year	1,695	44.96
Exercised during the year	250,500	39.20
Lapsed during the year	6,400	35.90
Options outstanding at the end of the year	598,205	44.28
Options exercisable at the end of the year	578,205	43.84

The weighted average share price of the options exercised under Employees Stock Option Scheme -2019 on the date of exercise during the year was ₹ 95.01

The weighted average remaining contractual life are as follows:

Range of Exercise Price	FY 2019-20	
	Weighted average contractual life (years)	No. of options outstanding
₹ 0 to ₹ 50	2.45	563,205
₹ 50 to ₹ 100	4.64	35,000
₹ 100 to ₹ 150	NA	NIL
₹ 150 to ₹ 200	NA	NIL

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model.

The Company recorded an employee compensation cost of ₹ Nil million in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

2 **Employee Stock Option Scheme – 2019A**

The Board of Directors and the shareholders of the Company approved another Employee Stock Option Scheme at their meeting on 17 June 2019 and on 23 July 2019, respectively. Pursuant to this approval, the Company instituted ESOS 2019A in July 2019. The compensation committee of the Company administers this Plan. Each option carries with it the right to purchase one equity share of the Company. The options approved under this scheme are 3,793,923. The options have been granted to employees of the Company and its subsidiaries at an exercise price equivalent to the fair market price of the Company's share as on

Notes forming part of the standalone financial statements

(Amount in ₹ million)

the date of grant of options. The options would vest not earlier than statutory minimum vesting period of 1 year and up to the maximum period of 4 years from the date of grant of options or such period as may be decided by the Committee at the time of each grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Committee, subject to the minimum vesting period of 1 year from the date of grant of options. The maximum exercise period is 5 years from the date of vesting.

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year

Particulars	FY 2019-20	
	No. of options	Weighted average exercise price
Options granted during the year	3,456,500	85.05
Forfeited / surrendered during the year	201,500	85.05
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	3,255,000	85.05
Options exercisable at the end of the year	-	-

As at 31 March 2020, all the options under Employee Stock Option Scheme – 2019A are unvested. Hence, during the year there are no exercisable options under the said scheme.

The weighted average remaining contractual life are as follows:

Range of Exercise Price	FY 2019-20	
	Weighted average contractual life (years)	No. of options outstanding
₹ 0 to ₹ 50	NIL	NIL
₹ 50 to ₹ 100	6.42	3,255,000
₹ 100 to ₹ 150	NIL	NIL
₹ 150 to ₹ 200	NIL	NIL

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

	Particulars	FY 2019-20
1.	Exercise price (₹)	85.05
2.	Price of the underlying share in market at the time of the option grant (₹)	85.05
3.	Weighted average fair value of options granted (₹)	36.69
4.	Expected life of the option (years)	3.76
5.	Risk free interest rate (%)	6.23
6.	Expected volatility (%)	48.02
7.	Dividend yield (%)	0.00

Notes forming part of the standalone financial statements

(Amount in ₹ million)

The Company recorded an employee compensation cost of ₹ 30.10 million in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

3 Employee Share Purchase Scheme – 2019

The Board of Directors and the shareholders of the Company approved Employee Share Purchase Scheme at their meeting on 17 June 2019 and on 23 July 2019, respectively. Pursuant to this approval, the Company instituted ESPS 2019 in July 2019. The compensation committee of the Company administers this Plan. The shares approved under this scheme are 40,000 equity shares. The shares have been granted to employees of the Company and its subsidiaries at a price not less than the face value per share of the Company at the time of the offer.

Number and offer prices of shares granted, exercised and cancelled/lapsed during the financial year:

Particulars	**FY 2019-20**	
	No. of shares	**Weighted average offer price**
Shares granted during the year	24,050	10.00
Exercised during the year	-	-
Shares outstanding at the end of the year	24,050	10.00
Shares exercisable at the end of the year	24,050	10.00

The weighted average share price of the shares exercised under Employee Share Purchase Scheme – 2019 on the date of exercise during the year was ₹ NIL.

The weighted average remaining contractual life are as follows:

Range of exercise price	**FY 2019-20**	
	Weighted average contractual life (years)	**No. of shares outstanding**
₹ 0 to ₹ 50	NA	24,050
₹ 50 to ₹ 100	NIL	NIL
₹ 100 to ₹ 150	NIL	NIL
₹ 150 to ₹ 200	NIL	NIL

The fair value of a share granted under the Employee Share Purchase Scheme - 2019 is ₹ 81.55.

The Company recorded an employee compensation cost of ₹ 1.96 million in the Statement of Profit and Loss.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

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

a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31 March 2020 is ₹ 0.07 million (Previous year - ₹ 0.42 million). Estimated interest due thereon is ₹ NIL (Previous year - ₹ NIL).

b. Amount of payments made to suppliers beyond the appointed date during the year is ₹ NIL (Previous year - ₹ NIL). Interest paid thereon is ₹ NIL (Previous year - ₹ NIL) and the estimated interest due and payable thereon is ₹ NIL (Previous year - ₹ NIL).

c. The amount of estimated interest accrued and remaining unpaid as at 31 March 2020 is ₹ NIL (Previous year - ₹ NIL).

d. The amount of further estimated interest due and payable for the period from 1 April 2020 to actual date of payment or 20 April 2020 (whichever is earlier) is ₹ NIL.

