

February 7, 2014

The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th floor,
Plot No. - C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.

Symbol: KPIT / **Series:** EQ

Sub.: Outcome of the Board Meeting.

Dear Sir / Madam,

We wish to inform you that the Board of Directors of the Company, at its meeting held on February 7, 2014, have **approved** the following:-

- a) Allotment of 614,671 equity shares of Rs. 2/- each as fully paid up, under the Employees Stock Option Schemes of the Company. On such allotment, the paid up share capital of the Company stands increased to Rs. 387,955,862/- divided into 193,977,931 equity shares of Rs. 2/- each fully paid up.
- b) Formulation of a new employees stock option scheme, subject to the approval of the shareholders and compliant with the extant Securities and Exchange Board of India (SEBI) guidelines/regulations, for issue of stock options to employees fulfilling such criteria to be finalized, giving the right to the option holders to subscribe to a maximum of 1,000,000 equity shares of the Company at an exercise price of Rs. 2/- per share. The stock options, when issued, would vest over a period of one to three years and shall be exercised within a period of three years from the date of vesting. A more detailed communication on the proposed stock option scheme is enclosed.

Kindly take the same on your records.

Thanking you.

Yours faithfully,

For **KPIT Technologies Limited**
(Formerly KPIT Cummins Infosystems Limited)



R. Swaminathan
Company Secretary



INVESTOR COMMUNICATION

The Company appreciates the critical role people play in the organizational growth. It strongly feels that the value created by its people should be shared by them. Accordingly, the Company has been granting stock options to employees under its Employee Stock Option Plan (ESOP) 2004 scheme and ESOP 2006 scheme. Under these schemes, the stock options are granted at an exercise price which is equal to the closing price of the Company's share on the day before the date of grant, at the stock exchange which has the highest trading volume in Company's shares on that day.

With the Company's rapid growth in the last few years, it has moved into next phase in its journey of growth and in this phase, the Company feels the need to attract talent at senior levels from across the globe. In order to help the Company do that, it has become necessary to offer a different kind of employee stock option plan which maximizes benefits for the employees/option holders. Therefore, the Company has devised a new employee stock option scheme (Employee Stock Option Plan 2014 or ESOP 2014) which will give the right to the option holder to apply for the Company's shares at a price of Rs. 2/- per share. It is a common industry practice to implement these kinds of stock option schemes to attract and retain talent at senior levels. These schemes also result in much lower dilution of equity share capital of the Company.

Under the proposed employee stock option plan, 1,000,000 employee stock options are proposed to be issued to employees fulfilling such criteria to be finalized, each stock option giving the right to the option holder to subscribe for one equity share of the Company at a price of Rs. 2/- per share. The implementation of the scheme will be subject to the approval of the shareholders of the Company.

If approved by the shareholders, stock options under the proposed scheme would be granted to the employees over a period of two years. The options would vest over a period of one to three years from the date of grant and the vested options shall be exercisable within a period of three years from the date of vesting. Thus, the dilution in the equity share capital of the Company would happen over a period of 1 to 8 years. Considering that a maximum of 1,000,000 equity shares (less than 0.60% of the total equity shares of the Company) will be issued against these options, the impact of these stock options on the earning per share of the Company will be negligible.

