

KPIT

INVESTOR COMMUNICATION

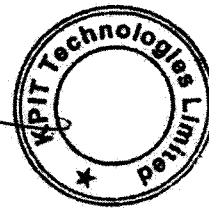
The Company appreciates the critical role people play in the organizational growth. It strongly feels that the value created by its people should be shared by them. Accordingly, the Company has been granting stock options to employees under its existing Employee Stock Option Plan (ESOP) schemes.

With the Company's growth in the last few years, the Company feels the need to attract and retain talent globally, more than even before. There are also some regulatory constraints in United States of America (USA) with respect to tax treatment of options under the existing ESOP schemes to USA residents. Therefore, it has become necessary to offer a new employee stock option plan to the employees of the Company and its subsidiaries, particularly those who are residents of USA. Therefore, the Company has devised a new employee stock option scheme (Employee Stock Option Plan 2015 or ESOP 2015) which will give the right to the option holders to apply for the Company's shares at a price which is equal to the closing price of the Company's share on the immediately preceding trading day before the date of grant, at the stock exchange which has the highest trading volume in Company's shares on that day.

Under the proposed employee stock option plan, 2,500,000 employee stock options are proposed to be issued to employees of the Company and its subsidiaries, 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 which is equal to the closing price of the Company's share on the immediately preceding trading day before the date of grant, at the stock exchange which has the highest trading volume in Company's shares on that day. The implementation of the scheme will be subject to the approval of the members of the Company.

If approved by the members, stock options under the proposed scheme are expected to be granted to the employees over a period of five 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 five 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 13 years. Considering that a maximum of 2,500,000 equity shares (less than 1.30% 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.

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