32 Expenditure and Earnings in foreign Currency

A Expenditure in foreign Currency

Particulars	31 March 2020	31 March 2019
Cost of professional sub-contracting (net)	14.42	5.38
Employee benefits expense	17.78	NIL
Finance costs	26.04	11.32
Marketing expenses	6.28	0.63
Professional charges	11.41	2.95
Recruitment and training expenses	45.27	0.99
Travelling expenses	59.68	26.70
Other expenses	30.62	1.89
Provision for doubtful debts and advances (net)	(7.67)	(16.24)

B Earnings in foreign Currency

Particulars	31 March 2020	31 March 2019
Software services	8,445.26	2,083.17
Interest income	6.28	0.19
Miscellaneous income	NIL	7.95

Notes forming part of the standalone financial statements

(Amount in ₹ million)

33 Particulars of loans and advances in nature of loans required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of party	Purpose	31 March 2020		31 March 2019	
		Balance	Maximum amount outstanding	Balance	Maximum amount outstanding
Impact Automotive Solutions Limited (including interest) (Refer note 42(1))	For administrative matters	110.29	110.29	102.03	107.52
KPIT Technologies (UK) Limited (including interest)	Working Capital	504.60	504.60	NIL	NIL

34 Segment information

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

35 Related party disclosures

A. Relationship between the parent and its subsidiaries:

Relationship	Name of related party
Subsidiary Companies (Direct holding)	KPIT Technologies (UK) Limited
	KPIT (Shanghai) Software Technology Co. Limited, China
	KPIT Technologies GK, Japan
	Impact Automotive Solutions Limited
	KPIT Technologies Holding Inc., USA (w.e.f 6 September 2018)
	MicroFuzzy KPIT Tecnologia Ltda, Brazil (w.e.f. 3 December 2018)
	KPIT Technologies Pte. Ltd.(w.e.f.21 November 2018)
	KPIT Technologies Netherlands B.V.
Subsidiary Companies (Indirect holding)	KPIT Technologies GmbH, Germany (Through KPIT Technologies (UK) Limited)
	MicroFuzzy Industrie-Elektronic GmbH, Germany (Through KPIT Technologies GmbH, Germany)
	ThaiGerTec Co. Ltd. (Through KPIT Technologies (UK) Limited) (w.e.f. 1 April 2019)
	KPIT Technologies Inc., USA (Through KPIT Technologies Holding Inc., USA) (w.e.f 3 December 2018)
Joint Venture	Yantra Digital Services Private Limited, India (Through Impact Automotive Solutions Limited)(i)

Notes forming part of the standalone financial statements

(Amount in ₹ million)

B. List of entities jointly controlled by a Group which had joint control over the reporting entities:

Entities jointly controlled by a Group which had joint control over the reporting entities (till 31 January 2020) (Refer note 42(2))	Birlasoft Limited (erstwhile KPIT Technologies Limited)
	Birlasoft Solutions Inc., USA (erstwhile KPIT Infosystems Incorporated, USA) (w.e.f. 18 February 2019)
	Birlasoft Solutions France (erstwhile KPIT Technologies France)
	Sparta Consulting Inc., USA
	Birlasoft Computer Corporation, USA (erstwhile SYSTIME Computer Corporation) (w.e.f. 5 March 2019)
	Birlasoft Solutions ME FZE, United Arab Emirates (erstwhile KPIT Infosystems ME FZE)
	Birlasoft Technologies Canada Corporation (erstwhile KPIT Technologies Corporation) (w.e.f. 22 February 2019)
	Birlasoft Solutions Ltda (erstwhile KPIT Technologies Solucoes Em Informatica Ltda)
	Birlasoft Solutions GmbH (erstwhile KPIT Solutions GmbH)
	Birlasoft Solutions Mexico, S.A. DE C.V. (erstwhile KPIT Infosystems Mexico, S.A. DE C.V.)
	Birlasoft Solutions Limited (erstwhile KPIT Infosystems Limited (UK))

C. List of Key Management Personnel:

Key Management Personnel (KMP)	Mr. S.B.(Ravi) Pandit	Executive Director (w.e.f. 16 January 2019 till 28 March 2020) Non-Executive Director (w.e.f. 29 March 2020)
	Mr. Kishor Patil	Executive Director (w.e.f. 16 January 2019)
	Mr. Sachin Tikekar	Executive Director (w.e.f. 16 January 2019)
	Mr. Anant Talaulicar	Independent Director (w.e.f. 16 January 2019)
	Mr. B V R Subbu	Independent Director (w.e.f. 16 January 2019)
	Prof. Alberto Sangiovanni Vincentelli	Independent Director (w.e.f. 16 January 2019)
	Dr. Klaus Blickle	Non-Executive Director (resigned w.e.f. 15 May 2019)
	Mr. Nickhil Jakatdar	Independent Director (w.e.f. 16 January 2019)
	Ms. Shubhalakshmi Panse	Independent Director (w.e.f. 16 January 2019)
	Mr. Rohit Saboo	Nominee Director (resigned w.e.f. 1 February 2020)
	Mr. Vinit Teredesai	Chief Financial Officer (w.e.f. 16 January 2019)
	Ms. Nida Deshpande	Company Secretary (w.e.f. 16 January 2019)

Notes forming part of the standalone financial statements

(Amount in ₹ million)

D. List of other related parties with whom there are transactions:

Relative of KMP	Mr. Chinmay Pandit
	Ms. Jayada Pandit
	Ms. Anupama Kishor Patil
	Ms. Hemlata Shende
	Ms. Manasi Patil
	Ms. Nirmala Shashishekhar Pandit
Enterprise over which KMP have significant influence	KP Corporate Solutions Limited
	Proficient FinStock LLP
	Kirtane & Pandit LLP, Chartered Accountants, Pune
	K & P Management Services Private Limited
	KP Capital Advisors Private Limited

E. Transactions with related parties

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
Transactions with entities jointly controlled by a Group which had joint control over the reporting entities [(ii) & (iii)]					
1	**Birlasoft Limited (erstwhile KPIT Technologies Limited)**				
	Cancellation of equity on account of demerger (Refer Note 42(1))	NIL	NIL	1.00	NIL
	Loan Taken	NIL		1,300.00	
	Interest expense	NIL	NIL	48.51	NIL
	Loan Repayment	NIL		1,343.66	
	Reimbursement of expenses (net)	67.42		450.11	
	Sales	58.25		147.78	
	Other transactions pertaining to customer/ vendor novation which are pending or completed post demerger scheme.	60.40	NIL	312.54	1,530.92
	Advance received (net)	NIL		72.34	
	Advance given (net)	0.57		NIL	
	Perquisite tax payable	1.80	NIL	NIL	NIL
	Dividend received	13.82	NIL	NIL	NIL
2	**Birlasoft Solutions ME FZE, United Arab Emirates (Korea Branch)**				
	Software service charges	NIL	NIL	NIL	(1.60)
	Reimbursement of expenses (net)	NIL		NIL	
3	**Birlasoft Computer Corporation, USA**				
	Payment towards purchase of investment in MicroFuzzy KPIT Tecnologia Ltda, Brazil	NIL	NIL	17.50	0.43

Notes forming part of the standalone financial statements

(Amount in ₹ million)

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
4	**Birlasoft Solutions Limited**				
	Sales	NIL	NIL	NIL	0.72
	Reimbursement of expenses (net)	NIL		NIL	
5	**Birlasoft Solutions ME FZE, United Arab Emirates (Australia Branch)**				
	Reimbursement of expenses (net)	3.74	NIL	1.09	(1.09)
6	**Birlasoft Solutions Inc., USA**				
	Sales	NIL	NIL	NIL	(0.14)
	Software service charges	NIL		NIL	
Transactions with subsidiary companies[(ii)]					
1	**KPIT Technologies Holding Inc., USA**				
	Investment in equity	NIL	1,254.60	1,254.60	1,254.60
	Reimbursement of expenses (net)	NIL	0.02	0.02	0.02
2	**MicroFuzzy KPIT Tecnologia Ltda, Brazil**				
	Investment in equity	NIL	17.48	17.48	17.48
3	**KPIT Technologies GmbH, Germany**				
	Sales/(Sale reversal)	770.88	657.45	(36.57)	(69.97)
	Reimbursement revenue	36.64		1.09	
	Allocation of administrative support charges	100.57		NIL	
	Software service charges	NIL	(0.08)	NIL	(0.08)
	Advance given (net)	44.81	117.25	NIL	62.44
	Reimbursement of expenses (net)	(5.46)		41.89	
4	**KPIT Technologies (UK) Limited**				
	Sales	935.24	111.32	340.59	199.99
	Reimbursement revenue	51.43		31.69	
	Allocation of administrative support charges	33.10		NIL	
	Software service charges	NIL	(0.00)*	NIL	(0.00)*
	Loan given	479.30	504.60	NIL	NIL
	Interest income	6.08		NIL	
	Investment in equity	326.64	1,273.72	NIL	947.08
	Advance given (net)	17.02	5.57	NIL	5.93
	Advance received (net)	NIL		1.10	
	Reimbursement of expenses (net)	(0.17)		6.61	

Notes forming part of the standalone financial statements

(Amount in ₹ million)

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
5	**Impact Automotive Solutions Limited**				
	Investment in equity	NIL	1,326.29	NIL	1,326.29
	Rent and administration charges	5.75	(3.14)	1.49	(1.63)
	License sale	NIL	2.51	16.00	22.05
	Sale of Component	0.00*		1.10	
	Advance given (net)	0.26	10.09	NIL	4.53
	Purchase of component	0.49		NIL	
	Reimbursement of expenses (net)	(5.86)		2.36	
	Repayment of interest	NIL	110.29	7.52	102.03
	Interest income	9.18		2.26	
6	**KPIT Technologies GK, Japan**				
	Sales	1,715.08	308.51	435.87	554.23
	Reimbursement revenue	52.31		2.33	
	Allocation of administrative support charges	22.41		NIL	
	Software service charges	NIL	(27.44)	NIL	(27.14)
	Investment in equity	NIL	18.08	NIL	18.08
	Sale of fixed assets	NIL	(11.28)	7.95	(44.41)
	Advance given (net)	13.68		28.30	
	Reimbursement of expenses (net)	(25.96)		1.35	
7	**KPIT Technologies GK (South Korea Branch)**				
	Sales	72.98	31.29	23.94	NIL
	Reimbursement revenue	8.35		NIL	
	Reimbursement of expenses (net)	NIL	NIL	0.05	0.05
8	**KPIT (Shanghai) Software Technology Co. Limited, China**				
	Sales	167.88	132.93	74.48	56.19
	Reimbursement revenue	19.23		2.77	
	Allocation of administrative support charges	10.90			
	Software service charges	NIL	(1.06)	NIL	(1.04)
	Investment in equity	NIL	128.84	NIL	128.84
	Reimbursement of expenses (net)	(0.19)	0.22	NIL	0.02
9	**KPIT Technologies (UK) Limited (Italy branch)**				
	Sales	0.42	0.10	12.40	11.67
	Reimbursement revenue	0.23		1.20	
	Reimbursement of expenses	(0.01)	0.01	NIL	NIL

Notes forming part of the standalone financial statements

(Amount in ₹ million)

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
10	**KPIT Technologies (UK) Limited (Sweden branch)**				
	Sales	0.27	1.26	NIL	NIL
	Advance given (net)	0.90	1.22	NIL	0.06
	Reimbursement of expenses (net)	(0.25)		0.06	
11	**KPIT Technologies Netherlands B.V.**				
	Sales	228.99	21.61	46.31	19.33
	Reimbursement revenue	1.70		0.27	
	Allocation of administrative support charges	3.86		NIL	
	Investment in equity	NIL	34.30	NIL	34.30
	Advance given (net)	1.87	4.85	NIL	2.74
	Reimbursement of expenses (net)	NIL		NIL	
12	**KPIT Technologies Pte. Limited, Singapore**				
	Sales	60.87	36.40	9.79	11.17
	Reimbursement revenue	6.73		0.13	
	Investment in equity	34.63	34.63	NIL	NIL
	Advance taken (net)	0.12	0.07	NIL	NIL
	Reimbursement of expenses	(0.19)		NIL	
13	**KPIT Technologies Inc., USA**				
	Sales	3,907.00	994.94	1,061.31	1,205.87
	Reimbursement revenue	178.37		32.63	
	Allocation of administrative support charges	147.67		NIL	
	Software service charges	NIL	(0.12)	NIL	(0.12)
	Advance given (net)	14.77	32.23	NIL	5.20
	Reimbursement of expenses (net)	(11.03)		4.83	
14	**MicroFuzzy Industrie-Elektronic GmbH, Germany**				
	Sales	276.56	289.46	NIL	NIL
	Reimbursement revenue	2.45		NIL	
	Reimbursement of expenses	(1.84)	1.84	NIL	NIL
15	**ThaiGerTec Co., Ltd.**				
	Software service charges	42.68	(35.21)	NIL	NIL
Transactions with entities in Joint Venture(ii)					
1	Yantra Digital Services Private Limited, India				
	Reimbursement of expenses (net)	NIL	NIL	NIL	(0.89)
	Transfer of payroll liabilities	1.04		NIL	

Notes forming part of the standalone financial statements

(Amount in ₹ million)

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
Transactions with Key Management Personnel[(iv)]					
1	Mr. S. B. (Ravi) Pandit				
	Short term employee benefits	40.53	NIL	10.86	NIL
	Post employment benefits	1.36	NIL	0.34	NIL
	Dividend paid	0.75	NIL	NIL	NIL
	Reimbursement of expenses (net)	0.07	(0.00)*	0.21	(0.08)
2	Mr. Kishor Patil				
	Short term employee benefits	35.37	NIL	10.14	NIL
	Post employment benefits	1.36	NIL	0.34	NIL
	Perquisites	0.28	NIL	0.10	NIL
	Repayment of loan granted	6.55	5.25	1.56	11.80
	Interest received	0.71		0.25	
	Dividend paid	21.64	NIL	NIL	NIL
	Reimbursement of expenses (net)	0.54	(0.01)	0.32	(0.08)
3	**Mr. Sachin Tikekar**				
	Short term employee benefits	32.28	NIL	9.45	NIL
	Post employment benefits	0.44	NIL	0.11	NIL
	Dividend paid	1.47	NIL	NIL	NIL
	Reimbursement of expenses (net)	0.43	(0.14)	0.05	(0.05)
4	**Mr. Anant Talaulicar**				
	Commission paid	2.38	NIL	NIL	NIL
	Sitting Fees	0.30	NIL	0.02	NIL
5	**Mr. B V R Subbu**				
	Commission paid	2.38	NIL	NIL	NIL
	Sitting Fees	0.24	NIL	0.02	NIL
6	**Ms. Shubhalakshmi Panse**				
	Commission paid	0.38	NIL	NIL	NIL
	Sitting Fees	0.21	NIL	0.02	NIL
7	**Mr. Rohit Saboo**				
	Commission paid	0.38	NIL	NIL	NIL
	Sitting Fees	NIL	NIL	0.02	NIL
	Reimbursement of expenses (net)	NIL	NIL	0.06	NIL
8	**Dr. Klaus Blickle**				
	Commission paid	0.87	NIL	NIL	NIL

Notes forming part of the standalone financial statements

(Amount in ₹ million)

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
9	**Prof. Alberto Sangiovanni Vincentelli**				
	Commission paid	2.34	NIL	NIL	NIL
	Reimbursement of expenses	0.33	NIL	NIL	NIL
	Sitting fees	0.07	NIL	NIL	NIL
10	**Mr. Rafi Maor**				
	Sitting fees	0.05	NIL	NIL	NIL
	Reimbursement of expenses	0.84	NIL	NIL	NIL
11	**Mr. Nickhil Jakatdar**				
	Commission paid	1.00	NIL	NIL	NIL
	Sitting fees	0.08	NIL	NIL	NIL
	Reimbursement of expenses	0.57	NIL	NIL	NIL
12	**Mr. Vinit Teredesai**				
	Short term employee benefits	11.68	NIL	2.71	NIL
	Post employment benefits	0.27	NIL	0.06	NIL
	Reimbursement of expenses (net)	0.27	NIL	0.21	NIL
	Share based compensation	0.78	NIL	NIL	NIL
13	**Ms. Nida Deshpande**				
	Short term employee benefits	2.12	NIL	0.52	NIL
	Post employment benefits	0.07	NIL	0.01	NIL
	Reimbursement of expenses (net)	0.01	NIL	0.00*	NIL
	Share based compensation	0.10	NIL	NIL	NIL
Transactions with relative of Key Management Personnel(iv)					
1	**Mr. Chinmay Pandit**				
	Short term employee benefits	5.81	NIL	1.23	NIL
	Post employment benefits	0.15	NIL	0.03	NIL
	Dividend paid	0.07	NIL	NIL	NIL
	Reimbursement of expenses (net)	1.36	(0.21)	0.12	0.02
2	**Ms. Jayada Pandit**				
	Short term employee benefits	2.04	NIL	0.51	NIL
	Post employment benefits	0.06	NIL	0.01	NIL

Notes forming part of the standalone financial statements

(Amount in ₹ million)

No.	Name of related party	31 March 2020		31 March 2019	
		Amount of transactions during the year	Balance as on 31 March 2020 Debit/(Credit)	Amount of transactions during the year	Balance as on 31 March 2019 Debit/(Credit)
3	**Ms. Manasi Patil**				
	Short term employee benefits	0.31	NIL	NIL	NIL
	Post employment benefits	0.01	NIL	NIL	NIL
	Dividend paid	0.00*	NIL	NIL	NIL
	Reimbursement of expenses (net)	0.00*	(0.00)*	NIL	NIL
4	**Ms. Hemlata Shende**				
	Dividend paid	0.07	NIL	NIL	NIL
5	**Ms. Anupama Patil**				
	Dividend paid	0.21	NIL	NIL	NIL
6	**Ms. Nirmala Shashishekhar Pandit**				
	Dividend paid	0.42	NIL	NIL	NIL
Transactions with enterprise over which Key Management Personnel have significant influence					
1	**Kirtane & Pandit LLP**				
	Professional fees	0.40	NIL	NIL	NIL
2	**K & P Management Services Private Limited**				
	Dividend paid	0.53	NIL	NIL	NIL
3	**KP Capital Advisors Private Limited**				
	Professional fees	0.24	(0.21)	NIL	NIL
4	**KP Corporate Solutions Limited**				
	Professional fees	5.53	(0.33)	NIL	NIL
5	**Proficient FinStock LLP**				
	Dividend paid	109.22	NIL	NIL	NIL

*Since denominated in ₹ millions

(i) The investee is a associate as defined under section 2(87) of the Companies Act, 2013. For the purpose of Ind-AS financial statements, the entity has been considered as a Joint Venture as defined under Ind-AS 28 : Investments in Associates and Joint Ventures.

(ii) All transactions with these related parties are priced on an arm's length basis.

(iii) For the entities jointly controlled by a Group, since the joint control has concluded effective 1 February 2020, the balances outstanding as at 31 March 2020 are not reflected under related party disclosures. Also refer note 42(2).

(iv) Remuneration excludes provision for gratuity and compensated absences as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

36 Lease transactions

Company as a lessee

The Company primarily has rental office premises across multiple locations and a leasehold land.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognised in the opening equity as of 1 April 2019. Accordingly, the Company has not restated comparative information. This has resulted in recognising a right-of-use asset of ₹ 569.97 million and a corresponding lease liability of ₹ 750.85 million by adjusting retained earnings net of taxes of ₹ 168.92 million as at 1 April 2019. The weighted average incremental borrowing rate of 9.15% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

In respect of leases that were classified as finance leases, applying Ind AS 17, an amount of ₹ 389.07 million has been reclassified from property, plant and equipment to right-of-use assets. An amount of ₹ 0.09 million has been reclassified from other current financial liabilities to lease liability – current.

In the profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

The following is summary of practical expedients elected on initial application:

(i) Applied a single discount rate to leases of similar assets in same geography.

(ii) Applied the exemption not to recognise the right of use of assets and liabilities for leases with less than 12 months of lease term on date of initial application.

(iii) Excluded the initial direct cost from the measurement of the right of use of assets at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of transactions which are leases. Accordingly, IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17.

(v) Low value exemption: The Company has not made any adjustments on transition for leases for which underlying asset is of low value.

A Refer note 2(B) for changes in the carrying amount of right of use assets for the year ended 31 March 2020.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

B Break up of current and non-current lease liabilities

Particulars	31 March 2020
Non-current lease liabilities	761.72
Current lease liabilities	154.18
Total	**915.90**

C Movement in lease liabilities

Particulars	31 March 2020
Lease liabilities created on 1 April 2019 on adoption of IND AS 116	750.85
Additions during the year	268.33
Finance cost accrued on lease liabilities	67.55
Payment of lease liabilities	(170.83)
Balance at the end of the year	**915.90**

D Contractual maturities of lease liabilities on an undiscounted cash flows basis

Particulars	31 March 2020
Not later than one year	233.02
Later than one year and not later than five years	613.07
Later than five years	447.35
Total undiscounted lease liabilities	**1,293.44**

Rent expenses recorded for short term and low value leases for the year ended 31 March 2020 was ₹ 69.67 million.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Leases not yet commenced to which the Company is committed is ₹ 388.75 million (on an undiscounted cash flows basis) for a lease term upto 6 years.

Refer note 41(B) for the impact of COVID-19 (Global Pandemic).

Notes forming part of the standalone financial statements

(Amount in ₹ million)

37 Basic and diluted earnings per share

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
Nominal value per equity share	₹	10.00	10.00
Profit for the year	₹ (million)	1,784.47	744.47
Weighted average number of equity shares	No. of shares	268,655,114	66,281,422
Earnings per share - Basic	₹	6.64	11.23
Effect of dilutive potential equity shares			
Weighted average number of diluted equity shares	No. of shares	269,601,546	66,491,739
Earnings per share - Diluted	₹	6.62	11.20

38 The Company has received recognition from Department of Scientific and Industrial Research, Ministry of Science and Technology DSIR for its Research and Development (R&D) facility at its premise in Hinjawadi which is effective upto 31 March 2021.

Research and development expenditure debited to the Statement of Profit and Loss aggregating to ₹ 251.02 million (Previous year ₹ 58.55 million) has been incurred by the Company and disclosed under appropriate account heads. Out of total R & D expenditure incurred during the year ₹ 184.20 million (Previous year ₹ 37.53 million) is towards eligible R & D expenditure under section 35 (2AB).

Total capital expenditure on towards R & D facility is as follows, which is disclosed in respective fixed assets blocks:

Particulars	31 March 2020	31 March 2019
Building	NIL	NIL
Computers	NIL	NIL
Plant and machinery	NIL	NIL
Office equipment	5.43	0.12
Furniture and fixtures	NIL	NIL

39 Details of provisions and movements in each class of provisions as required by the Indian Accounting Standard (Ind-AS) 37 - Provisions, Contingent liabilities and Contingent assets

1. Warranty

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

Particulars	31 March 2020	31 March 2019
Carrying amount as at the beginning of the year	3.17	-
Addition pursuant to the scheme of demerger (Refer Note 42(1))	-	2.01
Additional provision made during the year	-	1.16
Reversals during the year	2.90	-
Carrying amount at the end of the year	0.27	3.17

The warranty provision is expected to be utilized over a period of one year.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

2. Contingent liabilities

A. Taxes and guarantees

Sr. No.	Particulars	31 March 2020	31 March 2019
1	Outstanding bank guarantees in routine course of business	57.37	175.09

B. Other matters

Birlasoft Limited (erstwhile KPIT Technologies Limited) had made a disclosure on 14 September 2018, towards an update on lawsuit filed by Copart Inc. ("Copart") against Sparta Consulting, Inc. ("Sparta"), Birlasoft Solutions Inc. (erstwhile KPIT Infosystems, Inc.) and Birlasoft Limited (erstwhile KPIT Technologies Limited).

During the current year, Sparta, inter alia, entered into a settlement agreement with Copart. The parties reached an amicable settlement, and entered into a settlement agreement for USD 2.8 million (₹ 195.94 million) payable by Sparta to Copart with no party admitting any liability or wrong doing, resulting in the Court dismissing the case. The Company, through its subsidiary in USA, has paid Sparta the full amount and the same has been accounted for during the current year for USD 2.8 million (₹ 195.94 million).

As a part of merger and demerger scheme (Refer note 45(3)), where engineering business of Birlasoft Limited (erstwhile KPIT Technologies Limited) had demerged into KPIT Engineering Limited (now KPIT Technologies Limited) as a resulting entity, entire legal liability / recourse / proceedings, costs and expenses related to the legal proceedings and monetary benefits and reliefs, if any, relating to Copart matter was with KPIT Technologies Limited (erstwhile KPIT Engineering Limited) and/or its subsidiary KPIT Technologies Inc., USA. Sparta / Birlasoft Limited was fully indemnified via contractual agreement by KPIT Engineering Limited (now KPIT Technologies Limited).

Consequently, KPIT Technologies Inc., USA paid the settlement amount to Sparta, which was further paid by Sparta to Copart. With the above outcome, the matter related to Copart is closed and there is no further exposure for the Company.

3. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):

a. Property, plant and equipment - ₹ 414.87 million (31 March 2019 ₹ 37.48 million).

b. Intangible assets - ₹ 3.19 million (31 March 2019 ₹ 89.87 million).

Notes forming part of the standalone financial statements

(Amount in ₹ million)

40 Revenue from operations

Revenue disaggregation by business segments is as follows:

Segment	For the year ended 31 March 2020	For the year ended 31 March 2019
Product Engineering Services	8,738.08	2,251.50
Product Organization	495.91	51.50
Other	318.51	-
Total	**9,552.50**	**2,303.00**

Disaggregate revenue information

The table below represents disaggregated revenues from contract with customers by geography and contract type for each of the business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Revenue disaggregation by geography is as follows:

Geography	Product Engineering Services	Product Organization	Others	Total
For the year ended 31 March 2020				
Americas	3,764.93	142.06	151.01	4,058.00
UK & Europe	2,002.14	210.21	134.19	2,346.54
Rest of World	2,971.01	143.64	33.31	3,147.96
Total	**8,738.08**	**495.91**	**318.51**	**9,552.50**
For the year ended 31 March 2019				
Americas	1,159.45	19.25	-	1,178.70
UK & Europe	360.92	2.13	-	363.05
Rest of World	731.13	30.12	-	761.25
Total	**2,251.50**	**51.50**	**-**	**2,303.00**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Revenue disaggregation by contract type is as follows:

Contract type	Product Engineering Services	Product Organization	Others	Total
For the year ended 31 March 2020				
Time & Material (T&M) and Cap T&M projects	4,501.66	165.68	-	4,667.34
Fixed price projects	4,154.70	320.61	-	4,475.31
License projects	81.72	9.17	-	90.89
Sale from manufacturing unit/ product sale	-	0.45	318.51	318.96
Total	**8,738.08**	**495.91**	**318.51**	**9,552.50**
For the year ended 31 March 2019				
Time & Material (T&M) and Cap T&M projects	1,250.16	36.80	-	1,286.96
Fixed price projects	975.26	14.70	-	989.96
Sale from manufacturing unit/ product sale	26.08	-	-	26.08
Total	**2,251.50**	**51.50**	**-**	**2,303.00**

Movement in contract assets (unbilled revenue):

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	77.53	-
Additions pursuant to the scheme of demerger	-	77.53
Revenue recognised during the year	50.14	-
Invoicing during the year	(73.57)	-
Reversals during the year	(3.30)	-
Balance at the end of the year	**50.80**	**77.53**

Movement in unearned revenue:

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	366.45	-
Additions pursuant to the scheme of demerger	-	342.32
Invoiced during the period but not recognised as revenue	456.54	274.80
Revenue recognised during the year	(334.41)	(250.67)
Exchange difference	(6.71)	-
Balance at the end of the year	**481.87**	**366.45**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the company expects to recognize these amounts in revenue.

Applying the practical expedient as given in Ind AS 115, the company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligations estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2020, other than those meeting the exclusion criteria mentioned above, is ₹ 1,584.22 million. Out of this, the Company expects to recognize revenue of around 96% within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Refer note 41(B) for the impact of COVID-19 (Global Pandemic).

41(A) Income taxes

The income tax expense consists of following:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Tax expense		
Current tax	469.02	117.87
Deferred tax (benefit) / charge	(279.69)	(48.10)
Total tax expense	**189.33**	**69.77**

The net charge relating to temporary differences during the year ended 31 March 2020 is primarily on account of property, plant & equipment and gratuity and leave encashment.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	1,973.80	814.24
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	689.72	284.53
Tax Effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Effect of income tax exemption / tax holiday	(776.74)	(130.85)
Effect of permanent adjustments	314.77	(77.63)
Others (net)	(38.42)	(6.28)
Total tax expense	**189.33**	**69.77**

During the year ended 31 March 2020, the Company has claimed weighted tax deduction on eligible research and development expenditures based on the approval received from Department of Scientific and Industrial Research (DSIR), which has been renewed upto March 2021. The weighted tax deduction is equal to 150% of such expenditures incurred. Also refer note 38.

Additionally, the Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005 (SEZ). Accordingly, units in designated SEZ are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. The tax holiday period being currently available to the Company expires in various years through fiscal year 2025. From 1 April 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

Deferred Tax

The gross movement in the deferred tax account :

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net deferred tax asset at the beginning of the year	1.82	-
MAT credit entitlement during the year	250.83	73.73
Credit / (Charge) relating to temporary differences (net)	40.83	(25.64)
Temporary differences on other comprehensive income	46.53	(15.79)
Liability transferred pursuant to the scheme of demerger (Refer Note 42(1))	-	(30.48)
Net deferred tax asset at the end of the year	340.01	1.82

Notes forming part of the standalone financial statements

(Amount in ₹ million)

The net charge relating to temporary differences during the year ended 31 March 2020 are primarily on account of provision for bad and doubtful debts, provision for gratuity, leave encashment and property, plant & equipment. The Company has adopted Ind AS 116 - Leases, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach. The credit / (charge) relating to temporary differences also includes impact of deferred tax on leases as per Ind AS 116 relating to past periods, which is debited/ (credited) to opening reserves.

41(B) Impact of COVID-19 (Global pandemic)

1. Revenue from operations

The Company has evaluated the impact of COVID-19 resulting from (i) the probable constraints to render services which may require revision of estimation of costs to complete the contract; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

2. Right-of-use assets (Lease arrangements)

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and the Company does not expect any change due to global pandemic in the terms of lease arrangements including renewal options assessed in this regard while assessing the right-of-use assets.

3. Financial Instruments

i. Cashflow hedge

The Company basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

ii. Trade receivables and contract assets including unbilled revenue

Trade receivables and contract assets including unbilled revenue, have been valued after making allowance for expected credit losses based on factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer, geographies, considering impact of COVID – 19 on customers and related customer verticals and geographies. In addition the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

iii. Fair valuation

Assets measured using level 1 inputs primarily include investment in securities with fair value being marked to an active market which factors the impact of COVID-19, hence, the Company does not expect material volatility in these financial assets.

Assets and liabilities measured using level 2 inputs which include derivative financial instruments and financial liability measured at amortised cost, have been assessed basis counterparty credit risk.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

4. Deferred tax asset

The Company has considered the impact of COVID-19 in preparing revenue and profit projections. On the basis of these projections, the Company believes that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

5. Going concern

The Company has prepared cashflow projections for the foreseeable future after considering the impacts of COVID-19. Further, the Company carries cash and cash equivalents of ₹ 455.05 million, other bank balances of ₹ 2.08 million and has unutilized working capital limits of ₹ 2,620.00 million as at 31 March 2020. Accordingly, the management has assessed that the going concern assumption is appropriate for the Company.

42 Other disclosures and explanatory notes

1. Scheme of arrangement

During the previous year, the Board of Directors of KPIT Technologies Limited (now known as Birlasoft Limited) at its meeting held on 29 January 2018 had approved a Composite Scheme which was subsequently filed with National Company Law Tribunal (NCLT) for: (a) amalgamation of Birlasoft (India) Limited ("Birlasoft" or "Transferor Company") with KPIT Technologies Limited ("KPIT" or "Transferee Company" or "Demerged Company"); and (b) demerger of the engineering business of KPIT Technologies Limited into KPIT Engineering Limited ("Resulting Company").

Pursuant to the Composite Scheme approved by the National Company Law Tribunal, Mumbai Bench on 29 November 2018 for which the certified copy of the order was received on 18 December 2018, the Engineering Business (Primarily comprising Automotive vertical with embedded software, digital technologies (cloud, IoT, analytics), Mobility Solutions and application life cycle management Business) was demerged from the Transferee Company and transferred to the Resulting Company, with effect from 1 January 2019, the appointed date.

Shareholders of the Transferor Company received 22 equity shares of the Transferee Company for every 9 shares they held in the Transferor Company. After the demerger of KPIT's engineering business, shares of the Resulting Company got listed and shareholders of the Demerged Company received 1 share of the Resulting Company for every 1 share they held in the Demerged Company. After the demerger, the Demerged Company has a combined business of KPIT IT Services and the current Birlasoft creating a new leader in the mid-tier IT services space. Whereas the Resulting Company has the current Engineering business of the Demerged Company to create a company focused on Automotive Engineering and Mobility Solutions.

As per the Composite Scheme, all assets and liabilities of the Engineering Business ("Demerged Undertaking") stand transferred to the Resulting Company from the appointed date. The employees of the Engineering Business have also moved to the Resulting Company and consequently the employee related benefits and all contracts and agreements in relation to them have been taken over by the Resulting Company. The Composite Scheme has accordingly been given effect to in these financial statements as on the appointed date.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Pursuant to the approved Composite Scheme, the Resulting Company accounted for demerger of Demerged Undertaking in its books as per the applicable accounting principles prescribed under relevant Indian Accounting Standards (Ind AS). It included the following:

1. Assets, Liabilities and Reserves of the Demerged Undertaking transferred to and vested in the Resulting Company were recorded at their carrying values as appearing in books of the Demerged Company at the time of the demerger effective date and in accordance with requirements of relevant Ind AS.
2. The Resulting Company credited its share capital account in its books of account with the new equity shares issued pursuant to the Composite Scheme to the shareholders of the Demerged Company.
3. Subsequent to the demerger, the pre demerger shares of the Resulting Company held by the Demerged Company were cancelled and appropriately adjusted with share capital/share premium of the Resulting Company.
4. The inter-company balances between Demerged Company and Resulting Company relating to Demerged Undertaking, if any, in the books of accounts of Demerged Company and Resulting Company got cancelled.
5. The difference, if any, between assets, liabilities and reserves transferred and the value of the new equity shares issued on Demerger by the Resulting Company is adjusted in capital reserves of Resulting Company.
6. The Company is in the process of transferring the title of the assets and liabilities received under the scheme of demerger as on the reporting date.
7. As per para 43 of Ind-AS 7 - Statement of Cash Flows, transactions that do not require the use of cash and cash equivalents (i.e. the above transfer of assets and liabilities under the scheme of demerger) have been excluded from the standalone cash flow statement for the year ended 31 March 2019.

The details of Demerged Undertaking as per the scheme approved by National Company Law Tribunal into Resulting Company is as follows:

Particulars	**1 January 2019**
ASSETS	
Non-current assets	
Property, plant and equipment	2,442.17
Capital work-in-progress	7.13
Other intangible assets	667.02
Intangible assets under development	18.63
Financial assets	
Investments	2,454.59
Loans	191.85
Other non-current assets	25.76
	5,807.15

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Particulars	1 January 2019
Current assets	
Inventories	13.85
Financial assets	
Trade receivables	2,056.03
Loans	243.58
Unbilled revenue	451.86
Other financial assets	2,181.81
Other current assets	308.04
	5,255.17
Total assets	**11,062.32**
EQUITY AND LIABILITIES	
Equity	
Other equity (Refer note i below)	3,573.15
Total equity	**3,573.15**
Liabilities	
Non-current liabilities	
Financial liabilities	
Borrowings	548.92
Provisions	201.88
Deferred tax liabilities (net)	30.48
	781.28
Current liabilities	
Financial liabilities	
Trade payables	435.10
Other financial liabilities	951.94
Other current liabilities	350.87
Provisions	49.85
	1,787.76
Total liabilities	**6,142.19**
Excess of assets over liabilities	4,920.13
Less: Issue of equity share capital of the Company due to demerger (Refer Note 14)	2,741.43
Add: Cancellation of existing share capital of the Company (Refer Note 14)	1.00
Amount credited to capital reserve pursuant to the above scheme of arrangement	**2,179.70**

Notes forming part of the standalone financial statements

(Amount in ₹ million)

Note:

i. The above assets, liabilities and reserves are for the standalone company. Accordingly, Other equity:

(a) includes the below identified reserves transferred on account of demerger of standalone company:

- General reserve amounting to ₹ 34.38 million
- Remeasurement of the net defined benefit Plans amounting to ₹ (44.16) million
- Effective portion of cash flow hedges amounting to ₹ 9.75 million
- Retained earnings amounting to ₹ 3,573.18 million

(b) excludes ₹ 188.91 million with respect to KPIT Employee Welfare Trust.

2 As per the agreement between the parties, consequent to the National Company Law Tribunal (NCLT) approved composite scheme, the joint control between the Transferee Company i.e. Birlasoft Limited (erstwhile KPIT Technologies Limited) and the Resulting Company i.e. KPIT Technologies Limited (erstwhile KPIT Engineering Limited) has concluded effective 1 February 2020. As a result, Mr. Rohit Saboo, Nominee Director, has resigned from KPIT Technologies Limited (erstwhile KPIT Engineering Limited) effective 1 February 2020.

3 In line with its re-defined strategy to focus only on Software led services and solutions for Mobility and discontinue hardware dominated products, the Company has:

a. during the previous year, provided for exposure in its joint venture company in the business in "KIVI-Smart Bus WIFI" the Corporate Guarantee for lease obligation towards running this business for ₹ 101.40 million.

b. during the current year, on prudent assessment, written-off its inventories of ₹ 31.80 million and the related GST credit of ₹ 4.77 million.

4 The Board of Directors of the Company at its meeting held on 26 July 2019 had approved a merger scheme of its wholly owned subsidiary Impact Automotive Solutions Limited with its parent company KPIT Technologies Limited . The merger scheme application seeking approval has been subsequently filed with National Company Law Tribunal (NCLT) on 27 September 2019. The application is pending for approval.

5 The Company was required to spend ₹ 10.23 million (Previous year ₹ NIL) towards Corporate Social Responsibility. During the year, the Company has spent and paid ₹ 18.41 million (Previous year ₹ 1.35 million) towards Corporate Social Responsibility, in various activities as specified in Schedule VII of the Companies Act 2013, read with the Rules thereunder, as direct spend for purposes other than construction/acquisition of any asset. Also, refer Annexure 7 of the Director's Report.

6 The Company has consolidated the KPIT Technologies Limited Employee Welfare Trust.

Notes forming part of the standalone financial statements

(Amount in ₹ million)

7 The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act 1961. The Company is in the process of updating the documentation for the Financial Year 2019-2020.

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

8 Previous period's figures have been regrouped / reclassified wherever necessary to conform with the current year's classification / disclosure. Further, consequent to the Composite Scheme as mentioned under note 42(1), the figures for the year ended 31 March 2020 are not comparable with figures for the year ended 31 March 2019.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Swapnil Dakshindas
Partner
Membership No. 113896

Place: Pune
Date: 27 May 2020

For and on behalf of the Board of Directors of
KPIT TECHNOLOGIES LIMITED
(erstwhile KPIT ENGINEERING LIMITED)
CIN: L74999PN2018PLC174192

Vinit Teredesai
Chief Financial Officer

S. B. (Ravi) Pandit
Chairman & Group CEO
DIN : 00075861

Nida Deshpande
Company Secretary

Kishor Patil
CEO & Managing Director
DIN : 00076190

Place: Pune
Date: 27 May 2020